Tripadvisor®

Notice of 2021 Annual Meeting and Proxy Statement
and
2020 Annual Report

Tripadvisor®

Notice of 2021 Annual Meeting and Proxy Statement

Tripadvisor

April 29, 2021

Dear Fellow Stockholder:

As challenging as 2020 was for the travel industry, we enter 2021 with optimism due to three main factors. First, the vaccine news has been very positive and we are encouraged by recent reports highlighting improved vaccine distribution. Second, signals indicate that pent up travel demand continues to grow, setting the travel industry up for a potential inflection later in the year. Third, we have executed well on factors within our control, strengthened our offerings for the rebound, and oriented the business towards an exciting future. Specifically, we:

- Executed disciplined cost controls that drove significant savings in 2020, enabling increased, durable, operating leverage as revenue returns.
- Ensured our strong liquidity position by amending our credit facility and raising debt capital.
- Focused on our competitive advantages and diverse revenue streams, which are poised to respond quickly when consumer demand recovers and travel advertisers lean back in.
- Expanded our long-term growth potential by beta-launching an exciting direct-to-consumer subscription offering called Tripadvisor Plus in Q4.

In sum, we successfully navigated the toughest year in our company's history and quickly adapted to our new reality. Despite uneven travel recovery trends in Q4 and early 2021, we see encouraging signs and are optimistic that travel could come roaring back. Tripadvisor is poised to play an important role and we believe we are positioned to emerge from the pandemic even stronger.

You are cordially invited to attend the Annual Meeting of Stockholders of Tripadvisor, Inc. to be held on Tuesday, June 8, 2021, at 11:00 a.m. Eastern Time. This year the annual meeting will be completely virtual. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/TRIP2021. To enter the annual meeting electronically, you will need the control number that is printed in the box marked by the arrow on your proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on June 8, 2021.

At the Annual Meeting, stockholders will be asked to vote on the matters described in the accompanying notice of annual meeting and proxy statement, as well as such other business that may properly come before the meeting and any adjournments or postponements thereof. **Your vote is very important to us.** Please review the instructions for each voting option described in the Notice and in this Proxy Statement. Your prompt cooperation will be greatly appreciated.

Sincerely,

Steve Kaufer

STEPHEN KAUFER
President and Chief Executive Officer

Tripadvisor

400 1st Avenue
Needham, Massachusetts 02494

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 8, 2021

The Annual Meeting of Stockholders of Tripadvisor, Inc., a Delaware corporation, will be held on Tuesday, June 8, 2021, at 11:00 a.m. Eastern Time. This year the Annual Meeting will be held via the Internet and will be a completely virtual meeting. You may attend the Annual Meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/TRIP2021. To enter the Annual Meeting, you will need the 16-digit control number that is printed in the box marked by the arrow on your proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are correctly logged in when the Annual Meeting begins. The online check-in will start shortly before the Annual Meeting on June 8, 2021. At the Annual Meeting, stockholders will be asked to consider the following:

1. To elect the ten directors named in this Proxy Statement, each to serve for a one-year term from the date of his election and until such director's successor is elected or until such director's earlier resignation or removal;

2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2021;

3. To approve an amendment to the Tripadvisor, Inc. 2018 Stock and Annual Incentive Plan;

4. To approve, on an advisory basis, the compensation of our named executive officers; and

5. To consider and act upon any other business that may properly come before the Annual Meeting and any adjournments or postponements thereof.

Only holders of record of outstanding shares of Tripadvisor capital stock at the close of business on April 16, 2021 are entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. We will furnish the Notice of Annual Meeting of Stockholders, Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2020 over the Internet. Whether you plan to attend the Annual Meeting or not, we encourage you to access and read the accompanying Proxy Statement. We will send to our stockholders a Notice of Internet Availability of Proxy Materials on or about April 29, 2021, and provide access to our proxy materials over the Internet to our holders of record and beneficial owners of our capital stock as of the close of business on the record date. You may request paper copies by following the instructions on the Notice of Internet Availability of Proxy Materials.

By Order of the Board of Directors,

SETH J. KALVERT
Chief Legal Officer and Secretary

April 29, 2021

Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to Be Held on June 8, 2021

This Proxy Statement and the 2020 Annual Report are available at:
http://ir.Tripadvisor.com/annual-proxy.cfm

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

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ANNUAL MEETING MATTERS

This Proxy Statement is being furnished to holders of common stock and Class B common stock of Tripadvisor, Inc., a Delaware corporation, in connection with the solicitation of proxies by Tripadvisor's Board of Directors (the "Board") for use at its 2021 Annual Meeting of Stockholders or any adjournment or postponement thereof (the "Annual Meeting"). All references to "Tripadvisor," the "Company," "we," "our" or "us" in this Proxy Statement are to Tripadvisor, Inc. and its subsidiaries. An Annual Report to Stockholders, containing financial statements for the year ended December 31, 2020, and this Proxy Statement are being made available to all stockholders entitled to vote at the Annual Meeting.

Tripadvisor's principal executive offices are located at 400 1st Avenue, Needham, Massachusetts 02494. This Proxy Statement is being made available to Tripadvisor stockholders on or about April 29, 2021.

Date, Time and Place of Meeting

The Annual Meeting will be held on Tuesday, June 8, 2021, at 11:00 a.m. local time. This year the Annual Meeting will be held via the Internet and will be a completely virtual meeting. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/TRIP2021. To enter the annual meeting, you will need the 16-digit control number that is printed in the box marked by the arrow on your proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts.

If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call the technical support number that will be posted on the virtual meeting web portal. Technical support will be available during this time and will remain available until the Annual Meeting has ended. No recording of the Annual Meeting is allowed, including audio or video recording.

Record Date and Voting Rights

The Board established the close of business on April 16, 2021, as the record date for determining the holders of Tripadvisor common stock entitled to notice of and to vote at the Annual Meeting. On the record date, 124,096,338 shares of common stock and 12,799,999 shares of Class B common stock were outstanding and entitled to vote at the Annual Meeting. Tripadvisor stockholders are entitled to one vote for each share of common stock and ten votes for each share of Class B common stock held as of the record date, voting together as a single voting group, on (i) the election of seven of the ten director nominees; (ii) the ratification of the appointment of KPMG LLP as Tripadvisor's independent registered public accounting firm for the year ending December 31, 2021; (iii) the approval of the amendment to the Tripadvisor, Inc. 2018 Stock and Annual Incentive Plan; and (iv) the approval, on an advisory basis, of the compensation of our named executive officers. Tripadvisor stockholders are entitled to one vote for each share of common stock held as of the record date in the election of the three director nominees that the holders of Tripadvisor common stock are entitled to elect as a separate class pursuant to Tripadvisor's restated certificate of incorporation. Stockholders have no right to cumulative voting as to any matter, including the election of directors.

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock previously held by Liberty Interactive Corporation, which is currently known as Qurate Retail, Inc. ("Liberty") was transferred to Liberty Tripadvisor Holdings, Inc. ("LTRIP"). Simultaneously, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. We refer to this transaction as the Liberty Spin-Off. As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company and 100% of Liberty's interest in Tripadvisor was held by LTRIP. Liberty also assigned to LTRIP its rights and obligations under the Governance Agreement between Tripadvisor and Liberty, dated December 20, 2011 (the "Governance Agreement").

As of the record date, LTRIP beneficially owned 16,445,894 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.3% of the outstanding shares of common stock and 100% of the outstanding shares of Class B Common Stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, as of the record date LTRIP would beneficially own 21.4% of the outstanding common stock. Because each share of Class B common stock is entitled to ten votes per share and each share of common stock is entitled to one vote per share, as of the record date LTRIP may be deemed to beneficially own equity securities representing 57.3% of our voting power. As a result, regardless of the vote of any other Tripadvisor stockholder, LTRIP has control over the vote relating to (i) the election of seven of the ten director nominees; (ii) the ratification of the appointment of KPMG LLP as Tripadvisor's independent registered public accounting firm for the fiscal year ending December 31, 2021; (iii) the approval of the amendment to the Tripadvisor, Inc. 2018 Stock and Annual Incentive Plan; and (iv) the approval, on an advisory basis, of the compensation of our named executive officers.

Quorum; Abstentions; Broker Non-Votes

Transaction of business at the Annual Meeting may occur if a quorum is present. If a quorum is not present, it is expected that the Annual Meeting will be adjourned or postponed in order to permit additional time for soliciting and obtaining additional proxies or votes, and, at any subsequent reconvening of the Annual Meeting, all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the Annual Meeting, except for any proxies that have been effectively revoked or withdrawn.

With respect to (i) the election of seven of the ten director nominees; (ii) the ratification of the appointment of KPMG LLP as Tripadvisor's independent registered public accounting firm for the fiscal year ending December 31, 2021; (iii) the approval of the amendment to the Tripadvisor, Inc. 2018 Stock and Annual Incentive Plan; and (iv) the approval, on an advisory basis, of the compensation of our named executive officers, the presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the total votes entitled to be cast constitutes a quorum. Virtual attendance at the Annual Meeting also constitutes presence in person for purposes of quorum at the Annual Meeting. For the election of the three directors whom the holders of Tripadvisor common stock are entitled to elect as a separate class, the presence at the Annual Meeting, in person or by proxy, of the holders of a majority of shares of common stock constitutes a quorum.

If a share is represented for any purpose at the meeting, it is deemed to be present for quorum purposes and for all other matters as well. Shares of Tripadvisor capital stock represented by a properly executed proxy will be treated as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote or abstaining.

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote the shares on a proposal because the nominee does not have discretionary voting power for a particular item and has not received instructions from the beneficial owner regarding voting. Brokers who hold shares for the accounts of their clients have discretionary authority to vote shares if specific instructions are not given with respect to the ratification of the appointment of our independent registered public accounting firm. Brokers do not have discretionary authority to vote on the election of our directors, so we encourage you to provide instructions to your broker regarding the voting of your shares.

