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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-36603

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**46-3337365**

(I.R.S. Employer  
Identification No.)

**12300 Liberty Boulevard, Englewood, Colorado 80112**

(Address, including zip code, of Registrant's principal executive offices)

**Registrant's telephone number, including area code: (720) 875-5200**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a  
smaller reporting company)

Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes  No

The number of outstanding shares of Liberty TripAdvisor Holdings, Inc. common stock as of July 31, 2015 was:

	<u>Series A</u>	<u>Series B</u>
Liberty TripAdvisor Holdings, Inc. common stock	71,873,924	2,929,777

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**Table of Contents**

<a href="#">LIBERTY TRIPADVISOR HOLDINGS, INC. Condensed Consolidated Balance Sheets (unaudited)</a>	I-3
<a href="#">LIBERTY TRIPADVISOR HOLDINGS, INC. Condensed Consolidated Balance Sheets (Continued) (unaudited)</a>	I-4
<a href="#">LIBERTY TRIPADVISOR HOLDINGS, INC. Condensed Consolidated Statements Of Operations (unaudited)</a>	I-5
<a href="#">LIBERTY TRIPADVISOR HOLDINGS, INC. Condensed Consolidated Statements Of Comprehensive Earnings (Loss) (unaudited)</a>	I-6
<a href="#">LIBERTY TRIPADVISOR HOLDINGS, INC. Condensed Consolidated Statements Of Cash Flows (unaudited)</a>	I-7
<a href="#">LIBERTY TRIPADVISOR HOLDINGS, INC. Condensed Consolidated Statement of Equity (unaudited)</a>	I-8
<a href="#">LIBERTY TRIPADVISOR HOLDINGS, INC. Notes to Condensed Consolidated Financial Statements</a>	I-9
<a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	I-20
<a href="#">Item 3. Quantitative and Qualitative Disclosures about Market Risk.</a>	I-27
<a href="#">Item 4. Controls and Procedures.</a>	I-28
<a href="#">Part II - Other Information</a>	II-1
<a href="#">Item 1. Legal Proceedings</a>	II-1
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	II-1
<a href="#">Item 6. Exhibits</a>	II-2
<a href="#">SIGNATURES</a>	II-3
<a href="#">EXHIBIT INDEX</a>	II-4

**LIBERTY TRIPADVISOR HOLDINGS, INC.****Condensed Consolidated Balance Sheets****(unaudited)**

	<b>June 30,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
	<b>amounts in millions</b>	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 625	509
Trade and other receivables, net of allowance for doubtful accounts of \$8 million and \$7 million, respectively	244	153
Inventory, net	17	12
Short term marketable securities (note 4)	128	108
Deferred income tax assets	12	11
Other current assets	50	29
Total current assets	<u>1,076</u>	<u>822</u>
Investments in available-for-sale securities (note 4)	35	31
Property and equipment, at cost	215	174
Accumulated depreciation	<u>(34)</u>	<u>(36)</u>
	181	138
Intangible assets not subject to amortization:		
Goodwill	3,701	3,691
Trademarks	<u>1,817</u>	<u>1,819</u>
	5,518	5,510
Intangible assets subject to amortization, net		
	749	841
Other assets, at cost, net of accumulated amortization	39	37
Total assets	<u>\$ 7,598</u>	<u>7,379</u>

(continued)

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Condensed Consolidated Balance Sheets (Continue d)**  
**(unaudited)**

	June 30, 2015	December 31, 2014
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 289	118
Accrued liabilities	153	121
Current portion of debt (note 5)	1	78
Deferred revenue	88	57
Other current liabilities	3	21
Total current liabilities	534	395
Long-term debt (note 5)	699	662
Deferred income tax liabilities	812	821
Other liabilities	177	154
Total liabilities	2,222	2,032
<i>Equity:</i>		
Preferred stock, \$.01 par value. Authorized shares 50,000,000; no shares issued.	—	—
Series A common stock, \$.01 par value. Authorized 200,000,000 shares; issued and outstanding 71,871,074 at June 30, 2015 and 71,555,730 shares at December 31, 2014.	1	1
Series B common stock, \$.01 par value. Authorized shares 7,500,000; issued and outstanding 2,929,777 at June 30, 2015 and 2,929,777 shares at December 31, 2014.	—	—
Series C common stock, \$.01 par value. Authorized shares 200,000,000; no shares issued.	—	—
Additional paid-in capital	245	296
Accumulated other comprehensive earnings (loss), net of taxes	(17)	(12)
Retained earnings	598	612
Total stockholders' equity	827	897
Noncontrolling interests in equity of subsidiaries	4,549	4,450
Total equity	5,376	5,347
Commitments and contingencies (note 6)		
Total liabilities and equity	\$ 7,598	7,379

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Condensed Consolidated Statements of Operations**  
**(unaudited)**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	amounts in millions, except			
	per share amounts			
Service and other revenue	\$ 405	323	768	604
Net retail sales	9	12	20	25
Total net sales	414	335	788	629
Operating costs and expenses:				
Cost of goods sold (exclusive of depreciation shown separately below)	7	10	17	20
Operating expense, including stock-based compensation (note 2)	69	54	135	105
Selling, general and administrative, including stock-based compensation (note 2)	245	168	441	302
Depreciation and amortization	68	72	132	142
	389	304	725	569
Operating income (loss)	25	31	63	60
Other income (expense):				
Interest expense	(5)	(3)	(13)	(5)
Other, net	5	—	3	—
	—	(3)	(10)	(5)
Earnings (loss) before income taxes	25	28	53	55
Income tax (expense) benefit	(12)	(11)	(23)	(15)
Net earnings (loss)	13	17	30	40
Less net earnings (loss) attributable to noncontrolling interests	20	18	44	39
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (7)	(1)	(14)	1
Basic net earnings (losses) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 3):	\$ (0.09)	(0.01)	(0.19)	0.01
Diluted net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 3):	\$ (0.09)	(0.01)	(0.19)	0.01

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.****Condensed Consolidated Statements of Comprehensive Earnings (Loss)****(unaudited)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>amounts in millions</b>			
Net earnings (loss)	\$ 13	17	30	40
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	29	10	(21)	16
Other comprehensive earnings (loss)	29	10	(21)	16
Comprehensive earnings (loss)	42	27	9	56
Less comprehensive earnings (loss) attributable to the noncontrolling interests	43	26	28	52
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (1)	1	(19)	4

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**

	Six months ended	
	June 30,	
	2015	2014
	amounts in millions	
<b>Cash flows from operating activities:</b>		
Net earnings (loss)	\$ 30	40
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	132	142
Stock-based compensation	39	34
Excess tax benefit from stock-based compensation	(26)	(14)
Deferred income tax expense (benefit)	(12)	(38)
Other noncash charges (credits), net	8	3
Changes in operating assets and liabilities		
Current and other assets	(108)	(68)
Payables and other liabilities	225	158
Net cash provided (used) by operating activities	<u>288</u>	<u>257</u>
<b>Cash flows from investing activities:</b>		
Capital expended for property and equipment	(56)	(42)
Cash paid for acquisitions, net of cash acquired	(29)	(152)
Purchases of short term investments and other marketable securities	(92)	(219)
Sales and maturities of short term investments and other marketable securities	68	404
Net cash provided (used) by investing activities	<u>(109)</u>	<u>(9)</u>
<b>Cash flows from financing activities:</b>		
Borrowings of debt	291	8
Repayments of debt	(341)	(23)
Borrowings on related party note payable, net	—	12
Payment of minimum withholding taxes on net share settlements of equity awards	(62)	(23)
Excess tax benefit from stock-based compensation	26	14
Shares issued by subsidiary	9	2
Option exercises	5	—
Other financing activities, net	12	(3)
Net cash provided (used) by financing activities	<u>(60)</u>	<u>(13)</u>
Effect of foreign currency exchange rates on cash	<u>(3)</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	116	235
Cash and cash equivalents at beginning of period	509	354
Cash and cash equivalents at end of period	<u>\$ 625</u>	<u>589</u>

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Condensed Consolidated Statement of Equity**

**Six months ended June 30, 2015**

**(unaudited)**

	Stockholders' equity								Total equity
	Preferred Stock	Common Stock			Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Noncontrolling interest in equity of subsidiaries	
		Series A	Series B	Series C					
	amounts in millions								
Balance at January 1, 2015	\$ —	1	—	—	296	(12)	612	4,450	5,347
Net earnings (loss)	—	—	—	—	—	—	(14)	44	30
Other comprehensive earnings (loss)	—	—	—	—	—	(5)	—	(16)	(21)
Stock compensation	—	—	—	—	11	—	—	31	42
Issuance of common stock upon exercise of stock options	—	—	—	—	5	—	—	—	5
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	(62)	—	—	—	(62)
Excess tax benefits on stock-based compensation	—	—	—	—	3	—	—	23	26
Shares issued by subsidiary	—	—	—	—	(8)	—	—	17	9
Balance at June 30, 2015	\$ —	1	—	—	245	(17)	598	4,549	5,376

See accompanying notes to condensed consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Notes to Condensed Consolidated Financial Statements**

**(unaudited)**

**(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. (“BuySeasons”). 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 stockholders of Liberty Ventures common stock. These financial statements have been prepared based on a combination of the historical financial information of TripAdvisor and BuySeasons for the periods prior to the Trip Spin-Off but are referred to as consolidated in this Form 10-Q.