Solicitation of Proxies

Tripadvisor will bear the cost of the solicitation of proxies from its stockholders. In addition to solicitation by mail, the directors, officers and employees of Tripadvisor, without additional compensation, may solicit proxies from stockholders by telephone, by letter, by facsimile, in person or otherwise. Following the original mailing of the proxies and other soliciting materials, Tripadvisor will ask brokers, trusts, banks or other nominees to forward copies of the proxy and other soliciting materials to persons for whom they hold shares of Tripadvisor capital stock and to request authority for the exercise of proxies. In such cases, Tripadvisor, upon the request of the brokers, trusts, banks and other stockholder nominees, will reimburse such holders for their reasonable expenses.

Voting of Proxies

The manner in which your shares may be voted depends on whether you are a:

- *Registered stockholder:* Your shares are represented by certificates or book entries in your name on the records of Tripadvisor's stock transfer agent and you have the right to vote those shares directly; or

- *Beneficial stockholder:* You hold your shares in "street name" through a broker, trust, bank or other nominee and you have the right to direct your broker, trust, bank or other nominee on how to vote the shares in your account; however, you must request and receive a valid proxy from your broker, trust, bank or other nominee.

Whether you hold shares directly as a registered stockholder or beneficially as a beneficial stockholder, you may direct how your shares are voted without attending the Annual Meeting. For directions on how to vote, please refer to the instructions below and those on the Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form provided. To vote using the Internet or by telephone, you will be required to enter the control number included on your Notice of Internet Availability of Proxy Materials or other voting instruction form provided by your broker, trust, bank or other nominee.

- *Using the Internet.* Registered stockholders may vote using the Internet by going to www.proxyvote.com and following the instructions. Beneficial stockholders may vote by accessing the website specified on the voting instruction forms provided by their brokers, trusts, banks or other nominees.

- *By Telephone.* Registered stockholders may vote, from within the United States, using any touch-tone telephone by calling 1-800-690-6903 and following the recorded instructions. Beneficial owners may vote, from within the United States, using any touch-tone telephone by calling the number specified on the voting instruction forms provided by their brokers, trusts, banks or other nominees.

- *By Mail.* Registered stockholders may submit proxies by mail by requesting printed proxy cards and marking, signing and dating the printed proxy cards and mailing them in the accompanying pre-addressed envelopes. Beneficial owners may vote by marking, signing and dating the voting instruction forms provided by their brokers, trusts, banks or other nominees and mailing them in the accompanying pre-addressed envelopes.

All proxies properly submitted and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated thereon. If no instructions are provided, such proxies will be voted FOR proposals (1), (2), (3) and (4).

Tripadvisor is incorporated under Delaware law, which specifically permits electronically transmitted proxies, provided that each such proxy contains, or is submitted with, information from which the inspector of elections can determine that such proxy was authorized by the stockholder. The electronic voting procedures provided for the Annual Meeting are designed to authenticate each stockholder by use of a control number, to allow stockholders to vote their shares and to confirm that their instructions have been properly recorded.

Voting in Person at the Annual Meeting

Virtual attendance at the Annual Meeting constitutes presence in person for purposes of each required vote. Votes in person will replace any previous votes you have made by mail or telephone or via the Internet. Attendance at the Annual Meeting without voting or revoking a previous proxy in accordance with the voting procedures will not in and of itself revoke a proxy.

Holders of record may vote their shares electronically during the meeting via the Internet by visiting *www.virtualshareholdermeeting.com/TRIP2021*. To enter the annual meeting, holders will need the 16-digit control number that is printed in the box marked by the arrow on their proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that they are logged in when the meeting starts. Online check-in will start shortly before the meeting.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please take the time to vote via the Internet, by telephone or by returning your marked, signed and dated proxy card so that your shares will be represented at the Annual Meeting.

Revocation of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it any time before the taking of the vote at the Annual Meeting.

If you are a beneficial stockholder, you may revoke your proxy or change your vote only by following the separate instructions provided by your broker, trust, bank or other nominee.

If you are a registered stockholder, you may revoke your proxy at any time before it is exercised at the Annual Meeting by (i) delivering written notice, bearing a date later than the proxy, stating that the proxy is revoked, or (ii) submitting a later-dated proxy relating to the same shares by mail or telephone or via the Internet prior to the vote at the Annual Meeting. Registered holders may send any written notice or request for a new proxy card to Tripadvisor, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717, or follow the instructions provided on the Notice of Internet Availability of Proxy Materials and proxy card to submit a new proxy by telephone or via the Internet. Registered holders may also request a new proxy card by calling 1-800-579-1639. Your attendance at the annual meeting will not, by itself, revoke a prior vote or proxy from you.

Other Business

The Board does not presently intend to bring any business before the Annual Meeting other than the proposals discussed in this Proxy Statement and specified in the Notice of Annual Meeting of Stockholders. The Board has no knowledge of any other matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If any other matters should properly come before the Annual Meeting, the persons designated in the proxy will vote on them according to their best judgment.

PROPOSAL 1:
ELECTION OF DIRECTORS

Overview

Our Board currently consists of ten members. Pursuant to the terms of Tripadvisor's bylaws, each director serves for a one-year term from the date of his or her election and until such director's successor is elected or until such director's earlier resignation or removal. The Board recommends that each of the ten nominees listed below be elected to serve a one-year term and until such director's successor shall have been duly elected and qualified or until such director's earlier resignation or removal:

Gregory B. Maffei
Stephen Kaufer
Jay C. Hoag
Betsy L. Morgan
M. Greg O'Hara
Jeremy Philips
Albert E. Rosenthaler
Trynka Shineman Blake
Robert S. Wiesenthal
Jane Jie Sun

Tripadvisor's restated certificate of incorporation provides that the holders of Tripadvisor common stock, acting as a single class, are entitled to elect a number of directors equal to 25% of the total number of directors, rounded up to the next whole number, which will be three directors as of the date of the Annual Meeting. The Board has designated Ms. Shineman and Messrs. Philips and Wiesenthal as nominees for the positions on the Board to be elected by the holders of Tripadvisor common stock voting as a separate class.

Pursuant to the Governance Agreement, LTRIP has the right to nominate up to a number of directors equal to 20% of the total number of the directors on the Board (rounded up to the next whole number if the number of directors on the Board is not an even multiple of five) for election to the Board and has certain other rights regarding committee participation, so long as certain stock ownership requirements applicable to LTRIP are satisfied. LTRIP has designated Messrs. Maffei and O'Hara as its nominees to the Board.

Pursuant to a Governance Agreement entered into on November 6, 2019 with Trip.com Group Limited, formerly known as Ctrip.com International Ltd., Trip.com has a nomination right for one Board seat, subject to certain conditions, including Trip.com's ownership of a minimum number of shares of Tripadvisor. Trip.com has designated Jane Sun as its nominee to the Board.

Although management does not anticipate that any of the nominees named above will be unable or unwilling to stand for election, in the event of such an occurrence, proxies may be voted for a substitute nominee designated by the Board.

Information Regarding Director Nominees

The information provided below about each nominee is as of the date of this Proxy Statement. The information presented includes the names of each of the nominees, along with his or her age, any positions held with the Company, term of office as a director, principal occupations or employment for the past five years or more, involvement in certain legal proceedings, if applicable, and the names of all other publicly-held companies for which he or she currently serves as a director or has served as a director during the past five years. The information also includes a description of the specific experience, qualifications, attributes and skills of each nominee that led our Board to conclude that he or she should serve as a director of the Company for the ensuing term.

The ten nominees to the Board possess the experience and qualifications that we believe will allow them to make substantial contributions to the Board. In selecting nominees to the Board, we seek to ensure that the Board collectively has a balance of diversity, experience and expertise, including chief executive officer experience, chief financial officer experience, international expertise, corporate governance experience and experience in other functional areas that are relevant to our business. Following, please find a more detailed discussion of the business experience and qualifications of each of the nominees to the Board.

Gregory B. Maffei

Age: 60
Director Since: 2013

Committee Memberships:
Compensation
Executive

Mr. Maffei has served as a director and the President and Chief Executive Officer of Liberty Media Corporation ("LMC") (including its predecessor) since May 2007 and of Liberty Broadband Corporation ("LBC") since June 2014. He has served as a director, the President and Chief Executive Officer of LTRIP since July 2013 and as its Chairman of the Board since June 2015. Has served as the Chairman of the Board of Qurate Retail, Inc. (including its predecessor) ("Qurate") since March 2018 and as a director of Qurate (including its predecessor) since November 2005. Mr. Maffei previously served as the President and Chief Executive Officer of GCI Liberty, Inc. ("GCI") from March 2018 to December 2020 and as President and Chief Executive Officer of Qurate from February 2006 to March 2018, having served as CEO-Elect from November 2005 through February 2006. Prior to that, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation; Chairman, President and Chief Executive Officer of 360networks Corporation and Chief Financial Officer of Microsoft Corporation. Mr. Maffei holds an M.B.A. from Harvard Business School, where he was a Baker Scholar, and an A.B. from Dartmouth College.

Mr. Maffei has served as (i) Chairman of the Board of Qurate since March 2018 and a director of Qurate (including its predecessor) since November 2005, (ii) Chairman of the Board of LTRIP since June 2015 and a director since July 2013, (iii) a director of LBC since June 2014, (iv) Chairman of the Board of Live Nation Entertainment, Inc. since March 2013 and as a director since February 2011, (vi) Chairman of the Board of Sirius XM since April 2013 and as a director since March 2009, (vi) a director of Zillow Group, Inc. since February 2015, having previously served as a director of its predecessor, Zillow, Inc., from May 2005 to February 2015, and (viii) a director of Charter Communications, Inc. since May 2013. Mr. Maffei served as (i) a director of DIRECTV and its predecessors from February 2008 to June 2010, (ii) a director of Electronic Arts, Inc. from June 2003 to July 2013, (iii) a director of Barnes & Noble, Inc. from September 2011 to April 2014, (iv) Chairman of the Board of Starz from January 2013 to December 2016, (v) the Chairman of the Board of Pandora Media, Inc. from September 2017 to February 2019, and (vi) a director of GCI from March 2018 to December 2020.

Board Membership Qualifications

Mr. Maffei brings to the board significant financial and operational experience based on his senior policy making positions at LMC and Qurate, LTRIP, LBC, Oracle, 360networks and Microsoft and his public company board experience. He provides the board with executive leadership perspective on the operations and management of large public companies and risk management principles.

Stephen Kaufer

Age: 58
Director Since: 2011

Committee Memberships:
Executive

Mr. Kaufer co-founded Tripadvisor in February 2000 and has been the President and Chief Executive Officer of Tripadvisor since that date. Mr. Kaufer has been a director of Tripadvisor since the completion of the spin-off of Tripadvisor from Expedia, Inc. ("Expedia") in December 2011 (the "Spin-Off"). Mr. Kaufer serves on the Board of Directors of CarGurus, Inc., a company traded on The Nasdaq Stock Market, LLC. Mr. Kaufer also serves as President and Chairman of the Board of Directors of Tripadvisor Charitable Foundation, a private charitable foundation. Mr. Kaufer also serves on the Board of Directors of the charity Neuroendocrine Tumor Research Foundation (formerly known as Caring for Carcinoid Foundation). Prior to co-founding Tripadvisor, Mr. Kaufer served as President of CDS, Inc., an independent software vendor specializing in programming and testing tools, and co-founded CenterLine Software and served as its Vice President of Engineering. Mr. Kaufer holds an A.B. in Computer Science from Harvard University.

Board Membership Qualifications

As co-founder of Tripadvisor and through his service as its Chief Executive Officer, Mr. Kaufer has extensive knowledge of our business and operations, and significant experience in the online advertising sector of the global travel industry. Mr. Kaufer also possesses strategic planning, risk management and governance skills gained through his executive and director roles with several other companies.

Jay C. Hoag

Age: 62
Director Since: 2018

Committee Memberships:
Compensation
Section 16

Mr. Hoag co-founded Technology Crossover Ventures, a private equity and venture capital firm, in 1995 and continues to serve as a founding General Partner. Mr. Hoag serves on the Boards of Directors of the following public companies: Electronic Arts Inc.; Netflix, Inc.; Peloton Interactive, Inc.; and Zillow Group, Inc. Mr. Hoag also serves on the board of directors of several private companies. Previously, Mr. Hoag has served on the board of directors of numerous other public and private companies. Mr. Hoag also serves on the Board of Trustees of Northwestern University and Vanderbilt University and the Investment Advisory Board of the University of Michigan. Mr. Hoag holds an M.B.A. from the University of Michigan and a B.A. from Northwestern University.

Board Membership Qualifications

As a venture capital investor, Mr. Hoag brings strategic insights and extensive financial experience to our Board. He has evaluated, invested in and served as a board and committee member of numerous companies, both public and private, and is familiar with a full range of corporate and board functions. His many years of experience helping companies shape and implement strategy provide our Board with unique perspectives on matters such as risk management, corporate governance, talent selection and leadership development.

Betsy L. Morgan

Age: 52
Director Since: 2019

Committee Memberships:
Compensation - Chair
Section 16 - Chair

Ms. Morgan is currently the co-founder of Magnet Companies, a private equity-backed company focused on media and commerce, and an associate professor at Columbia Business School and Columbia College. From February 2016 to July 2018, Ms. Morgan served as an Executive in Residence of LionTree, an advisory and merchant bank firm specializing in technology and media. From January 2011 to July 2015, Ms. Morgan was the CEO of TheBlaze, an early multi-platform and direct-to-consumer news and entertainment company. Prior to TheBlaze, Ms. Morgan was the CEO of The Huffington Post. Ms. Morgan currently serves on the board of directors of the following privately-held companies: Trusted Media Brands, Cox Media Group, Chartbeat and TheSkimm. Ms. Morgan has an M.B.A from Harvard Business School and a B.A. in Political Science and Economics from Colby College, where she served as a member of the Board of Trustees for eight years. She is also a contributor to Riptide, an oral history of journalism and digital innovation created by Harvard's Shorenstein Center on Media, Politics and Public Policy.

Board Membership Qualifications

Ms. Morgan has extensive experience leading digital media, subscription and original content businesses. This experience will benefit Tripadvisor and its stockholders as we continue to execute on our strategy. Her financial background, investment knowledge and Board experience also make her an excellent addition to the Board, able to provide valuable insight and advice.

M. Greg O'Hara

Age: 55
Director Since: 2020

Committee Memberships:
None

Mr. O'Hara founded Certares Management LLC in 2012 and serves as its Senior Managing Director, as the Head of its Investment Committee and as a member of its Management Committee. Mr. O'Hara serves as the Executive Chairman of American Express Global Business Travel, as the Vice Chairman of the Liberty TripAdvisor Holdings board of directors and as a director of The Innocence Project, World Travel & Tourism Council and Certares Holdings LLC. Prior to forming Certares Management LLC, Mr. O'Hara served as Chief Investment Officer of JPMorgan Chase's Special Investments Group and as a Managing Director of One Equity Partners, the private equity arm of JPMorgan. Mr. O'Hara also served as Executive Vice President and a director of Worldspan. Mr. O'Hara received his Master of Business Administration degree from Vanderbilt University.

Board Membership Qualifications

Mr. O'Hara's extensive background in investment analysis and management and his particular expertise in the travel industry contribute to our Board's evaluation of investment and financial opportunities and strategies and strengthen our board's collective qualifications, skills and attributes.

Jeremy Philips

Age: 48
Director Since: 2011

Committee Memberships:
Audit

Mr. Philips has been a general partner of Spark Capital since May 2014. From January 2012 until May 2014, Mr. Philips invested in private technology companies. From June 2010 to January 2012, Mr. Philips served as the Chief Executive Officer of Photon Group Limited, a holding company listed on the Australian Securities Exchange. From July 2004 to March 2010, Mr. Philips held various positions of increasing responsibility with News Corporation, most recently as an Executive Vice President in the Office of the Chairman. Before joining News Corporation, among other roles, Mr. Philips was co-founder and Vice-Chairman of ecorp, a publicly traded Internet holding company. Mr. Philips serves on the board of directors of Affirm Holdings, Inc. and several private Internet companies. He is an adjunct professor at Columbia Business School and holds a B.A. and LL.B. from the University of New South Wales and an MPA from the Harvard Kennedy School of Government.

Board Membership Qualifications

Mr. Philips has significant strategic and operational experience acquired through his service as Chief Executive Officer and other executive-level positions. He also possesses a high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions as well as an extensive background in the Internet industry.

Albert E. Rosenthaler

Age: 61
Director Since: 2016

Committee Memberships:
None

Mr. Rosenthaler has served as Chief Corporate Development Officer of LMC, Qurate, LTRIP and LBC since October 2016, and GCI Liberty, Inc. since March 2018. He previously served as Chief Corporate Development Officer of Liberty Expedia Holdings, Inc. from October 2016 to July 2019 and Chief Tax Officer of LMC, Qurate, LTRIP and LBC from January 2016 to September 2016, and Liberty Expedia Holdings, Inc. from March 2016 to September 2016. Prior to that, Mr. Rosenthaler served as a Senior Vice President of LMC (including its predecessor) from May 2007 to December 2015, Qurate (including its predecessors) from April 2002 to December 2015, LTRIP from July 2013 to December 2015 and LBC from June 2014 to December 2015. Mr. Rosenthaler has also served on the board of directors of LTRIP since August 2014. He is a graduate of Olivet College (B.A.) and University of Illinois (M.A.S.).

Board Membership Qualifications

Mr. Rosenthaler has significant executive and financial experience gained through his service as an executive officer of Qurate and LMC for many years and as a partner of a major national accounting firm for more than five years prior to joining LMC. Mr. Rosenthaler brings a unique perspective to our Board, focused in particular on the areas of tax management, mergers and acquisitions and financial structuring. Mr. Rosenthaler's perspective and expertise assist the Board in developing strategies that take into consideration the application of tax laws and capital allocation.

Trynka Shineman Blake

Age: 47
Director Since: 2019

Committee Memberships:
Audit

Ms. Shineman currently serves on the board of directors of Ally Financial, Inc., a leading digital financial services company currently traded on the New York Stock Exchange, and serves as a member of the Audit and Digital Transformation Committees. Ms. Shineman also serves on the board of directors of SEMRush, an online visibility and content marketing SaaS business that helps marketers do their job more effectively, and serves as chair of the Nominations and Governance Committee. She is also a member of the Board of Trustees of the Mass Technology Leadership Council. From March 2004 through February 2019, Ms. Shineman held positions of increasing responsibility with Cimpress N.V., and most recently was the Chief Executive Officer of its Vistaprint business. Ms. Shineman has an M.B.A from Columbia Business School and a B.A. in Psychology from Cornell University.

Board Membership Qualifications

Ms. Shineman has many years of experience with customer-focused businesses and with digital transformations. She has extensive experience helping companies develop a deep understanding of customer needs and shaping the organization around those needs. She will be able to provide the Board and management with important insight and counsel as Tripadvisor improves its platform to provide its users a better and more inspired travel planning experience.

Jane Jie Sun

Age: 52
Director Since: 2020

Committee Memberships:
None

Jane Jie Sun (孙洁) has served as the chief executive officer of Trip.com, as well as a member of the board of directors, since November 2016. Prior to that, she was a co-president since March 2015, chief operating officer since May 2012, and chief financial officer from 2005 to 2012. Ms. Sun is a member of the JPMorgan Asian Advisory Board, vice chair of the World Travel and Tourism Council, co-chair of the Development Advisory Board of University of Michigan and Shanghai Jiao Tong University Joint Institute, and a board member and Business Leaders Group Committee member of Business China established by Singapore's Founding Prime Minister Mr. Lee Kuan Yew. Ms. Sun received her Bachelor's degree in Science in Accounting from the business school of the University of Florida in August 1992 with high honors. She also obtained her LL.M. degree from Peking University Law School in July 2010. Ms. Sun has been a director MakeMyTrip Limited (Nasdaq: MMYT) since August 2019 and a director of iQIYI, Inc. (Nasdaq: IQ) since June 2018.