The accompanying (a) condensed consolidated balance sheet as of December 31, 2014, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2014 as presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

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) recognition and recoverability of goodwill, intangible assets and long-lived assets, (ii) website and internal use software development costs, (iii) revenue recognition, (iv) accounting for income taxes and (v) stock-based compensation to be its most significant estimates.

In May 2014, the Financial Accounting Standards Board (“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 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, 2017. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have its financial statements and related disclosures.

In April 2015, the FASB issued new accounting guidance which requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. The updated guidance will be applied on a retrospective basis. This guidance is effective for fiscal years, and the interim periods within those fiscal years, beginning after December 15, 2015, with early application permitted. The Company has early adopted this guidance during the three months ended June 30, 2015. The retrospective

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

application of this guidance decreased “Other assets” and “Long-term debt” by \$2 million in the accompanying condensed consolidated balance sheet as of December 31, 2014. Refer to “Note 5— Debt” below for the current year presentation.

***Spin-Off of TripCo from Liberty Interactive Corporation***

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 reimburses Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and TripCo pays a services fee to Liberty Media under the services agreement that is subject to adjustment semi-annually, as necessary.

Under the facilities sharing agreement, TripCo shares office space with Liberty, Liberty Media and Liberty Broadband Corporation 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).

Under these agreements, approximately \$1 million was reimbursable to Liberty Media for the three and six month periods ended June 30, 2015.

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) Stock-Based Compensation**

***TripCo Incentive Plans***

TripCo has granted to certain of its directors and employees options to purchase shares of TripCo common stock (“Awards”). TripCo measures the cost of employee services received in exchange for an equity classified Award 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 TRIPADVISOR HOLDINGS, INC.**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

TripCo has calculated the grant-date fair value for all of its equity classified Awards using the Black-Scholes Model. TripCo estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of TripCo's stock and the implied volatility of publicly traded TripCo options. TripCo uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Included in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation, the majority of which relates to TripAdvisor as discussed below:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	amounts in millions			
Operating expense	\$ 8	7	15	14
Selling, general and administrative expense	12	10	24	20
	<u>\$ 20</u>	<u>17</u>	<u>39</u>	<u>34</u>

***TripCo - Outstanding Awards***

The following table presents the number and weighted average exercise price ("WAEP") of the 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.

	Series A	WAEP	Weighted average remaining contractual life	Aggregate intrinsic value
	(in thousands)		(in years)	(in millions)
Outstanding at January 1, 2015	1,090	\$ 13.94		
Granted	—	\$ —		
Exercised	(340)	\$ 13.90		
Forfeited/Cancelled	(1)	\$ 23.02		
Outstanding at June 30, 2015	<u>749</u>	\$ 13.94	3.9	\$ 14
Exercisable at June 30, 2015	<u>382</u>	\$ 12.98	3.3	\$ 7

There was no activity during the period related to the TripCo Series B options.

As of June 30, 2015, the total unrecognized compensation cost related to unvested Awards was approximately \$22 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 3.2 years.

As of June 30, 2015, TripCo reserved 2.5 million shares of Series A and Series B common stock for issuance under exercise privileges of outstanding stock Awards.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

*TripAdvisor Equity Grant Awards*

The following table presents the number and weighted average exercise price (“WAEP”) of the Awards to purchase TripAdvisor common stock granted to certain officers, employees and directors of TripAdvisor.

	TripAdvisor stock options	WAEP	Weighted average remaining contractual life	Aggregate intrinsic value
	(in thousands)		(in years)	(in millions)
Outstanding at January 1, 2015	8,651	\$ 44.47		
Granted	379	\$ 85.83		
Exercised	(2,645)	\$ 34.11		
Cancelled or expired	(197)	\$ 51.33		
Outstanding at June 30, 2015	6,188	\$ 51.21	6.0	\$ 228
Exercisable at June 30, 2015	2,606	\$ 34.92	4.9	\$ 137

The weighted average grant date fair value of options granted was \$3368 for the six months ended June 30, 2015.

As of June 30, 2015, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately \$77 million and will be recognized over a weighted average period of approximately 2.5 years. The total intrinsic value of stock options exercised for the six months ended June 30, 2015 and 2014 was \$122 million and \$51 million, respectively.

Additionally, during the six months ended June 30, 2015, TripAdvisor granted 606 thousand service based RSUs under its 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 RSU’s granted during the six months ended June 30, 2015 was \$85.28 per share. As of June 30, 2015, the total unrecognized compensation cost related to TripAdvisor RSUs was approximately \$92 million and will be recognized over a weighted average period of approximately 3 years.

**(3) 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.

The Company issued 74 million 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. Basic and diluted weighted average common shares outstanding were 75 million for the three and six months ended June 30, 2015.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(4) 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.

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

Description	June 30, 2015			December 31, 2014		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
amounts in millions						
Cash equivalents	\$ 36	36	—	58	58	—
Short-term marketable securities	\$ 128	—	128	108	—	108
Available-for-sale securities	\$ 35	—	35	31	—	31

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, 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 condensed consolidated balance sheets.

(5) Debt

Outstanding debt at June 30, 2015 and December 31, 2014 is summarized as follows:

	June 30, 2015	December 31, 2014
amounts in millions		
TripAdvisor 2011 Credit Facility	\$ —	300
TripAdvisor 2015 Credit Facility	290	—
TripCo margin loans	413	404
TripAdvisor Chinese credit facilities	1	38
Unamortized discount and debt issuance costs	(4)	(2)
Total consolidated TripCo debt	\$ 700	740
Less debt classified as current	(1)	(78)
Total long-term debt	\$ 699	662

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

***TripAdvisor 2011 Credit Facility***

In 2011, TripAdvisor entered into a credit agreement (the “2011 Credit Facility”), which provided \$600 million of borrowing including:

- a term loan facility 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.

On June 26, 2015, the entire outstanding principal on TripAdvisor’s Term Loan in the amount of \$290 million was repaid with borrowings from TripAdvisor’s 2015 Credit Facility (described below) and the 2011 Credit Facility was subsequently terminated. TripAdvisor repaid the Term Loan debt and terminated the 2011 Credit Facility without premium or penalty. There was no resulting loss on early extinguishment of this debt.

***TripAdvisor 2015 Credit Facility***

On June 26, 2015, TripAdvisor entered into a five year credit agreement (the “2015 Credit Facility”). The 2015 Credit Facility, among other things, provides for (i) a \$1 billion unsecured revolving credit facility, (ii) an interest rate on borrowings and commitment fees based on TripAdvisor’s and its subsidiaries’ consolidated leverage ratio and (iii) uncommitted incremental revolving loan and term loan facilities, subject to compliance with a leverage covenant and other conditions. Any overdue amounts under or in respect of the revolving credit facility not paid when due shall bear interest at (i) in the case of principal, the applicable interest rate plus 2.00% per annum, (ii) in the case of interest denominated in Sterling or Euro, the applicable rate plus 2.00% per annum and (iii) in the case of interest denominated in US Dollars, 2.00% per annum plus the Alternate Base Rate plus the interest rate spread applicable to ABR loans. TripAdvisor may borrow from the revolving credit facility in U.S dollars, Euros and British pound sterling with a term of five years expiring June 26, 2020.

TripAdvisor immediately borrowed \$290 million from this revolving credit facility, which was used to repay all outstanding borrowings pursuant to the 2011 Credit Facility and is recorded in long term debt in the accompanying condensed consolidated balance sheets as of June 30, 2015. There is no specific repayment date prior to the five-year maturity date for borrowings under this revolving credit facility. Based on TripAdvisor’s current leverage ratio, borrowings bear interest at LIBOR plus 125 basis points, or the Eurocurrency Spread. TripAdvisor is currently borrowing under a one-month interest period of 1.44% per annum, using a one-month interest period Eurocurrency Spread, which will reset periodically. Interest will be payable on a monthly basis while TripAdvisor is borrowing under the one-month interest rate period.

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. Unused revolver capacity is currently subject to a commitment fee of 20 basis points, given TripAdvisor’s current leverage ratio. The 2015 Credit Facility includes \$40 million of borrowing capacity available for letters of credit and \$40 million for borrowings on same-day notice. As of June 30, 2015, TripAdvisor had issued \$2 million of outstanding letters of credit under the 2015 Credit Facility.

In connection with the 2015 Credit Facility, TripAdvisor incurred lender fees and debt financing costs totaling \$3 million, which were recorded as a reduction of the 2015 Credit Facility borrowings and reported in long-term debt in the

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

condensed consolidated balance sheet as of June 30, 2015. These costs will be amortized over the term of the 2015 Credit Facility using the effective interest rate method and will be recorded to interest expense in the condensed consolidated statements of operations.

TripAdvisor may voluntarily repay any outstanding borrowing under the 2015 Credit Facility at any time without premium or penalty, other than customary breakage costs with respect to Eurocurrency loans. Certain wholly-owned domestic subsidiaries of TripAdvisor have agreed to guarantee TripAdvisor's obligations under the 2015 Credit Facility.