Board Membership Qualifications

Ms. Sun has significant financial and business experience operating and managing online travel businesses as well as mergers and acquisitions and financial reporting. She provides our board with leadership perspective on the operation and management of large companies operating in the travel space. As a female CEO in China's high-tech industry, Ms. Sun has made it her mission to empower women to achieve balance and success in both their career and family lives and is a strong advocate for gender equality.

Robert S. Wiesenthal

Age: 54
Director Since: 2011

Committee Memberships:
Audit – Chair

Since July 2015, Mr. Wiesenthal has served as founder and Chief Executive Officer of Blade Urban Air Mobility, Inc., a technology enabled short-distance aviation company and the largest arranger of helicopter flights in and out of city centers in the U.S. From January 2013 to July 2015, Mr. Wiesenthal served as Chief Operating Officer of Warner Music Group Corp., a leading global music conglomerate. From 2000 to 2012, Mr. Wiesenthal served in various senior executive capacities with Sony Corporation, most recently as Executive Vice President and Chief Financial Officer of Sony Corporation of America. Prior to joining Sony, from 1988 to 2000, Mr. Wiesenthal served in various capacities with Credit Suisse First Boston, most recently as Managing Director, Head of Digital Media and Entertainment. Mr. Wiesenthal previously served on the board of directors of Starz. Mr. Wiesenthal has a B.A. from the University of Rochester.

Board Membership Qualifications

Mr. Wiesenthal possesses extensive strategic, operational and financial experience, gained through his wide range of service in executive-level positions with a strong focus on networked consumer electronics, entertainment, and digital media. He also has a high degree of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

All of our nominees also have extensive management experience in complex organizations. In addition to the information presented regarding each nominee's specific experience, qualifications, attributes and skills that led the Board to the conclusion that he or she should be nominated as a director, each nominee has proven business acumen and an ability to exercise sound judgment, as well as a commitment to Tripadvisor and its Board as demonstrated by each nominee's past service. The Board considered the Nasdaq requirement that Tripadvisor's Audit Committee be composed of at least three independent directors, as well as specific Nasdaq and U.S. Securities and Exchange Commission ("SEC") requirements regarding financial literacy and expertise.

Required Vote

Election of Mmes. Morgan and Sun and Messrs. Maffei, Hoag, Kaufer, O'Hara and Rosenthaler as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of shares of Tripadvisor common stock and Class B common stock, present in person or represented by proxy, voting together as a single class. Election of Ms. Shineman and Messrs. Philips and Wiesenthal as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of shares of Tripadvisor common stock, present in person or represented by proxy, voting together as a separate class.

We ask our stockholders to vote in favor of each of the director nominees. Valid proxies received pursuant to this solicitation will be voted in the manner specified. With respect to the election of directors, you may vote "FOR" or "WITHHOLD". Where no specification is made, it is intended that the proxies received from stockholders will be voted FOR the election of the director nominees identified. Votes withheld and broker non-votes will have no effect because approval by a certain percentage of voting stock present or outstanding is not required.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR NAMED ABOVE.

CORPORATE GOVERNANCE

Corporate Governance Highlights

We are a "controlled company" as defined under the Nasdaq Stock Market Listing Rules (the "Nasdaq Rules"). As such, we are exempt from certain requirements for public companies under the Nasdaq Rules; however, the Company's Board of Directors endeavors to conduct itself and to manage the Company in a way that best serves all of the Company's stockholders. We strive to maintain the highest governance standards in our business and our commitment to effective corporate governance is illustrated by the following practices:

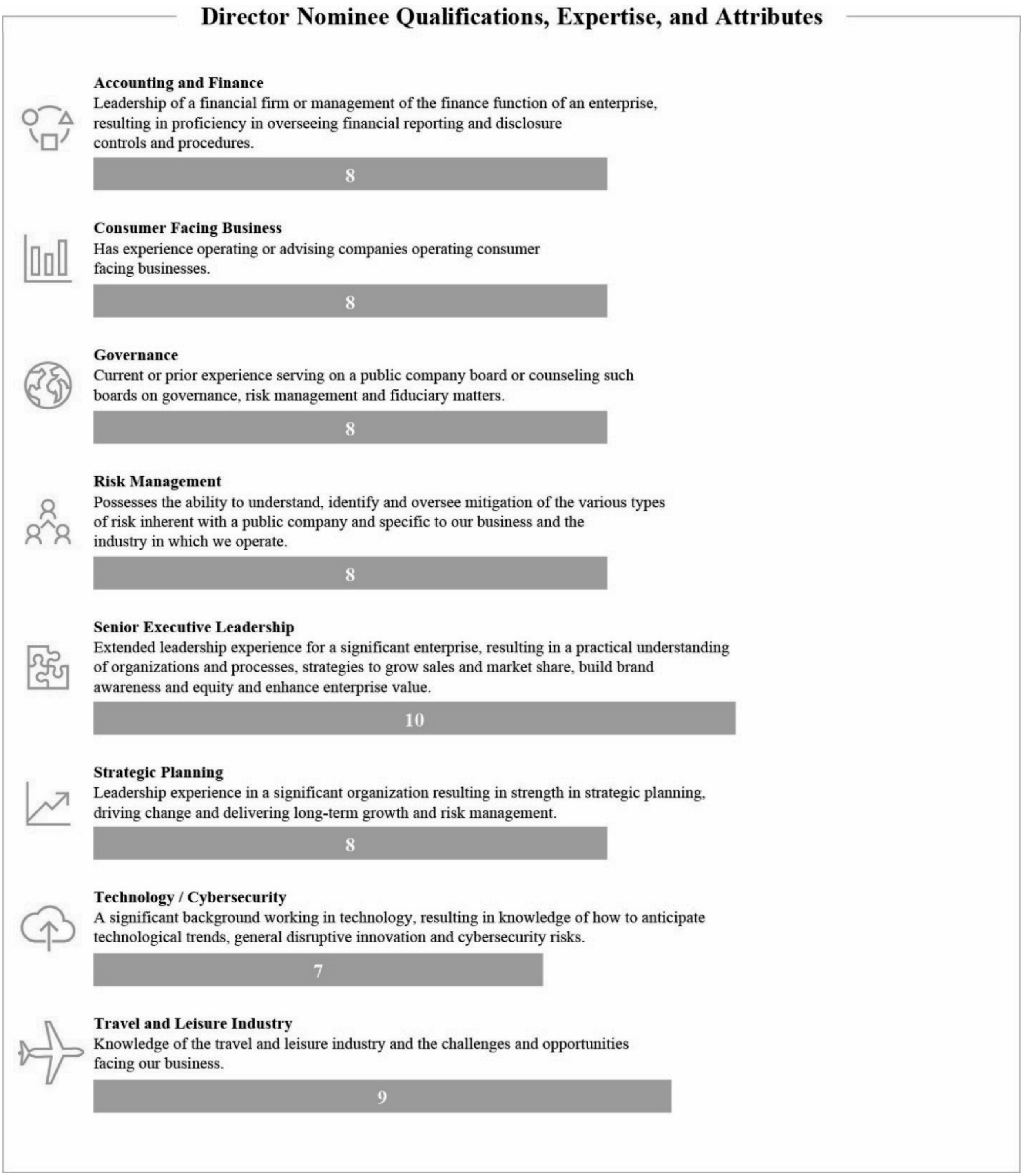
- Chairman of the Board separate from the CEO;
- All three Audit Committee members are independent and "financial experts";
- Board review of enterprise risk management and related policies, processes and controls, with Board Committees exercising oversight for risk matters within their purview;
- Direct access and regular communication between Board and members of senior management;
- Board, committee, and individual director evaluation process;
- Actively seek qualified women and underrepresented minorities for every open Board seat;
- Stock ownership guidelines for directors and executive officers;
- Clawback policy in our executive compensation program;
- Comprehensive insider trading policy that also prohibits hedging and pledging transactions of our stock by directors or employees.

In addition, please note the summary information below regarding our Board of Directors:

Board of Directors

Director Qualifications, Skills and Experiences

The Board believes that a complementary mix of diverse qualifications, skills, attributes and experiences will best serve our Company and our stockholders. Our Board, like the Company, is committed to a policy of inclusiveness and diversity. As a result, our Board is comprised of a diverse group of individuals whose previous experience, financial and business acumen, personal ethics and dedication to our company benefit the Company and our stockholders. The specific experience and qualifications of each of our Board members are set forth above. Below is a summary of some of the attributes, skills and experience of our director nominees:



Director Diversity

In case of a Board vacancy or if the Board elects to increase its size, determinations regarding the eligibility of director candidates are made by the entire Board, which considers the candidate's qualifications as to skills and experience in the context of the needs of the Board and our stockholders. When seeking new Board candidates, the Board is committed to including members of historically underrepresented groups (including individuals who identify as women, LGBTQ+ and members of historically underrepresented ethnic and racial groups) in the pool of candidates from which the Board nominees are chosen.

Director Independence

Under the Nasdaq Rules the Board has a responsibility to make an affirmative determination that those members of the Board who serve as independent directors do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In connection with these independence determinations, the Board reviews information regarding transactions, relationships and arrangements relevant to independence, including those required by the Nasdaq Rules. This information is obtained from director responses to questionnaires circulated by management, as well as our records and publicly available information. Following this determination, management monitors those transactions, relationships and arrangements that were relevant to such determination, as well as solicits updated information potentially relevant to independence from internal personnel and directors, to determine whether there have been any developments that could potentially have an adverse impact on the Board's prior independence determination.