The 2015 Credit Facility 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, 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 the fiscal year. The 2015 Credit Facility also requires TripAdvisor to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the 2015 Credit Facility will be entitled to take various actions, including the acceleration of all amounts due under 2015 Credit Facility.

***TripAdvisor Chinese Credit Facilities***

In addition to borrowings under the 2015 Credit Facility, TripAdvisor maintains Chinese Credit Facilities. As of June 30, 2015 and December 31, 2014, there were approximately \$1 million and \$38 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. The Chinese Credit Facility-BOA currently bears interest at a rate based on 100% of the People's Bank of China's base rate, which was 4.85% as of June 30, 2015. During the three months ended June 30, 2015, the Company made a \$22 million repayment of our outstanding borrowings on our Chinese Credit Facilities-BOA. As of June 30, 2015, TripAdvisor had \$1 million of outstanding borrowings from the Chinese Credit Facility-BOA.

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"). The Chinese Credit Facility—JPM bears interest at a rate based on 100% of the People's Bank of China's base rate, which was 4.85% as of June 30, 2015. During the three months ended June 30, 2015, TripAdvisor made a \$19 million repayment of its outstanding borrowings on its Chinese Credit Facilities-JPM. As of June 30, 2015, there are no outstanding borrowings under the Chinese Credit Facility—JPM.

**LIBERTY TRIPADVISOR HOLDINGS, INC.****Notes to Condensed Consolidated Financial Statements (Continued)****(unaudited)*****TripCo Margin Loans***

On August 21, 2014, a wholly owned subsidiary of TripCo 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 the Company, 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 TripCo. The Company expects that interest on the loan will be paid in kind and added to the principal amount on the loan. For the six months ended June 30, 2015, the non-cash addition to the principal balance was \$9 million. The term of the loan is three years and the maturity date is August 22, 2017.

As of June 30, 2015, 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:

<b>Pledged Collateral</b>	<b>Number of Shares Pledged as Collateral as of</b>		<b>Share value as of</b>
	<b>June 30, 2015</b>		<b>June 30, 2015</b>
	<b>amounts in millions</b>		
Common Stock	18.2	\$	1,586
Class B Common Stock	12.8	\$	1,115

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.

***Debt Covenants***

As of June 30, 2015, each of the Company and TripAdvisor was in compliance with its respective debt covenants.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

**(6) Commitments and Contingencies**

***Leases***

On June 20, 2013, TripAdvisor entered into a lease to move its headquarters to Needham, Massachusetts in 2015. 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 project construction costs incurred by the landlord as a construction-in-progress asset and a corresponding construction financing obligation in "Property and equipment, at cost" and "Other liabilities," respectively, in the condensed consolidated balance sheets.

Upon completion of construction at end of the second quarter of 2015, TripAdvisor evaluated the construction-in-progress asset and construction financing obligation for de-recognition under the criteria for "sale-leaseback" treatment under GAAP. TripAdvisor has continued economic involvement in the facility, and therefore did not meet the provisions for sale-leaseback accounting. This determination was based on TripAdvisor's continuing involvement with the property in the form of non-recourse financing to the lessor. Therefore, the lease has been accounted for as a financing obligation. Accordingly, TripAdvisor will depreciate the building asset over its estimated useful life and incur interest expense related to the financing obligation. TripAdvisor will bifurcate the lease payments into (i) a portion that is allocated to the building (a reduction to the construction financing obligation) and; (ii) a portion that is allocated to the land on which the building was constructed. Although TripAdvisor will not begin making lease payments pursuant to the lease until November 2015, the portion of the lease payments allocated to the land is being treated for accounting purposes as an operating lease that commenced in 2013. The construction financing obligation is considered a long-term finance lease obligation with amounts payable during the next 12 months recorded to "Accrued liabilities" in the condensed consolidated balance sheet. At the end of the lease term, the carrying value of the building asset and of the remaining financing obligation are expected to be equal, at which time TripAdvisor may either surrender the leased asset as settlement of the remaining financing obligation or extend the initial term of the lease for the continued use of the asset.

***Litigation***

In the ordinary course of business, the Company and its subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, 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 condensed consolidated financial statements.

**(7) Segment Information**

TripCo, through its ownership interests in subsidiaries and other companies, is primarily engaged in the online commerce industries. TripCo identifies its reportable segments as (A) those consolidated companies that represent 10% or more of its consolidated annual revenue, annual 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.

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.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

TripCo defines Adjusted OIBDA as revenue less cost of goods sold, 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 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.

For the six months ended June 30, 2015, TripCo has identified the following consolidated company as its reportable segment:

- TripAdvisor, Inc.—an online travel research company, empowering users to plan and maximize their travel experience.

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 are the same as those described in the Company's summary of significant accounting policies included in the Annual Report on Form 10-K for the year ended December 31, 2014.

**Performance Measures**

	<b>Three months ended June 30,</b>			
	<b>2015</b>		<b>2014</b>	
	<b>Revenue</b>	<b>Adjusted OIBDA</b>	<b>Revenue</b>	<b>Adjusted OIBDA</b>
	<b>amounts in millions</b>			
TripAdvisor	\$ 405	121	323	129
Corporate and other	9	(8)	12	(9)
Consolidated TripCo	<u>\$ 414</u>	<u>113</u>	<u>335</u>	<u>120</u>

	<b>Six months ended June 30,</b>			
	<b>2015</b>		<b>2014</b>	
	<b>Revenue</b>	<b>Adjusted OIBDA</b>	<b>Revenue</b>	<b>Adjusted OIBDA</b>
	<b>amounts in millions</b>			
TripAdvisor	\$ 768	247	604	251
Corporate and other	20	(13)	25	(15)
Consolidated TripCo	<u>\$ 788</u>	<u>234</u>	<u>629</u>	<u>236</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

Other Information

	June 30, 2015	
	Total assets	Capital expenditures
amounts in millions		
TripAdvisor	\$ 7,521	54
Corporate and other	77	2
Consolidated TripCo	<u>\$ 7,598</u>	<u>56</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
amounts in millions				
Consolidated segment Adjusted OIBDA	\$ 113	120	234	236
Stock-based compensation	(20)	(17)	(39)	(34)
Depreciation and amortization	(68)	(72)	(132)	(142)
Interest expense	(5)	(3)	(13)	(5)
Other, net	5	—	3	—
Earnings (loss) before income taxes	<u>\$ 25</u>	<u>28</u>	<u>53</u>	<u>55</u>

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this Quarterly Report on Form 10-Q 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; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. 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 products and services and the ability of our company and our subsidiaries to adapt to changes in demand;
- competitor responses to products and services;
- the levels and quality of online traffic to our businesses' websites and the ability of our subsidiaries to convert visitors into contributors or consumers;
- 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 FCC 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;
- 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;
- the regulatory and competitive environment of the industries in which our subsidiaries operate;
- fluctuations in foreign currency exchange rates; and
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world.

For additional risk factors, please see Part I, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2014. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly 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.

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. (“BuySeasons”). 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”). 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 stockholders 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 condensed 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 condensed consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements.

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

**Results of Operations—Consolidated—June 30, 2015 and 2014**

**General.** We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our principal reportable segment. The “corporate and other” category consists of those assets or businesses which we do not disclose separately. For a more detailed discussion and analysis of the financial results of the principal reporting segment, see “Results of Operations—TripAdvisor” below.

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
<b>amounts in millions</b>				
<b>Revenue</b>				
TripAdvisor	\$ 405	323	768	604
Corporate and other	9	12	20	25
Consolidated TripCo	<u>\$ 414</u>	<u>335</u>	<u>788</u>	<u>629</u>
<b>Adjusted OIBDA</b>				
TripAdvisor	\$ 121	129	247	251
Corporate and other	(8)	(9)	(13)	(15)
Consolidated TripCo	<u>\$ 113</u>	<u>120</u>	<u>234</u>	<u>236</u>
<b>Operating Income (Loss)</b>				
TripAdvisor	\$ 34	39	80	75
Corporate and other	(9)	(8)	(17)	(15)
Consolidated TripCo	<u>\$ 25</u>	<u>31</u>	<u>63</u>	<u>60</u>

**Revenue.** Our consolidated revenue increased approximately \$79 million and \$159 million during the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase was due to revenue growth at TripAdvisor impacted by a slight decrease of \$3 million and \$5 million in revenue at BuySeasons for three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. Revenue for BuySeasons decreased during the three and six months ended June 30, 2015 as compared to the corresponding period in the prior year, due to 40% fewer orders, partially offset by a 10.0% increase in average order value. 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 goods sold, 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, 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. See note 7 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) before income taxes.

Consolidated Adjusted OIBDA decreased approximately \$7 million and \$2 million during three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The decrease was due to the decreased operating results of TripAdvisor. Adjusted OIBDA loss at BuySeasons and corporate and other improved \$1 million and \$2 million for three and six months ended June 30, 2015, respectively, as compared to the corresponding

periods in the prior year. See “Results of Operations—TripAdvisor” below for a more complete discussion of the results of operations of TripAdvisor.

In connection with the Trip Spin-Off, among other matters, we entered into a services agreement and a facilities sharing agreement with Liberty Media. Pursuant to the services agreement, we pay Liberty Media for certain specified services related to our being a public company including insurance administration and risk management services, legal, investor relations, tax, accounting and internal audit services. Consolidated fees paid under the services agreement and the facilities agreement is not expected to exceed \$4 million annually.

**Operating Income (Loss).** Our consolidated operating income decreased approximately \$6 million for the three months ended June 30, 2015, as compared to the corresponding period in the prior year, and increased \$3 million for the six months ended June 30, 2015, respectively, as compared to the corresponding period in the prior year. The changes in operating income are due to the decreased operating results of TripAdvisor and lower amortization expense of intangibles related to the assets recognized in connection with the combination of TripAdvisor as the amortization is slightly accelerated due to the estimated usage of such assets. 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.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	amounts in millions			
<i>Interest expense</i>				
TripAdvisor	\$ (2)	(2)	(4)	(4)
Corporate and other	(3)	(1)	(9)	(1)
Consolidated TripCo	\$ (5)	(3)	(13)	(5)
<i>Other, net</i>				
TripAdvisor	\$ 5	—	3	—
Corporate and other	—	—	—	—
Consolidated TripCo	\$ 5	—	3	—

**Interest expense.** Interest expense increased \$2 million and \$8 million for three and six months ended June 30, 2015, respectively. The increase is primarily due to increased borrowing from the margin loans at the corporate level.

**Other, net.** Other, net increased \$5 million and \$3 million for three and six months ended June 30, 2015, respectively, compared to the corresponding prior year periods primarily due to the fluctuation of foreign exchange rates. The primary components of other, net are the income and interest earned on marketable securities offset by net foreign exchange losses.

**Income taxes.** We had income tax expense of \$12 million and \$11 million for the three months ended June 30, 2015 and 2014, respectively, and the effective tax rate was approximately 48.0% and 39.3%, respectively. We had income tax expense of \$23 million and \$15 million for the six months ended June 30, 2015 and 2014, respectively, and the effective tax rate was approximately 43.4% and 27.3%, respectively. The effective rates for the three and six months ended June 30, 2015 were greater than the U.S. federal tax rate of 35% due primarily to an increase in tax expense related to changes in valuation allowance, changes in unrecognized tax benefits, state income tax expense and recognition of deferred tax liabilities for basis differences in the stock of a consolidated subsidiary. These expense items were partially offset with the tax benefit of earnings in foreign jurisdictions taxed at a rate lower than the U.S. federal tax rate. The effective tax rate for the three months ended June 30, 2014 was greater than the federal rate of 35% due primarily to an increase in tax expense related to changes in valuation allowance, changes in unrecognized tax benefits, and state income tax expense, partially offset with the tax benefit of earnings in foreign jurisdictions taxed at a lower rate than the U.S. federal tax rate. The

effective tax rate for the six months ended June 30, 2014 was lower than the federal rate of 35% due to the tax benefit from earnings in foreign jurisdictions being taxed at a rate lower than the U.S. federal tax rate.

**Net earnings.** We had net earnings of \$13 million and \$17 million for the three months ended June 30, 2015 and 2014, respectively, and net earnings of \$30 million and \$40 million for the six months ended June 30, 2015 and 2014, respectively. The change in net earnings was the result of the above described fluctuations in our revenue and expenses.

**Liquidity and Capital Resources**

As of June 30, 2015 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

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 June 30, 2015 TripCo had a cash balance of \$625 million. Approximately \$583 million of the cash balance, at June 30, 2015, is held at TripAdvisor. Although TripCo has a 56% voting interest in TripAdvisor, TripAdvisor is a separate public company with a significant non-controlling interest, as TripCo has only a 21% 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. Approximately \$372 million of the TripAdvisor cash balance is held by foreign subsidiaries of TripAdvisor which 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.

	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
	<b>amounts in millions</b>	
<b>Cash flow information</b>		
Net cash provided (used) by operating activities	\$ 288	257
Net cash provided (used) by investing activities	\$ (109)	(9)
Net cash provided (used) by financing activities	\$ (60)	(13)

During the six months ended June 30, 2015, TripCo’s primary use of cash was approximately \$92 million in purchases of short term investments and other marketable securities and \$56 million of capital expenditures. Additionally, other uses of cash included debt repayments and minimum withholding tax payments. These uses of cash were funded primarily with cash on hand, cash provided by operations, and borrowings of debt.

The projected use of TripCo’s corporate cash will be to fund any operational cash deficits at BuySeasons, to pay fees to Liberty Media for providing certain services pursuant to the services and facilities sharing agreements which is not expected to exceed \$4 million annually, and to pay any other corporate level expenses. 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 loans described above are paid in kind and become outstanding principal. At the maturity of the margin loans, a number of options are available to satisfy the loans as discussed above in potential sources of liquidity. The TripAdvisor projected use of cash, incremental to increased operational investment in the business, will primarily be payment of long term debt obligations and other financial commitments, the repurchases of TripAdvisor common stock under their approved share buyback program and investment in new or existing businesses.

**Results of Operations—TripAdvisor**

*TripAdvisor, Inc.* Our economic ownership interest in TripAdvisor is 21% and TripCo’s results include the consolidated results of TripAdvisor and the elimination of approximately 79% of TripAdvisor’s net income (loss), including purchase accounting adjustments, through the noncontrolling interest line item in the condensed 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. We believe a discussion of TripAdvisor’s stand alone results promotes a better understanding of overall results of its business. TripAdvisor’s revenue, Adjusted OIBDA and operating income on a standalone basis for three and six months ended June 30, 2015 and 2014 were as follows (see tables below for a reconciliation of TripAdvisor’s standalone results to those amounts reported by TripCo):

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Revenue				
Click-based advertising	\$ 266	235	515	442
Display-based advertising	40	37	75	69
Subscription, transaction and other	99	51	178	93
Total revenue	405	323	768	604
Operating Expense	59	44	115	84
SG&A	225	150	406	269
Adjusted OIBDA	121	129	247	251
Stock-based compensation	18	15	34	29
Depreciation and amortization	24	14	44	26
Operating income as reported by TripAdvisor	\$ 79	100	169	196

**Revenue**

Revenue increased \$82 million and \$164 million during the three and six months ended June 30, 2015, respectively, when compared to the corresponding periods in 2014, primarily due to an increase in click-based advertising revenue of \$31 million and \$73 million, respectively. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers of 22% and 24% for the three and six months ended June 30, 2015, respectively, partially offset by a decrease in revenue per hotel shopper of 6% and 5% for the three and six months ended June 30, 2015, respectively. Display-based advertising increased by \$3 million and \$6 million during the three and six months ended June 30, 2015, respectively, primarily as a result of a 7% and 10% increase in the number of impressions sold and an increase in pricing of 5% and 2% when compared to the same period in 2014. Subscription, transaction and other revenue increased by \$48 million and \$85 million during the three and six months ended June 30, 2015, respectively, primarily due to growth in TripAdvisor’s Business Listings and Vacation Rentals products, as well as incremental revenue of \$34 million and \$53 million, primarily related to its 2014 acquisitions of Lafourchette and Viator.

TripAdvisor’s international revenue represented 50% and 51% of its total revenue during the three and six months ended June 30, 2015, respectively, and represented 53% and 52% of total revenue during the three and six months ended June 30, 2014, respectively. The general strengthening of the U.S. dollar relative to certain foreign currencies (primarily the Euro) from the second quarter of 2014 to the same period in 2015 had an unfavorable impact on TripAdvisor’s revenue. On a constant currency basis, TripAdvisor estimates its total revenue would have been \$34 million and \$51 million higher than its actual revenue as reported for the three and six months ended June 30, 2015, respectively.

***Adjusted OIBDA***

***Operating expense***

The most significant driver of operating expense is technology and content costs which increased \$9 million and \$20 million during the three and six months ended June 30, 2015, respectively, when compared to the same periods in 2014, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion and enhanced site features, as well as incremental personnel costs related to TripAdvisor's 2014 business acquisitions of Lafourchette and Viator.

***Selling, general and administrative***

Selling and marketing costs increased \$64 million and \$120 million during the three and six months ended June 30, 2015 when compared to the same periods in 2014, primarily due to increased search engine marketing ("SEM") costs and other online traffic acquisition costs, increased costs related to TripAdvisor's television campaign, and incremental costs related to its 2014 business acquisitions of Lafourchette and Viator. TripAdvisor spent \$19 million and \$29 million on its television advertising campaign during the three and six months ended June 30, 2015, respectively, which was initially launched in May 2014. Personnel and overhead costs increased \$6 million and \$13 million during the three and six months ended June 30, 2015, respectively, when compared to the same periods in 2014, primarily due to an increase in headcount to support business growth, including international expansion, as well as incremental personnel costs related to its 2014 business acquisitions of Lafourchette and Viator. Lafourchette and Viator contributed an incremental \$26 million and \$42 million to TripAdvisor's selling and marketing expenses for the three and six months ended June 30, 2015, respectively, of which an incremental \$6 million and \$12 million, respectively, was related to personnel and overhead.