Based on the information provided by each director concerning his or her background, employment and affiliations and upon review of this information, our Board previously determined that each of Mmes. Shineman, Morgan and Sun and Messrs. Hoag, Philips, O'Hara and Wiesenthal do not have a relationship that should interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an "independent director" as defined under the applicable rules and regulations of the SEC and Nasdaq. In making its independence determinations, the Board considered the applicable legal standards and any relevant transactions, relationships or arrangements. In addition to the satisfaction of the director independence requirements set forth in the NASDAQ Rules, members of the Audit Committee and Compensation Committees also satisfied separate independence requirements under the current standards imposed by the SEC and the Nasdaq Rules for audit committee members and by the SEC, Nasdaq Rules and the Internal Revenue Service for compensation committee members. At the first meeting of the Board following the Annual Meeting, the Board intends to conduct a review of director independence and to designate the members of the Board to serve on each of the committees and the Chair of each of the committees for the directors' term.

Controlled Company Status

As of the record date, LTRIP beneficially owned 16,445,894 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.3% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock, respectively. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.4% of the outstanding common stock. Because each share of Class B common stock is entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing approximately 57.3% of our voting power. LTRIP has filed a Statement of Beneficial Ownership on Schedule 13D with respect to its Tripadvisor holdings and related voting arrangements with the SEC.

The Nasdaq Rules exempt "controlled companies," or companies of which more than 50% of the voting power is held by an individual, a group or another company, such as Tripadvisor, from certain governance requirements under the Nasdaq Rules. On this basis, Tripadvisor is relying on the exemption for controlled companies from certain requirements under the Nasdaq Rules, including, among others, the requirement that the Compensation Committees be composed solely of independent directors and certain requirements relating to the nomination of directors.

Board Leadership Structure

Mr. Maffei serves as the Chairman of the Board, and Mr. Kaufer serves as President and Chief Executive Officer of Tripadvisor. The roles of Chief Executive Officer and Chairman of the Board are currently separated in recognition of the differences between the two roles. This leadership structure provides us with the benefit of Mr. Maffei's oversight of Tripadvisor's strategic goals and vision, coupled with the benefit of a full-time Chief Executive Officer dedicated to focusing on the day-to-day management and continued growth of Tripadvisor and its operating businesses. We believe that it is in the best interests of our stockholders for the Board to make a determination regarding the separation or combination of these roles each time it elects a new Chairman or Chief Executive Officer based on the relevant facts and circumstances applicable at such time.

Independent members of the Board chair our Audit Committee, Compensation Committee and Section 16 Committee.

Meeting Attendance

The Board met thirteen times in 2020 and acted by written consent two times. During such period, each member of the Board attended at least 75% of the meetings of the Board and the Board committees on which they served, with the exception of Jay Hoag. The independent directors meet in regularly scheduled sessions, typically before or after each Board meeting, without the presence of management. We do not have a lead independent director or any other formally appointed leader for these sessions. Directors are encouraged but not required to attend annual meetings of Tripadvisor stockholders. All of the incumbent directors who were directors at the time have historically attended the annual meetings of stockholders.

Committees of the Board of Directors

The Board has the following standing committees: the Audit Committee, the Compensation Committee, the Section 16 Committee and the Executive Committee. The Audit, Compensation and Section 16 Committees operate under written charters adopted by the Board. These charters are available in the "Corporate Governance" section of the Investor Relations page of Tripadvisor's corporate website at ir.Tripadvisor.com. At each regularly scheduled Board meeting, the Chairperson of each committee provides the full Board with an update of all significant matters discussed, reviewed, considered and/or approved by the relevant committee since the last regularly scheduled Board meeting. The membership of our Audit, Compensation and Section 16 Committees ensures that directors with no direct ties to Company management are charged with oversight for all financial reporting and executive compensation related decisions made by Company management.

The following table sets forth the current members of the Board and the members of each committee of the Board. At the first meeting of the Board following the Annual Meeting, the Board intends to conduct a review of director independence and to designate the members of the Board to serve on each of the committees and the Chair of each of the committees for the directors' term.

Name	Audit Committee	Compensation Committee	Section 16 Committee	Executive Committee
Greg Maffei	—	X	—	X
Trynka Shineman Blake	X	—	—	—
Jay C. Hoag	—	X	X	—
Stephen Kaufer	—	—	—	X
Betsy L. Morgan	—	Chair	Chair	—
Jeremy Philips	X	—	—	—
M. Greg O'Hara	—	—	—	—
Albert Rosenthaler	—	—	—	—
Jane Sun	—	—	—	—
Robert S. Wiesenthal	Chair	—	—	—

The Audit Committee of the Board currently consists of three directors: Ms. Blake and Messrs. Philips, and Wiesenthal. Mr. Wiesenthal is the Chairman of the Audit Committee. Each Audit Committee member satisfies the independence requirements under the current standards imposed by the rules of the SEC and Nasdaq. The Board has determined that each of Ms. Blake and Messrs. Philips and Wiesenthal is an "audit committee financial expert," as such term is defined in the regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Audit Committee is appointed by the Board to assist the Board with a variety of matters discussed in detail in the Audit Committee charter, including monitoring:

- the integrity of our accounting, financial reporting and public disclosures process,
- our relationship with our independent registered public accounting firm, including qualifications, performance and independence,
- the performance of our internal audit department, and
- our compliance with legal and regulatory requirements.

The formal report of the Audit Committee with respect to the year ended December 31, 2020, is set forth in the section below titled "Audit Committee Report." The Audit Committee met seven times in 2020.

Compensation Committee	The Compensation Committee currently consists of three directors: Messrs. Hoag and Maffei and Ms. Morgan, with Ms. Morgan serving as the Chairperson of the Compensation Committee. Each member of the Compensation Committee is an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). With the exception of Mr. Maffei, each member is an "independent director" as defined by the Nasdaq Rules. No member of the Compensation Committee is an employee of Tripadvisor. The Compensation Committee is responsible for: - designing and overseeing compensation with respect to our executive officers, including salary matters, bonus plans and stock compensation plans; - administrating our stock plans, including approving grants of equity awards but excluding matters governed by Rule 16b-3 under the Exchange Act (which are handled by the Section 16 Committee described below); and - periodically reviewing and approving compensation of the members of our Board. A description of our policies and practices for the consideration and determination of executive compensation is included in the section below titled "Compensation Discussion and Analysis." The Compensation Committee met six times in 2020 and acted by written consent three times.
Section 16 Committee	The Section 16 Committee currently consists of two directors: Mr. Hoag and Ms. Morgan, with Ms. Morgan serving as the Chairperson of the Section 16 Committee. Each member is an "independent director" as defined by the Nasdaq Rules and satisfies the definition of "non-employee director" for purposes of Section 16 of the Exchange Act. The Section 16 Committee is authorized to exercise all powers of the Board with respect to matters governed by Rule 16b-3 under the Exchange Act, including approving grants of equity awards to Tripadvisor's executive officers. The Section 16 Committee met six times in 2020 and acted by written consent three times. In this Proxy Statement, we refer to the Compensation Committee and Section 16 Committee collectively as the "Compensation Committees."

Executive Committee	The Executive Committee currently consists of two directors: Messrs. Kaufer and Maffei. The Executive Committee has the powers and authority of the Board, except for those matters that are specifically reserved to the Board under Delaware law or our organizational documents. The Executive Committee primarily serves as a means to address issues that may arise and require Board approval between regularly scheduled Board meetings. The following are some examples of matters that could be handled by the Executive Committee: - oversight and implementation of matters approved by the Board (including any share repurchase program); - administrative matters with respect to benefit plans, transfer agent matters, banking authority, formation of subsidiaries and other administrative items involving subsidiaries and determinations or findings under Tripadvisor's financing arrangements; and - in the case of a natural disaster or other emergency as a result of which a quorum of the Board cannot readily be convened for action, directing the management of the business and affairs of Tripadvisor during such emergency or natural disaster. The Executive Committee met informally throughout 2020.

Risk Oversight

Assessing and managing the day-to-day risk of our business is the responsibility of Tripadvisor's management. Our Board as a whole is responsible for oversight of our risk management efforts. Our Board is involved in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management by the Board and its committees. The President and Chief Executive Officer; Chief Financial Officer and the Chief Legal Officer attend Board meetings and discuss operational risks with the Board, including risks associated with the geographies in which we operate or are considering operating. Management also provides reports and presentations on strategic risks to the Board. Among other areas, the Board is involved, directly or through its committees, in overseeing risks related to our overall corporate strategy, business continuity, cybersecurity and other technology risks, crisis preparedness and competitive and reputational risks.

The Board has delegated primary responsibility for oversight over certain risks to the Audit Committee and the Compensation Committees. The committees of the Board execute their oversight responsibility for risk management as follows:

- The Audit Committee has primary responsibility for discussing with management Tripadvisor's major financial risks and the steps management has taken to monitor and control such risks. In fulfilling its responsibilities, the Audit Committee receives regular reports from, among others, the Chief Financial Officer, the Chief Legal Officer, the Chief Accounting Officer and Vice President of Tax as well as from representatives of information security, internal audit, the Company's compliance committee and the Company's independent auditors. The Audit Committee makes regular reports to the Board. In addition, Tripadvisor has, under the supervision of the Audit Committee, established procedures available to all employees for the anonymous and confidential submission of complaints relating to any matter to encourage employees to report questionable activities directly to our senior management and the Audit Committee. The Audit Committee also has primary responsibility for oversight over Tripadvisor's significant business risks, including operational, data privacy and cybersecurity risks.

- The Compensation Committees consider and evaluate risks related to our cash and equity-based compensation programs, policies and practices and evaluate whether our compensation programs encourage participants to take excessive risks that are reasonably likely to have a material adverse effect on Tripadvisor or our business. Consistent with SEC disclosure requirements, the Compensation Committees, working with management, have assessed the compensation policies and practices for our employees, including our executive officers, and have concluded that such policies and practices do not create risks that are reasonably likely to have a material adverse effect on Tripadvisor.