General and administrative costs increased \$11 million and \$17 million during the three and six months ended June 30, 2015, respectively, when compared to the same periods in 2014 primarily due to personnel costs and overhead costs related to an increase in headcount to support TripAdvisor's business operations, as well as incremental personnel costs related to TripAdvisor's 2014 business acquisitions of Lafourchette and Viator. Lafourchette and Viator contributed an incremental \$5 million and \$9 million to TripAdvisor's general and administrative expenses for the three and six months ended June 30, 2015, respectively, of which an incremental \$3 million and \$5 million, respectively, was related to personnel and overhead.

***Operating Income (Loss)***

Operating income, on a standalone basis, was impacted by the above Adjusted OIBDA explanations, offset slightly by an increase in the amortization of capitalized web development costs and amortization of intangible assets acquired from recent TripAdvisor acquisitions.

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 standalone operations of TripAdvisor, to the results reported by TripCo (amounts in millions):

	Three months ended June 30, 2015			Six months ended June 30, 2015		
	As Reported by	Purchase	As Reported by	As Reported by	Purchase	As Reported by
	TripAdvisor	Accounting Adjustments	TripCo	TripAdvisor	Accounting Adjustments	TripCo
Revenue	\$ 405	—	405	768	—	768
Operating expense	(59)	—	(59)	(115)	—	(115)
SG&A	(225)	—	(225)	(406)	—	(406)
Adjusted OIBDA	121	—	121	247	—	247
Stock-based compensation	(18)	(1)	(19)	(34)	(3)	(37)
Depreciation and amortization	(24)	(44)	(68)	(44)	(86)	(130)
Operating income (loss)	\$ 79	(45)	34	169	(89)	80

	Three months ended June 30, 2014			Six months ended June 30, 2014		
	As Reported by	Purchase	As Reported by	As Reported by	Purchase	As Reported by
	TripAdvisor	Accounting Adjustments	TripCo	TripAdvisor	Accounting Adjustments	TripCo
Revenue	\$ 323	—	323	604	—	604
Operating expense	(44)	—	(44)	(84)	—	(84)
SG&A	(150)	—	(150)	(269)	—	(269)
Adjusted OIBDA	129	—	129	251	—	251
Stock-based compensation	(15)	(2)	(17)	(29)	(5)	(34)
Depreciation and amortization	(14)	(59)	(73)	(26)	(116)	(142)
Operating income (loss)	\$ 100	(61)	39	196	(121)	75

**Item 3. 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 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 plan to manage our overall exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this will protect us from interest rate risk. We expect that over time we will achieve this mix by (i) issuing fixed rate debt that we believe has a low

stated interest rate and significant term to maturity and (ii) issuing variable rate debt with appropriate maturities and interest rates. As of June 30, 2015, our debt is comprised of the following amounts of variable rate debt:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	amount in millions			
TripAdvisor	\$ 291	1.5 %	—	N/A
TripCo debt	\$ 413	3.9 %	—	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 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 parent's 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.

#### Item 4. Controls and Procedures.

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 June 30, 2015 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.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings**

None.

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

194 shares of Series A Liberty TripAdvisor Holdings, Inc. common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended June 30, 2015.

**Item 6. Exhibits**

(a) Exhibits

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

- 10.1 Non-Qualified Stock Option Agreement under the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan for Gregory B. Maffei, effective December 21, 2014.\*
- 10.2 Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015) (incorporated by reference to Annex A to Liberty TripAdvisor Holdings, Inc.'s Proxy Statement on Schedule 14A filed on April 22, 2015 (File No. 001-36603)).
- 10.3 Credit Agreement dated as of June 26, 2015 by and among TripAdvisor, Inc., TripAdvisor Holdings, LLC, TripAdvisor LLC, JPMorgan Chase Bank, N.A., as Administrative Agent; J.P. Morgan Europe Limited, as London Agent; Morgan Stanley Bank, N.A.; Bank of America, N.A.; BNP Paribas; SunTrust Bank; Wells Fargo Bank, National Association; Royal Bank of Canada; Barclays Bank PLC; U.S. Bank National Association; Citibank, N.A.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Goldman Sachs Bank USA; and Deutsche Bank AG New York Branch (incorporated by reference to Exhibit 10.1 to TripAdvisor's Current Report on Form 8-K (File No. 001-35362), filed with the Securities and Exchange Commission on June 30, 2015).
- 31.1 Rule 13a-14(a)/15d-14(a) Certification\*
- 31.2 Rule 13a-14(a)/15d-14(a) Certification\*
- 32 Section 1350 Certification\*\*
- 101.INS XBRL Instance Document\*
- 101.SCH XBRL Taxonomy Extension Schema Document\*
- 101.CAL XBRL Taxonomy Calculation Linkbase Document\*
- 101.LAB XBRL Taxonomy Label Linkbase Document\*
- 101.PRE XBRL Taxonomy Presentation Linkbase Document\*
- 101.DEF XBRL Taxonomy Definition Document\*

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\* Filed herewith

\*\* Furnished herewith



## EXHIBIT INDEX

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- 32 Section 1350 Certification\*\*
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- 101.SCH XBRL Taxonomy Extension Schema Document\*
- 101.CAL XBRL Taxonomy Calculation Linkbase Document\*
- 101.LAB XBRL Taxonomy Label Linkbase Document\*
- 101.PRE XBRL Taxonomy Presentation Linkbase Document\*
- 101.DEF XBRL Taxonomy Definition Document\*

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\* Filed herewith

\*\* Furnished herewith

December 21, 2014

**Information for Recipients of  
Liberty TripAdvisor Holdings, Inc. Nonqualified Stock Options  
2014 Omnibus Incentive Plan**

**Notice of Grant. Congratulations!** You have been granted Nonqualified Stock Options exercisable for shares of Liberty TripAdvisor Holdings, Inc. Series B Common Stock (“LTRPB”) (the “Options”). A Nonqualified Stock Option Agreement (the “Agreement”) setting forth the terms of the Options follows this informational page. The Options were granted under the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (the “2014 Incentive Plan”).

**Acknowledgment of Grant.** By your signature on the Agreement, you are acknowledging the terms and conditions of the award set forth in the Agreement. The Options were granted by Liberty TripAdvisor Holdings, Inc. (the “Company”) and became effective as of the Grant Date (as that term is defined in the Agreement) and were granted on the terms and conditions reflected in the Agreement. The number of Options granted to you was approved by the Compensation Committee of the Board of Directors of the Company.

**2014 Incentive Plan – Exhibit A.** The 2014 Incentive Plan that governs the Options is attached to the Agreement as Exhibit A.

**SEC Registration Statements.** The LTRPB shares issuable upon exercise of the Options were registered with the Securities and Exchange Commission on a Form S-8 filed on December 17, 2014 (Registration No. 333-201011). The statement can be found on the Company’s website at <http://ir.libertytripadvisorholdings.com/sec.cfm>. Also available on the Company’s website are the most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission. Please refer to these reports as well as the Company’s future filings with the Securities and Exchange Commission (also available on the Company’s website) for important information regarding the Company and its common stock.

**Tax and Estate Advice.** We recommend that you consult with your personal tax and/or estate advisor regarding the effect of the award of Options on your personal tax and estate situation.

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

**NON-QUALIFIED STOCK OPTION AGREEMENT**

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this “Agreement”) is entered into effective as of December 21, 2014 by and between LIBERTY TRIPADVISOR HOLDINGS, INC., a Delaware corporation (the “Company”), and Gregory B. Maffei (the “Grantee”).

The Grantee is employed as of the Grant Date as the President and Chief Executive Officer of the Company. The Company has adopted the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (as may be amended prior to or after the Grant Date, the “Plan”), a copy of which as in effect on the Grant Date is attached hereto as Exhibit A and by this reference made a part hereof, for the benefit of eligible employees and independent contractors of the Company and its Subsidiaries. Capitalized terms used and not otherwise defined herein will have the meaning given thereto in the Plan.

The Company and the Grantee therefore agree as follows:

**Definitions.** The following terms, when used in this Agreement, have the following meanings:

“Base Price” means \$27.83, the Fair Market Value of a share of Common Stock on the Grant Date.

“Business Day” means any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado, are required or authorized to be closed.

“Cause” means: (i) the Grantee’s willful failure to follow the lawful instructions of the Board (other than due to Disability); (ii) the commission by the Grantee of any fraud, misappropriation or misconduct that causes demonstrable material injury to the Company or any Subsidiary; (iii) the Grantee’s conviction of, or plea of guilty or nolo contendere to, a felony; or (iv) the Grantee’s failure to comply in any material respect with any written agreement between the Grantee, on the one hand, and the Company or any Subsidiary, on the other, if such failure causes demonstrable material injury to the Company or any Subsidiary. Notwithstanding anything contained herein to the contrary, the Grantee’s employment may not be terminated for Cause pursuant to clause (i), (ii) or (iv) above unless (A) the decision is made by a majority of the Board at a Board meeting where the Grantee and his counsel had an opportunity to be heard on at least ten days’ prior written notice; (B) the Company provides the Grantee with written notice of the Board’s decision to terminate the Grantee’s employment for Cause specifying the particular act(s) or failure(s) to act serving as the basis for such decision; and (C) if such act or failure to act is capable of being cured, the Grantee fails to cure any such act or failure to act to the reasonable satisfaction of the Board within ten days after such notice.

For purposes of this Agreement, no act or failure to act, on the part of the Grantee, will be considered “willful” unless it is done, or omitted to be done, by the Grantee in bad faith and without reasonable belief that the Grantee’s action or omission was legal, proper, and in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company will be conclusively presumed to be done, or omitted to be done, by the Grantee in good faith and in the best interests of the Company.

(e) “Change in Control” means, with respect to the period following the Grant Date:

(i) any merger, consolidation or share exchange to which the Company is a party as a result of which 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 surviving corporation 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 share exchange,

(ii) the adoption of any plan or proposal for the liquidation or dissolution of the Company,

(iii) 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 (1) the Company, or (2) the Company’s Subsidiaries, taken as a whole, if the assets of the Company’s Subsidiaries, taken as a whole, constitute all or substantially all of the combined assets of the Company and the Company’s Subsidiaries.

(iv) at any time during any period of two consecutive years beginning on or after the Grant Date, individuals who at the beginning of such period were members of the Board (“Original Directors”) and new directors, if any, whose election or nomination for election to the Board was recommended or approved by a majority of the Original Directors and the new directors whose nomination had previously been so approved, cease for any reason to constitute a majority of the then incumbent members of the Board,

(v) 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 of its Subsidiaries, any employee benefit plan sponsored by the Company or any of its Subsidiaries, any Exempt Person (as defined in the Plan) or any member of the Malone Group) 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 more than 50% 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), or

(vi) a spin-off, split-off, split-up or other similar event or events (each, a “Spin Transaction”), either in a single transaction or in a series of related or unrelated transactions

(provided that such related or unrelated transactions occur during a period of 24 consecutive months), pursuant to which assets of the Company or of one or more of its Subsidiaries having either a fair market value (as determined in the good faith reasonable judgment of the Board) or book value equal to 40% or more of the total fair market value or book value of the assets of the Company and its Subsidiaries (taken as a whole) are directly or indirectly transferred or distributed by dividend or otherwise, excluding any Spin Transaction in which (A) the Grantee is appointed as the chief executive officer of the separate publicly-traded entity that is the subject of such Spin Transaction, whether or not he elects to accept such appointment, and (B) any equity-based awards previously granted by the Company to the Grantee are adjusted in a manner that (1) preserves the intrinsic value of such equity-based award (or, in the case of the grant of a new equity-based award, preserves the intrinsic value of the equity-based award in respect of which such equity-based award is granted) and (2) complies with, or is exempt from, Section 409A of the Code. For the purpose of calculating whether the 40% threshold described in clause (vi) of this sentence has been reached or exceeded in a series of two or more transactions, the following calculation will apply:

$$X = \frac{40 - P}{100 - P}$$

where

X = percentage of book or fair market value, as applicable, required to reach the 40% threshold as of the date of the second or any subsequent transaction; and

P = percentage of book or fair market value, as applicable, disposed of in all prior spin-off, split-off, split-up or other similar events to which clause (vi) applies, determined as of the date of each such transaction.

“Close of Business” means, on any day, 5:00 p.m., Denver, Colorado time.

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

“Common Stock” means the Company’s Series B Common Stock.

“Company” has the meaning specified in the preamble to this Agreement.

“Disability” means the Grantee’s inability to substantially perform his duties to the Company due to physical or mental impairment for six consecutive months and, within 30 days after a notice of termination is given to the Grantee, the Grantee continues to be unable to substantially perform his duties to the Company due to physical or mental impairment. Notwithstanding the foregoing, the Grantee will not be considered Disabled unless the Grantee is also “disabled,” as such term is defined under Section 409A(a)(2)(C) of the Code.

“Fundamental Corporate Event” means a corporate event with respect to the Company which results in a change to the number or type of shares of stock subject to the Options, including a stock dividend, stock split, reverse stock split, reclassification, recapitalization,

reorganization, split-up, spin-off, combination, share exchange, merger, consolidation or similar corporate event.

“Good Reason” means the occurrence of any of the following events:

(i) the failure of the Company to appoint the Grantee to, or to permit him to remain as the President and Chief Executive Officer of the Company, if that failure is not cured within 10 days after written notice from the Grantee or the failure of the Company to nominate and recommend to the stockholders of the Company that the Grantee be elected to the Board whenever the Grantee is scheduled to stand or stands for reelection to the Board at any of the Company’s annual stockholder meetings through December 31, 2019;

(ii) the assignment by the Company to the Grantee of duties materially inconsistent with his status as the chief executive officer of a publicly-traded company or any material diminution in the Grantee’s duties and/or responsibilities, reporting obligations, titles or authority as in effect on the date of this Agreement, if that inconsistency or diminution is not cured within 10 days after written notice from the Grantee;

(iii) any purported termination by the Company of the Grantee’s employment for Cause which is not substantially effected pursuant to the procedures described in the definition of Cause in this Agreement;

(iv) a Change in Control; provided that the Grantee may exercise his right to terminate his employment for Good Reason pursuant to this clause (iv) only during the 30-day period that commences 90 days after the occurrence of such Change in Control; or

(v) any material breach of any written agreement between the Grantee, on the one hand, and the Company or any Subsidiary, on the other, by the Company or such Subsidiary, if not cured within 10 days after written notice from the Grantee.

Notwithstanding the foregoing, Good Reason will not be deemed to exist unless the Grantee gives the Company notice within 120 days (or such shorter period specified above) after the occurrence of the event which the Grantee believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Grantee believes constitutes the basis for Good Reason.

“Grant Date” means December 21, 2014.

“Grantee” has the meaning specified in the preamble to this Agreement.

“Malone Group” means John C. Malone, his spouse, his children and other lineal descendants or any trust, foundation or other Person established by a member of the Malone Group for the benefit of one or more members of the Malone Group or for a charitable purpose.

“Option” has the meaning specified in Section 2 of this Agreement.

“Option Shares” has the meaning specified in Section 4(a) of this Agreement.

“Plan” has the meaning specified in the recitals to this Agreement.

“Required Withholding Amount” has the meaning specified in Section 5 of this Agreement.

“Separation” means the date as of which the Grantee is no longer employed by the Company or any of its Subsidiaries.

“Subsidiary” has the meaning set forth in the Plan.

“Term” has the meaning specified in Section 2 of this Agreement.

“Tranche” has the meaning specified in Section 3(a) of this Agreement.

**Grant of Options.** Subject to the terms and conditions herein and in the Plan, the Company hereby awards to the Grantee as of the Grant Date, options to purchase from the Company, exercisable as set forth in Section 3 below during the period commencing on the Grant Date and expiring at the Close of Business on December 21, 2024 (such period, the “Term”), subject to earlier termination as provided in Section 9 below, at the Base Price, 1,797,107 shares of Common Stock. Each option granted hereunder is a “Nonqualified Stock Option” and is hereinafter referred to as an “Option.” The Base Price of each Option and the number of Options granted hereunder are subject to adjustment pursuant to Section 13 below. No fractional shares of Common Stock will be issuable upon exercise of an Option, and the Grantee will receive, in lieu of any fractional share of Common Stock that the Grantee otherwise would receive upon such exercise, cash equal to the fraction representing such fractional share multiplied by the Fair Market Value of one share of Common Stock as of the date on which such exercise is considered to occur pursuant to Section 4 below.

**Conditions of Exercise.** Unless otherwise determined by the Committee in its sole discretion (provided that such determination is not adverse to the Grantee), the Options will be exercisable only in accordance with the conditions stated in this Section 3.

(a) The Options may be exercised only to the extent they have become vested and exercisable in accordance with the provisions of this Section 3. Except as otherwise provided in this Agreement, subject to the Grantee’s continued employment with the Company or any Subsidiary on each applicable date, one-half of the number of Options subject to this Agreement (with any fractional Option rounded up to the nearest whole Option) will become vested and exercisable on each of December 21, 2018 and December 21, 2019. The Options that become vested and exercisable on each of the foregoing Vesting Dates are referred to as individual “Tranches.”

(b) Notwithstanding the foregoing, (i) all Options will become vested and exercisable on the date of the Grantee’s Separation if (A) the Grantee’s Separation occurs by reason of Disability on or after the Grant Date or (B) the Grantee dies while employed by the Company or a Subsidiary, and (ii) Options that have not theretofore become vested and exercisable will become vested and exercisable (A) to the extent provided in Section 7 of this Agreement, upon the occurrence of a Change in Control, or (B) to the extent provided in Section 8 of this Agreement, on the date of the Grantee’s Separation.

(c) To the extent the Options become vested and exercisable, any or all of such Options may be exercised (at any time or from time to time, except as otherwise provided herein) until expiration of the Term or earlier termination thereof as provided herein.

The Grantee acknowledges and agrees that the Committee, in its discretion and as contemplated by the Plan, may adopt rules and regulations from time to time after the date hereof with respect to the exercise of the Options and that the exercise by the Grantee of Options will be subject to the further condition that such exercise is made in accordance with all such rules and regulations as the Committee may determine are applicable thereto.