Ultimately, management is responsible for the day-to-day risk management process, including identification of key risks and implementation of policies and procedures to manage, mitigate and monitor risks. In fulfilling these duties, management conducts annually an enterprise and internal audit risk assessment and uses the results of these assessments in its risk management efforts. In addition, management has formed a Compliance Committee in connection with the implementation, management and oversight of a corporate compliance program to promote operational excellence throughout the entire organization in adherence with all legal and regulatory requirements and with the highest ethical standards.

Director Nominations

Given the ownership structure of Tripadvisor and our status as a “controlled company,” the Board does not have a nominating committee or other committee performing similar functions or any formal policy on director nominations. The Board does not have specific requirements for eligibility to serve as a director of Tripadvisor; however, the Board does consider, among other things, diversity when considering nominees to serve on our Board. We broadly construe diversity to mean diversity of opinions, perspectives, and personal and professional experiences and backgrounds, such as gender, race and ethnicity, as well as other differentiating characteristics. In evaluating candidates, regardless of how recommended, the Board considers a number of factors, including whether the professional and personal ethics and values of the candidate are consistent with those of Tripadvisor; whether the candidate’s experience and expertise would be beneficial to the Board in rendering service to Tripadvisor, including in providing a mix of Board members that represent diversity of backgrounds, perspectives and opinions; whether the candidate is willing and able to devote the necessary time and energy to the work of the Board; and whether the candidate is prepared and qualified to represent the best interests of Tripadvisor’s stockholders.

Pursuant to a Governance Agreement, LTRIP has the right to nominate a number of directors equal to 20% of the total number of the directors on the Board (rounded up to the next whole number if the number of directors on the Board is not an even multiple of five) for election to the Board so long as certain stock ownership requirements are satisfied. LTRIP has nominated Messrs. Maffei and O’Hara as nominees for 2021. Pursuant to a Governance Agreement entered into with Trip.com, Trip.com has a nomination right for one Board seat, subject to certain conditions, including Trip.com’s ownership of a minimum number of shares of Tripadvisor. Trip.com has designated Jane Sun as its nominee to the Board. The other nominees to the Board were recommended by the Chairman and then were considered and recommended by the entire Board.

The Board does not have a formal policy regarding the consideration of director candidates recommended by stockholders, as historically Tripadvisor has not received such recommendations. However, the Board would consider such recommendations if made in the future. Stockholders who wish to make such a recommendation should send the recommendation to Tripadvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary. The envelope must contain a clear notation that the enclosed letter is a “Director Nominee Recommendation.” The letter must identify the author as a stockholder, provide a brief summary of the candidate’s qualifications and history and be accompanied by evidence of the sender’s stock ownership, as well as consent by the candidate to serve as a director if elected. Any director candidate recommendations will be reviewed by the Secretary and, if deemed appropriate, forwarded to the Chairman for further review. If the Chairman believes that the candidate fits the profile of a director nominee as described above, the recommendation will be shared with the entire Board.

Environmental, Social and Governance

We believe there's good out there and when we travel we are reminded that the world is a friendly place, that people are generous, and that we share more in common with our fellow travelers than not. We strive to use our platform to not only help people around the world plan, book and experience their perfect trip but also to be an ally for social good, particularly on environmental, social and governance issues. At Tripadvisor, environmental, social and governance, or ESG, concerns encompass not only how we govern our business but also how we support our team (including through equity, diversity and inclusion), how we give back to our communities and how we minimize our environmental impacts.

People Practices

Tripadvisor is consistently rated one of the best places to work and recently earned a 100% on the Human Rights Campaign Foundation's Corporate Equality Index for LGBTQ equality for the third consecutive year.

We believe a critical driver of our company's success is our people. We are committed to identifying and developing talent to help our employees accelerate their growth and achieve their career goals. Our overall talent acquisition and retention strategy is designed to attract and retain diverse and qualified employees who will help us achieve our performance goals and ensure the success of the Company. We recruit the best people for the job without regard to gender, ethnicity or other protected characteristics.

We support and develop our employees through global training and development programs that build and strengthen employees' leadership and professional skills. Leadership development includes programs for new leaders as well as programs designed to support more experienced leaders. We also partner with external training organizations to help provide current and future workers with the knowledge and skills they need to succeed.

Our equity, diversity and inclusion initiatives support our goal of championing the diverse identities, abilities, experiences, and voices of our employees, travelers, candidates, business partners, and industry peers. We support inclusion in our workplace through both formal and informal training for individual contributors, people managers and senior leaders focused on increasing awareness, reducing bias and promoting inclusive leadership. We also support a global network of active Employee Resource Groups (ERGs) which offer a dedicated space to organize around shared experiences, identity, and interests. These groups create a sense of belonging through inclusive practices and programming that support personal, professional, and organizational growth.

The Company's management oversees various initiatives for talent acquisition, retention and development and provides regular reports to the Board of Directors.

Corporate Responsibility

Our global corporate responsibility program, an extension of our purpose, is currently focused on supporting responsible business practices in our operations and strengthening our community impact through philanthropy and civic engagement. We believe in mobilizing our people, expertise, resources and community to tackle some of society's most pressing humanitarian challenges. We recognize that by putting our purpose into action, we can have a positive impact on the communities we serve and help promote a world of understanding, empathy and care. For our users, we deliver innovative products and services to give them the confidence and freedom to create memorable experiences that will improve their own lives and the lives of those around them. For our employees, we emphasize a working environment and company culture that embraces diverse talents and unique perspectives, where colleagues feel valued as both individuals and members of the team. For stockholders, we are focused on increasing the fundamental value of our company and driving long-term stockholder value. For communities where we live and work, we are dedicated to improving individual well-being and strengthening families and communities.

The Company's philanthropy is funded principally through the Tripadvisor Foundation. The Foundation's focus is on harnessing connection and information to inspire civic engagement and support resiliency in areas affected by disasters and displacement. Through its signature commitment area of addressing the global displacement and refugee crisis, the Foundation has donated over $7 million dollars and forged close partnerships with the International Rescue Committee (IRC) and Mercy Corps, among other leading organizations. Since 2010, the Tripadvisor Foundation has invested more than $35 million in communities around the world.

Internally, our TripGives program aims to inspire and enable our employees to be active global citizens by supporting the causes they care about in communities around the world. Through our Give, Serve, Learn model we unite employees around pressing local and global issues and encourage them to lead community projects where they live and work.

The COVID-19 global pandemic has had a devastating impact on the travel and tourism sector, with the World Travel and Tourism Council forecasting that more than 100 million jobs in the industry around the world are at risk, representing a loss of over a third of all tourism-related jobs. Now, there is a critical need for a global reimagining of the international travel and tourism industry, as one of the world's largest service sectors seeks to recover from an unprecedented shutdown. Harnessing the collective power of our partners at Travalyst and our platforms, we want to support the industry in building back, with more resilience by working alongside communities and destinations who are reliant on travel and tourism to ensure sustainability is part of their recovery efforts. Together, we have the opportunity to rebuild for a more balanced and equitable future.

In response to the COVID-19 pandemic, we launched multiple initiatives to support our hospitality partners including, but not limited to, a COVID-19 webinar series providing insights and content from industry experts, our Travel Safe initiative allowing hotel properties to share their safety measures in response to the pandemic as well as on our platforms providing travelers with up to date travel information on global destinations. This response also includes Foundation donations to World Central Kitchen and Restaurant Workers' Community Foundation, matching donations to support COVID-19 relief efforts, among many other efforts.

Environmental Impact

We believe that we all have a responsibility to preserve and protect our planet and communities for generations to come.

Internally, over the last few years, we have invested in energy reduction and waste management strategies across the globe. From an energy / emission perspective we have performed LED upgrades in our two largest US offices (HQ and Boston) and in our London office. We have also reviewed and matched the central HVAC operations of our spaces to our actual occupancy schedule to minimize the amount of wasted run time on the central plants. In our global headquarters we have installed a cold aisle containment system to reduce the energy consumption related to cooling the space. From a waste management perspective, we have eliminated single use items like utensils, bowls, plates, etc. and replaced them with reusable options. We switched from a single serving style program to a bulk snacking / drinking program which has reduced the number of single serving wrappers and bottles going into the waste stream. In addition, we have installed an Anaerobic Digester in our global headquarters which has diverted over 40,000 pounds of food waste from the waste stream / landfills and generated over 4,000 gallons of clean water that is pumped into the sewer system.

In 2019, Tripadvisor, in partnership with Booking.com, Skyscanner, Trip.com Group, and Visa, founded Travalyst, a non-profit organization working to identify – and help bring about – the systemic changes needed in order for sustainable travel to be taken out of the niche and into the mainstream. We believe that tourism can, and must, play a key role in achieving a sustainable future for our world. We are committed to being a driving force that redefines what it means to travel, helping everyone explore our world in a way that protects both people and places, and secures a positive future for destinations and local communities for generations to come.

Communications with the Board

Stockholders who wish to communicate with the Board or a particular director may send such communication to Tripadvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary. The mailing envelope must contain a clear notation indicating that the enclosed letter is a “Stockholder-Board Communication” or “Stockholder-Director Communication.” All such letters must identify the author as a stockholder, provide evidence of the sender’s stock ownership and clearly state whether the intended recipients are all members of the Board or certain specified directors. The Secretary will then review such correspondence and forward it to the Board, or to the specified director(s), if deemed appropriate. Communications that are primarily commercial in nature, that are not relevant to stockholders or other interested constituents or that relate to improper or irrelevant topics will generally not be forwarded to the Board or to the specified director(s).

PROPOSAL 2:
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Overview

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the external accounting firm retained to audit the Company's financial statements. The Audit Committee has retained KPMG LLP ("KPMG") as Tripadvisor's independent registered public accounting firm for the fiscal year ending December 31, 2021.