**Manner of Exercise.** Options will be considered exercised (as to the number of Options specified in the notice referred to in Section 4(a) below) on the latest of (i) the date of exercise designated in the written notice referred to in Section 4(a) below, (ii) if the date so designated is not a Business Day, the first Business Day following such date or (iii) the earliest Business Day by which the Company has received all of the following:

(d) Written notice, in such form as the Committee may require, containing such representations and warranties as the Committee may reasonably require and designating, among other things, the date of exercise and the number of shares of Common Stock (“Option Shares”) to be purchased by exercise of Options;

(e) Payment of the Base Price for each Option Share to be purchased in any (or a combination) of the following forms, as determined by the Grantee: (A) cash, (B) check, (C) whole shares of any class or series of the Company’s common stock, (D) 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 Base Price (and, if applicable the Required Withholding Amount, as described in Section 5 below), or (E) the delivery of irrevocable instructions for the Company to withhold the number of shares of Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) required to pay the Base Price (and, if applicable, the Required Withholding Amount, as described in Section 5 below) that would otherwise be delivered by the Company to the Grantee upon exercise of the Options (it being acknowledged that the method of exercise described in this clause (E) applies to the Options granted pursuant to this Agreement and will not apply to any options granted under the Plan to the Grantee after the Grant Date unless otherwise provided in the applicable award agreement); and

(f) Any other documentation that the Committee may reasonably require.

**Mandatory Withholding for Taxes.** The Grantee acknowledges and agrees that the Company will deduct from the shares of Common Stock otherwise payable or deliverable upon exercise of any Options that number of shares of Common Stock having a Fair Market Value on the date of exercise that is equal to the amount of all federal, state and local taxes required to be withheld by the Company or any Subsidiary of the Company upon such exercise, as determined by the Company (the “Required Withholding Amount”), unless the Grantee remits the Required Withholding Amount to the Company or its designee in cash in such form and by

such time as the Company may require or other provisions for withholding such amount satisfactory to the Company have been made. If the Grantee elects to make payment of the Base Price by delivery of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the Base Price, such instructions may also include instructions to deliver the Required Withholding Amount to the Company. In such case, the Company will notify the broker promptly of the Company's determination of the Required Withholding Amount. Notwithstanding the foregoing or anything contained herein to the contrary, (i) the Grantee may, in his sole discretion, direct the Company to deduct from the shares of Common Stock otherwise payable or deliverable upon exercise of any Options that number of shares of Common Stock having a Fair Market Value on the date of exercise that is equal to the Required Withholding Amount and (ii) the Company will not withhold any shares of Common Stock to pay the Required Withholding Amount if the Grantee has remitted cash to the Company or a Subsidiary or designee thereof in an amount equal to the Required Withholding Amount by such time as the Company may require.

**Payment or Delivery by the Company.** As soon as practicable after receipt of all items referred to in Section 4 above, and subject to the withholding referred to in Section 5 above, the Company will (i) deliver or cause to be delivered to the Grantee certificates issued in the Grantee's name for, or cause to be transferred to a brokerage account through Depository Trust Company for the benefit of the Grantee, the number of shares of Common Stock purchased by exercise of Options, and (ii) deliver any cash payment to which the Grantee is entitled in lieu of a fractional share of Common Stock as provided in Section 2 above. Any delivery of shares of Common Stock will be deemed effected for all purposes when certificates representing such shares have been delivered personally to the Grantee or, if delivery is by mail, when the certificates have been received by the Grantee, or at the time the stock transfer agent completes the transfer of shares to a brokerage account through Depository Trust Company for the benefit of the Grantee, if applicable, and any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the amount equal to the amount of the cash owed, has been delivered personally to the Grantee or, if delivery is by mail, upon receipt by the Grantee.

**Effect of Change in Control on Exercisability of Options.** Upon the occurrence of a Change in Control on or after the Grant Date but prior to the Grantee's Separation, any Options that are outstanding and unvested at the time of such Change in Control will immediately become vested and exercisable in full.

**Effect of Termination of Employment by the Company Without Cause or by the Grantee For Good Reason on Exercisability of Options.**

(g) If the Grantee's Separation occurs on or after the Grant Date on account of a termination of the Grantee's employment by the Company without Cause or on account of a voluntary termination by the Grantee of his employment for Good Reason, a pro rata portion of each Tranche of Options that is not vested on the date of such Separation will vest and become exercisable as of the date of the Grantee's Separation, such pro rata portion with respect to each Tranche to be equal to the product of the number of Option Shares represented by the Options in such Tranche that are not vested on the date of such Separation multiplied by a fraction, the numerator of which is the number of calendar

days that have elapsed from the Grant Date through the date of Separation plus an additional 548 calendar days, and the denominator of which is the number of days in the entire vesting period for such Tranche (in no event to exceed the total number of Option Shares represented by the unvested Options in such Tranche as of the date of Separation). For purposes of this Agreement, the vesting period for each Tranche is the period that begins on the Grant Date and ends on the Vesting Date for such Tranche.

(h) Notwithstanding Section 8(a), if (A) members of the Malone Group cease to beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, securities of the Company representing at least 20% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors (such percentage to be calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities) and (B) within the period beginning 90 days before and ending 210 days after the date the condition prescribed in the foregoing clause (A) is satisfied (the "Malone Termination Period"), there shall occur a Separation on account of a termination of the Grantee's employment by the Company without Cause or on account of a voluntary termination by the Grantee of his employment for Good Reason, and (C) at the time the condition prescribed in clause (A) is satisfied or immediately following the satisfaction of such condition, the Grantee does not beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, securities of the Company representing at least 20% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors (such percentage to be calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), then all of the outstanding, unvested Options will vest and become exercisable in full as of the date of such Separation.

**Termination of Options.** The Options will terminate at the time specified below:

(i) If a Change in Control occurs after the Grant Date but prior to the Grantee's Separation, all Options will terminate at the expiration of the Term.

(j) If a Change in Control has not then occurred after the Grant Date and the Grantee's Separation occurs prior to the Close of Business on December 31, 2019 on account of a termination of the Grantee's employment for Cause, all Options that are not vested and exercisable as of the Close of Business on the date of Separation will terminate at that time and all Options that are vested and exercisable as of the Close of Business on the date of Separation will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of the Grantee's Separation.

(k) If (i) the Grantee's Separation does not occur prior to the Close of Business on December 31, 2019, or (ii) a Change in Control has not then occurred after the Grant Date and the Grantee's Separation occurs (A) on account of a termination of the Grantee's employment without Cause, (B) on account of a termination of the Grantee's

employment by the Grantee with or without Good Reason, or (C) by reason of the death or Disability of the Grantee, then all Options that are not vested and exercisable as of the Close of Business on the date of Separation after giving effect to the provisions of Section 3 and Section 8 will terminate at that time, and all Options that are vested and exercisable as of the Close of Business on the date of Separation after giving effect to the provisions of Section 3 and Section 8 will terminate at the expiration of the Term.

In any event in which Options remain exercisable for a period of time following the date of the Grantee's Separation as provided above, the Options may be exercised during such period of time only to the extent the same were vested and exercisable as provided in Section 3 above on such date of Separation (after giving effect to the application of Section 8 above). Notwithstanding any period of time referenced in this Section 9 or any other provision of this Agreement or any other agreement that may be construed to the contrary, the Options will in any event terminate not later than upon the expiration of the Term.

**Nontransferability.** Options are not transferable (either voluntarily or involuntarily), before or after Grantee's death, except as follows: (a) during Grantee'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 this Agreement, and in a form acceptable to the Committee; or (b) after Grantee's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Options are transferred in accordance with the provisions of the preceding sentence shall take such Options subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to the Grantee. Options are exercisable only by the Grantee (or, during the Grantee's lifetime, by the Grantee's court appointed legal representative) or a person to whom the Options have been transferred in accordance with this Section.

**Forfeiture for Misconduct and Repayment of Certain Amounts.** If (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated subsidiaries) is required and (ii) in the reasonable judgment of the 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 Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee during the Misstatement Period in such amount as the Committee may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Committee, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (i) any and all cash and/or shares of Common Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of Common Stock, and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock received upon exercise of

any Options during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

**No Stockholder Rights.** Prior to the exercise of Options in accordance with the terms and conditions set forth in this Agreement, the Grantee will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to any shares of Common Stock underlying the Options, as applicable, nor will the existence of this Agreement affect in any way the right or power of the Company or any stockholder of the Company to accomplish any corporate act, including, without limitation, any reclassification, reorganization or other change of or to its capital or business structure, merger, consolidation, liquidation, or sale or other disposition of all or any part of its business or assets.

**Adjustments.** If the outstanding shares of Common Stock are subdivided into a greater number of shares (by stock dividend, stock split, reclassification or otherwise) or are combined into a smaller number of shares (by reverse stock split, reclassification or otherwise), or if the Committee determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase any shares of Common Stock or other similar corporate event (including mergers or consolidations) affects shares of Common Stock such that an adjustment is required to preserve the benefits or potential benefits intended to be made available under this Agreement, then the Options will be subject to adjustment (including, without limitation, as to the number of Options and the Base Price per share of such Options) in such manner as the Committee, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in this Section 13 following the Grant Date.