KPMG has served as Tripadvisor's independent registered public accounting firm continuously since the audit of the Company's financial statements for the fiscal year ended December 31, 2014. In order to assure continuing auditor independence, the Audit Committee periodically considers whether there should be a regular rotation of the independent external audit firm. The members of the Audit Committee and the Board believe that the continued retention of KPMG to serve as the Company's independent external auditor is in the best interest of the Company and its investors. A representative of KPMG is expected to be present at the Annual Meeting, and will be given an opportunity to make a statement if he or she so chooses and will be available to respond to appropriate questions.

If the stockholders fail to vote to ratify the appointment of KPMG, the Audit Committee will reconsider whether to retain KPMG and may retain that firm or another firm without resubmitting the matter to our stockholders. Even if stockholders vote on an advisory basis in favor of the appointment, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of Tripadvisor and our stockholders.

Required Vote

We ask our stockholders to ratify the appointment of KPMG as our independent registered public accounting firm for the fiscal year ending December 31, 2021. This proposal requires the affirmative vote of a majority of the voting power of our shares, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class. With respect to the ratification of KPMG, you may vote "FOR", "AGAINST" or "ABSTAIN". Abstentions will be counted toward the tabulations of voting power present and entitled to vote on the ratification of the independent registered public accounting firm proposal and will have the same effect as votes against the proposal. Brokers have discretion to vote on the proposal for ratification of the independent registered public accounting firm.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS TRIPADVISOR'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021.

Fees Paid to Our Independent Registered Public Accounting Firm

KPMG was Tripadvisor's independent registered public accounting firm for the fiscal years ended December 31, 2020 and 2019. The following table sets forth aggregate fees for professional services rendered by KPMG for the years ended December 31, 2020 and 2019.

	2020	2019
Audit Fees(1)	$ 2,411,613	$ 2,239,712
Tax Fees (2)	303,148	157,275
Other Fees (3)	2,730	2,730
Total Fees	$ 2,717,491	$ 2,399,717

(1) Audit Fees include fees and expenses associated with the annual audit of our consolidated financial statements, statutory audits, review of our periodic reports, accounting consultations, review of SEC registration statements, report on the effectiveness of internal control, comfort letters, and consents and other services related to SEC matters.

(2) Tax Fees include fees and expenses for tax compliance, tax planning, and tax advice.

(3) Other Fees include accounting research software.

Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee has responsibility for appointing, setting compensation of, retaining and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has adopted a policy governing the pre-approval of all audit and permitted non-audit services performed by Tripadvisor's independent registered public accounting firm to ensure that the provision of such services does not impair the independent registered public accounting firm's independence from Tripadvisor and our management. Unless a type of service to be provided by our independent registered public accounting firm has received general pre-approval from the Audit Committee, it requires specific pre-approval by the Audit Committee. The payment for any proposed non-audit services in excess of pre-approved cost levels requires specific pre-approval by the Audit Committee.

Pursuant to its pre-approval policy, the Audit Committee may delegate its authority to pre-approve services to one or more of its members, and it has currently delegated this authority to its Chairman, subject to a limit of $250,000 per approval. The decisions of the Chairman (or any other member(s) to whom such authority may be delegated) to grant pre-approvals must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may not delegate its responsibilities to pre-approve services to Company management.

All of the audit-related and all other services provided to us by KPMG in 2020 and 2019 were approved by the Audit Committee by means of specific pre-approvals or pursuant to the procedures contained in the Company's pre-approval policy.

The Audit Committee has considered the non-audit services provided by KPMG in 2020 and 2019, as described above, and believes that they are compatible with maintaining KPMG's independence in the conduct of their auditing functions.

AUDIT COMMITTEE REPORT

Management has primary responsibility for our financial statements, reporting process and system of internal control over financial reporting. Tripadvisor's independent registered public accounting firm is engaged to audit and express opinions on the conformity of our financial statements to generally accepted accounting principles, and the effectiveness of Tripadvisor's internal control over financial reporting.

The Audit Committee serves as a representative of the Board and assists the Board in monitoring (i) the integrity of our accounting, financial reporting and public disclosures process, (ii) our relationship with our independent registered public accounting firm, including qualifications, performance and independence, (iii) the performance of our internal audit department; and (iv) our compliance with legal and regulatory requirements. In this context, the Audit Committee met seven times in 2020 and, among other things, took the following actions:

- appointed KPMG as our auditors and discussed with the auditors the overall scope and plans for the independent audit and pre-approved all audit and non-audit services to be performed by KPMG;

- reviewed and discussed with management and the auditors the audited consolidated financial statements for the year ended December 31, 2020, as well as our quarterly financial statements and interim financial information contained in each quarterly earnings announcement prior to public release;

- discussed with the auditors the matters required to be discussed by the Public Company Accounting Oversight Board ("PCAOB"), and received all written disclosures and letters required by the applicable requirements of the PCAOB;

- discussed with the auditors its independence from Tripadvisor and Tripadvisor's management as well as considered whether the non-audit services provided by the auditors could impair its independence and concluded that such services would not;

- reviewed and discussed with management and the auditors our compliance with the requirements of the Sarbanes-Oxley Act of 2002 with respect to internal control over financial reporting, together with management's assessment of the effectiveness of our internal control over financial reporting and the auditors' audit of internal control over financial reporting; and

- regularly met with KPMG, with and without management present, to discuss the results of their examinations, including the integrity, adequacy and effectiveness of the accounting and financial reporting processes and controls.

Relying on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2020, and the Board approved such inclusion.

No portion of this Audit Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that Tripadvisor specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed to be "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

Members of the Audit Committee:

Robert S. Wiesenthal (Chairman)
Trynka Shineman Blake
Jeremy Philips

PROPOSAL 3:
APPROVAL OF AMENDMENT NO. 1 TO THE TRIPADVISOR, INC. 2018 STOCK AND ANNUAL INCENTIVE PLAN

Proposal

The Board of Directors believes that stock options, restricted stock units and other stock-based incentive awards can play an important role in the success of Tripadvisor by encouraging and enabling our employees, officers, non-employee directors and consultants, upon whose judgment, initiative and efforts we largely depend for the success of our business, to acquire a proprietary interest in Tripadvisor. The Board anticipates that providing such persons with a direct stake in the Company will assure a closer identification of the interests of such individuals with those of Tripadvisor and its stockholders, thereby stimulating their efforts on Tripadvisor's behalf and strengthening their desire to remain with Tripadvisor.

The Board proposes and recommends that the Company's stockholders approve Amendment No. 1 to the Company's 2018 Stock and Annual Incentive Plan (the "2018 Plan"). The primary purpose of the plan amendment is providing sufficient reserves of shares of our common stock to ensure our ability to continue to provide new hires, employees and management with equity incentives. As of March 31, 2021, there were 6,294,403 shares of the Company's common stock available for issuance under the 2018 Plan. If the Plan Amendment is approved, the number of shares reserved and available for issuance under the 2018 Plan would be 16,294,403.

Historical Burn Rate and Expected Duration

We are committed to managing the use of our equity incentives prudently to balance the benefits that equity compensation brings to our equity compensation programs against the dilution it causes our stockholders. As a result, as part of our analysis when considering the number of shares to be reserved under the 2018 Plan, we reviewed key metrics that are typically used to evaluate such proposed increases. One such metric considered was our "burn rate" calculation in order to quantify how quickly we use our stockholder capital. Over the last three years, Tripadvisor has had an average unadjusted gross burn rate of 4.2% and an average adjusted burn rate of 6.0%. The adjusted burn rate assumes a 1.5x weighting for grants of restricted stock units, or RSUs.

As a result, we currently expect that, assuming approval of the plan amendment, the proposed share reserve under the 2018 Plan will be sufficient for currently-anticipated awards through 2024. Expectations regarding future share usage could be impacted by a number of factors including but not limited to, hiring and promotion activity; the rate at which shares are returned to the 2018 Plan reserve upon the expiration, forfeiture and net share settlement of awards; the future performance of our stock price; terms of any potential future acquisitions and other factors. While we believe that the assumptions we used are reasonable, future share usage may differ from current expectations.

Description of the 2018 Plan

A summary of the material terms of the 2018 Plan, as amended by the plan amendment, is set forth below. The description of the 2018 Plan is intended to be a summary only. The summary is qualified in its entirety by the full text of the plan amendment which is attached hereto as Appendix A and, for convenience, the 2018 Plan attached hereto as Appendix B.

Some of the material features of the 2018 Plan are as follows:

- The total number of shares of common stock available for issuance under the 2018 Plan will be 16,294,403.
- Shares of common stock underlying awards that are forfeited, cancelled or otherwise terminated and shares tendered or held back for taxes or to cover the exercise price of options under the 2018 Plan and the 2018 Plan will be added back to the reserve pool under the 2018 Plan. Shares of common stock repurchased on the open market will not be added back to the shares available for issuance under the 2018 Plan.

- Based on current grant practices, we currently expect that the 2018 Plan will provide the Compensation Committees with sufficient shares for grants through 2024.

- The 2018 Plan does not allow for acceleration of equity awards solely upon a change in control (also known as a "single trigger").

- Stock options and stock appreciation rights may not be repriced in any manner without stockholder approval.

- The 2018 Plan provides that, during any calendar year, the maximum value of awards made under the 2018 Plan and cash fees paid to any non-employee director shall not exceed $1,000,000.

- Any material amendment to the 2018 Plan is subject to approval of our stockholders.

- Unless sooner terminated, the 2018 Plan carries a 10-year term and will expire on June 21, 2028.

Plan Administration. The 2018 Plan is administered by the Compensation Committees. The Compensation Committees have full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the 2018 Plan. The Compensation Committees may delegate to an officer of Tripadvisor the authority to grant awards to employees who are not subject to the reporting and other provisions of Section 16 of the Exchange Act, subject to certain limitations and guidelines.