**Restrictions Imposed by Law.** Without limiting the generality of Section 10.8 of the Plan, the Grantee will not exercise the Options, and the Company will not be obligated to make any cash payment or issue or cause to be issued any shares of Common Stock if counsel to the Company determines that such exercise, payment or issuance would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the exercise of the Options or the resulting payment of cash or issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

**Notice.** Unless the Company notifies the Grantee in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by United States first class mail, postage prepaid and addressed as follows:

Liberty TripAdvisor Holdings, Inc.  
12300 Liberty Boulevard  
Englewood, Colorado 80112  
Attn: General Counsel

Unless the Company elects to notify the Grantee via email, any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by United States first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company on the date of this Agreement, unless the Company has received written notification from the Grantee of a change of address.

**Amendment.** Notwithstanding any other provision hereof, this Agreement may be amended from time to time as approved by the Committee as contemplated in the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee,

(l) this Agreement may be amended from time to time as approved by the Committee (i) to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or (ii) to add to the covenants and agreements of the Company for the benefit of the Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders and, provided, in each case, that such changes or corrections will not adversely affect the rights of the Grantee with respect to the Award evidenced hereby, or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary because of the adoption or promulgation of, or change in or of the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(m) subject to any required action by the Board or the stockholders of the Company, the Options granted under this Agreement may be canceled by the Company and a new Award made in substitution therefor, provided, that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Options.

**Grantee Employment.** Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate the Grantee's employment at any time, with or without Cause.

**Nonalienation of Benefits.** Except as provided in Section 10 of this Agreement, (i) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (ii) no right or benefit hereunder will in any manner be liable for or subject to the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

**Governing Law.** This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado.

**Construction.** References in this Agreement to “this Agreement” and the words “herein,” “hereof,” “hereunder” and similar terms include all Exhibits and Schedules appended hereto, including the Plan. The word “include” and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Committee upon questions regarding this Agreement or the Plan will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

**Rules by Committee.** The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Committee may adopt from time to time.

**Entire Agreement.** This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the subject matter hereof. The Grantee and the Company hereby declare and represent that no promise or agreement not expressed herein has been made regarding the Award and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between the Grantee and the Company regarding the Award. Subject to the restrictions set forth in Sections 10 and 18, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

**Grantee Acceptance.** The Grantee will signify his acceptance of the terms and conditions of this Agreement by signing below and returning a signed copy to the Company.

**Code Section 409A Compliance.** To the extent that the provisions of Section 409A of the Code or any U.S. Department of the Treasury regulations promulgated thereunder are applicable to any Option, the parties intend that this Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. If, however, the Grantee is liable for the payment of any tax, penalty or interest pursuant to Section 409A of the Code, or any successor or like provision (the “409A Tax”), with respect to any payments or property transfers received or to be received under this Agreement or otherwise, the Company will pay the Grantee an amount (the “Special Reimbursement”) which, after payment to the Grantee (or on the Grantee’s behalf) of any federal, state and local taxes, including, without limitation, any further tax, penalty or interest under Section 409A of the Code, with respect to or resulting from the Special Reimbursement, equals the net amount of the 409A Tax. Any payment due to the Grantee under this Section will be made to the Grantee, or on behalf of the Grantee, as soon as practicable after the determination of the amount of such payment, but no sooner than the date on which the Company is required to withhold such amount or the Grantee is required to pay such amount to the Internal Revenue Service. Notwithstanding the foregoing, all payments under this Section will be made to the Grantee, or on the Grantee’s behalf, no later than the end of the year

following the year in which the Grantee or the Company paid the related taxes, interest or penalties. The Grantee will cooperate with the Company in taking such actions as the Company may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any U.S. Department of the Treasury regulations promulgated thereunder and to limit the amount of any additional payments required by this Section to be made to the Grantee.

**Replacement Awards.** Any restricted stock unit, restricted stock, option or other equity or equity derivative that is issued after the Grant Date to the Grantee by the Company or any other Person pursuant to a Fundamental Corporate Event in full or partial replacement of, as an adjustment to, or otherwise with respect to, an Option granted pursuant to this Agreement (a “Replacement Award”), will have the same term and the same vesting and exercisability terms and conditions as the Options, except that if the Company is not the issuer of a Replacement Award, the definition of Change in Control with respect to such Replacement Award will be applied with respect to the issuer of such Replacement Award as if it were the “Company” for purposes of such definition. By way of illustration, a Change in Control of the Company will not cause acceleration of any Replacement Awards that are not issued by the Company and a Change in Control of the issuer of any Replacement Awards with respect to which the Company is not the issuer will not cause acceleration of any remaining Options with respect to which the Company is the issuer.

**Legal Fees and Other Expenses.** The Company will pay or reimburse the Grantee for all legal fees and expenses incurred by the Grantee in connection with the review, preparation and negotiation of this Agreement and will also pay or reimburse the Grantee for any HSR filing fees incurred by him in connection with his receipt of Options and/or shares of Common Stock pursuant to this Agreement. Any such reimbursement will be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred.

**Confidential Information.** The Grantee will not, during or after his employment with the Company, without the prior express written consent of the Company, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information (as defined below) to any person, firm, partnership, corporation, trust or any other entity or third party (other than when required to do so in good faith to perform the Grantee’s duties and responsibilities to the Company or when (i) required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power, or (ii) necessary to prosecute the Grantee’s rights against the Company or its Subsidiaries or to defend himself against any allegations). The Grantee will also proffer to the Company, no later than the effective date of any termination of the Grantee’s engagement with the Company for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in the Grantee’s actual or constructive possession or which are subject to the Grantee’s control at such time. For purposes of this Agreement, “Confidential Information” will mean all information respecting the business and activities of the Company or any Subsidiary, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer

hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any Subsidiary. Notwithstanding the immediately preceding sentence, Confidential Information will not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of the Grantee's breach of any of his obligations under this Section). If the Grantee is in breach of any of the provisions of this Section or if any such breach is threatened by the Grantee, in addition to and without limiting or waiving any other rights or remedies available to the Company at law or in equity, the Company shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, without the necessity of posting a bond, to restrain any such breach or threatened breach and to enforce the provisions of this Section. The Grantee agrees that there is no adequate remedy at law for any such breach or threatened breach and, if any action or proceeding is brought seeking injunctive relief, the Grantee will not use as a defense thereto that there is an adequate remedy at law.

**Arbitration.** Except as provided in Section 27 of this Agreement, any controversy, claim or dispute arising out of or in any way relating to this Agreement or the Grantee's employment with, or termination of employment from, the Company (including whether such controversy, claim or dispute is subject to arbitration), excepting only claims that may not, by statute, be arbitrated, will be submitted to binding arbitration. Both the Grantee and the Company acknowledge that they are relinquishing their right to a jury trial. The Grantee and the Company agree that arbitration will be the exclusive method for resolving disputes arising out of or related to this Agreement or to the Grantee's employment with, or termination of employment from, the Company.

The arbitration will be administered by JAMS in accordance with the Employment Arbitration Rules & Procedures of JAMS then in effect and subject to JAMS Policy on Employment Arbitration Minimum Standards, except as otherwise provided in this Agreement. Arbitration will be commenced and heard in the Denver, Colorado metropolitan area. Only one arbitrator will preside over the proceedings, who will be selected by agreement of the parties from a list of five or more qualified arbitrators provided by the arbitration tribunal, or if the parties are unable to agree on an arbitrator within 10 Business Days following receipt of such list, the arbitration tribunal will select the arbitrator. The arbitrator will apply the substantive law (and the law of remedies, if applicable) of Colorado or federal law, or both, as applicable to the claim(s) asserted. In any arbitration, the burden of proof will be allocated as provided by applicable law. The arbitrator will have the authority to award any and all legal and equitable relief authorized by the law applicable to the claim(s) being asserted in the arbitration, as if the claim(s) were brought in a federal court of law. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Discovery, such as depositions or document requests, will be available to the Company and the Grantee as though the dispute were pending in U.S. federal court. The arbitrator will have the ability to rule on pre-hearing motions as though the matter were in a U.S. federal court, including the ability to rule on a motion for summary judgment.

If permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought

in a court of law (e.g., filing fees or room rental fees) will be shared equally by the parties. If the foregoing is not permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law will be paid by the Company. Each party will pay its own attorneys' fees and other costs incurred in connection with the arbitration, unless the relief authorized by law allows otherwise and the arbitrator determines that such fees and costs will be paid in a different manner. The arbitrator must provide a written decision. If any part of this arbitration provision is deemed to be unenforceable by an arbitrator or a court of law, that part may be severed or reformed so as to make the balance of this arbitration provision enforceable.

Liberty TripAdvisor Holdings, Inc.

By: /s/ Richard N. Baer

Name: Richard N. Baer

Title: Senior Vice President and General Counsel

/s/ Gregory B. Maffei

Gregory B. Maffei

**Exhibit A**  
**Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan**  
(copy attached)

## CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty TripAdvisor Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
  - c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2015

/s/ GREGORY B. MAFFEI

Gregory B. Maffei

*President and Chief Executive Officer*

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## CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty TripAdvisor Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
  - c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2015

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean

*Senior Vice President and Chief Financial Officer*

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## Certification

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty TripAdvisor Holdings, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended June 30, 2015 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2015

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*/s/ GREGORY B. MAFFEI*

Gregory B. Maffei  
*President and Chief Executive Officer*

Date: August 13, 2015

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*/s/ CHRISTOPHER W. SHEAN*

Christopher W. Shean  
*Senior Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

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