Eligibility. Persons eligible to participate in the 2018 Plan are the directors, officers, employees, and consultants of Tripadvisor and its subsidiaries or affiliates as selected from time to time by the Compensation Committees in their discretion. Approximately 2,600 individuals are currently eligible to participate in the 2018 Plan, which includes five executive officers and nine non-employee directors.

Plan and Individual Limits. No more than 7,000,000 shares in the aggregate may be issued in the form of incentive stock options. The 2018 Plan provides that the value of awards under the 2018 Plan and all other compensation paid by the Company to any non-employee director in any calendar year shall not exceed $1,000,000.

Types of Awards. The 2018 Plan allows for the grant of different types of awards including, but not limited to, options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and bonus awards.

- *Stock Options*. The 2018 Plan permits the granting of (1) options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and (2) non-qualified stock options that do not so qualify. To qualify as incentive stock options, options must meet additional federal tax requirements, including a $100,000 limit on the value of shares subject to incentive stock options that first become exercisable by a participant in any one calendar year. Options granted under the 2018 Plan will be non-qualified options if they fail to qualify as incentive stock options under Section 422 of the Code or exceed the annual limit on incentive stock options. The exercise price of each option will be determined by the Compensation Committees but may not be less than 100% of the fair market value of the common stock on the grant date. The term of each option will be fixed by the Compensation Committees and may not exceed ten years from the date of grant. Incentive stock options may only be granted to employee participants, and non-qualified stock options may be granted to any persons eligible to receive incentive stock options, including non-employee directors and consultants. The exercise price of each option will be determined by the Compensation Committees but may not be less than 100% of the fair market value of the common stock on the date of grant. Fair market value for this purpose will be the last reported sale price of the shares of Tripadvisor common stock on NASDAQ on the date immediately preceding the grant date. The exercise price of an option may not be reduced after the date of the option grant, other than to appropriately reflect changes in our capital structure in accordance with the terms of the 2018 Plan.

  Options may be exercisable in installments and the exercisability of options may be accelerated by the Compensation Committees. Upon exercise of options, the exercise price must be paid in full by certified or bank check or other instrument acceptable to the Compensation Committees or, if authorized at the time the option is granted, by delivery (or attestation to the ownership) of shares of common stock that are beneficially owned by the optionee. In addition, the Compensation Committees may permit options to be exercised using a net exercise feature which reduces the number of shares issued to the optionee by the number of shares with a fair market value equal to the exercise price.

- *Stock Appreciation Rights*. The Compensation Committees may award tandem or free-standing stock appreciation rights, subject to such conditions and restrictions as the Compensation Committees may determine. Stock appreciation rights entitle the recipient to shares of common stock, or cash, equal to the value of the appreciation in the stock price over the exercise price. The exercise price may not be less than the fair market value of the common stock on the date of grant and the term shall not exceed ten years from the grant date. The terms of the stock appreciation right (including whether the payment is made in common stock or cash) shall be determined by the Compensation Committees.

- *Restricted Stock*. The Compensation Committees may award shares of common stock to participants, subject to such conditions and restrictions as the Compensation Committees may determine. These conditions and restrictions may include continued employment with TripAdvisor through a specified vesting period and/or the achievement of certain performance goals.

- *Restricted Stock Units*. The Compensation Committees may award restricted stock units to any participant. These units are ultimately payable in the form of shares of common stock, cash, or a combination of both and may be subject to such conditions and restrictions as the Compensation Committees may determine. As with restricted stock, these conditions and restrictions may include continued employment with TripAdvisor through a specified vesting period and/or the achievement of certain performance goals.

- *Other Stock-Based Awards*. The Compensation Committees may grant awards of common stock or other awards that are valued in whole or in part by reference to or are otherwise based upon or settled in common stock, including without limitation unrestricted stock, performance units, dividend equivalents and convertible debentures. Dividend equivalents granted to participants entitle the recipient to receive credits for dividends that would be paid if the recipient had held specified shares of common stock. Dividend equivalents granted as a component of another award subject to performance and/or time vesting may be paid only if the related award becomes vested and will be forfeited if the related award is forfeited.

- *Bonus Awards*. The Compensation Committees may grant bonuses under the 2018 Plan to participants. The bonuses may be payable in cash or common stock and may be subject to the achievement of certain performance goals.

Change in Control Provisions. The 2018 Plan provides that, unless otherwise specified in the applicable award agreement, upon the termination of employment of a participant serving in the position of Vice President or above within three months prior or 12 months following a change in control of the Company, other than for “cause” or “disability,” or by the participant for “good reason” (as all such terms are defined in the 2018 Plan, such termination, a “Qualifying Termination”), upon such termination date, any and all restricted stock and restricted stock units held by such participant will automatically vest and any and all stock options and stock appreciation rights held by such participant will automatically become fully exercisable and will remain exercisable until the later of (i) the last day on which such option or stock appreciation right is exercisable as specified in the applicable award agreement or (ii) the earlier of the first anniversary of the change in control and the expiration of the term of the option or stock appreciation right. Upon such Qualifying Termination by a participant serving in the position of Vice President or above, the restrictions and conditions on all other awards will automatically be deemed waived. For the remaining participants, under such circumstances, only 50% of such participant’s outstanding equity awards will accelerate upon a Qualifying Termination. In addition, the 2018 Plan provides that upon a participant’s death any and all restricted stock and restricted stock units held by such participant will automatically vest and any and all stock options and stock appreciation held by such participant will automatically become fully exercisable and will remain exercisable until the earlier of (i) the first anniversary of the date of such death and (ii) the expiration of the term of such award.

Prohibition on Repricing. Neither the Company nor the Compensation Committee has the right, without stockholder approval, to (i) grant to holders of outstanding stock options or stock appreciation rights, in exchange for the surrender and cancellation of such options or stock appreciation rights, (x) new options or stock appreciation rights having exercise or grant prices lower than the exercise or grant price provided for in the options or stock appreciation rights so surrendered or cancelled, or (y) another award or cash payment with a value that is greater than the intrinsic value (if any) of the cancelled option or stock appreciation right, or (ii) take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

Adjustments for Stock Dividends, Stock Splits, Etc. The 2018 Plan requires the Compensation Committees to make appropriate adjustments to the number of shares of common stock that are subject to the 2018 Plan, to certain limits in the 2018 Plan, and to any outstanding awards to reflect stock dividends, stock splits, extraordinary cash dividends and similar events.

Tax Withholding. Participants in the 2018 Plan are responsible for the payment of any federal, state or local taxes that TripAdvisor is required by law to withhold upon the exercise of options or stock appreciation rights or distributions of the stock after vesting for other awards. The minimum tax withholding obligations may be settled with common stock, including common stock that is part of the award that gives rise to the withholding requirement.

Amendments and Termination. The Board of Directors may at any time amend, alter or discontinue the 2018 Plan and the Compensation Committees may unilaterally amend the terms of any award, prospectively or retroactively. However, no such action may materially impair rights of a participant with respect to a previously granted award without the participant's consent, except for such an amendment made to comply with applicable law (including without limitation Section 409A of the Code), stock exchange rules or accounting rules. In addition, no such amendment shall be made without stockholder approval to the extent such approval is required by applicable law or the listing standards of NASDAQ.

New Plan Benefits

Because the grant of awards under the 2018 Plan is within the discretion of the Compensation Committees and no determination has been made yet as to the awards, if any, that any eligible individuals will be granted in the future and no awards have been granted that are contingent on the approval of Amendment No. 1, the dollar value or number of shares of common stock that will in the future be received by or allocated to any participant pursuant to the 2018 Plan are not determinable at this time. Please see "Executive Compensation –Grants of Plan-Based Awards" which provides information on the equity awards granted to our named executive officers in 2020 under the 2018 Plan, and "Note 15 – Stock-Based Awards and Other Equity Instruments" in the notes to our consolidated financial statements in our 2020 Annual Report, which sets forth certain information with respect to all the awards granted during 2020 under the 2018 Plan (in each case, prior to the Company seeking stockholder approval of, and which were not contingent upon, Amendment No. 1).

In 2021, the Company currently expects to award each non-employee director restricted stock units as described in more detail under "Director Compensation" of this Proxy Statement. However, because future awards are in the sole discretion of the Compensation Committee, the number of shares subject to future awards could increase or decrease and the type and terms of the awards could change as well, all without the need for future shareholder approval.

Tax Aspects Under the Code

The following is a summary of the principal federal income tax consequences of certain transactions under the 2018 Plan. It does not describe all federal tax consequences under the 2018 Plan, nor does it describe state or local tax consequences.

Incentive Options. No taxable income is generally realized by the optionee upon the grant or exercise of an incentive option. If shares of common stock issued to an optionee pursuant to the exercise of an incentive option are sold or transferred after two years from the date of grant and after one year from the date of exercise, then (i) upon sale of such shares, any amount realized in excess of the option price (the amount paid for the shares) will be taxed to the optionee as a long-term capital gain, and any loss sustained will be a long-term capital loss, and (ii) the Company will not be entitled to any deduction for federal income tax purposes. The exercise of an incentive option will give rise to an item of tax preference that may result in alternative minimum tax liability for the optionee.

If shares of common stock acquired upon the exercise of an incentive option are disposed of prior to the expiration of the two-year and one-year holding periods described above (a "disqualifying disposition"), generally (i) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares of common stock at exercise (or, if less, the amount realized on a sale of such shares of common stock) over the option price thereof, and (ii) the Company will be entitled to deduct such amount. Special rules will apply where all or a portion of the exercise price of the incentive option is paid by tendering shares of common stock.

If an incentive option is exercised at a time when it no longer qualifies for the tax treatment described above, the option is treated as a non-qualified option. Generally, an incentive option will not be eligible for the tax treatment described above if it is exercised more than three months following termination of employment (or one year in the case of termination of employment by reason of disability). In the case of termination of employment by reason of death, the three-month rule does not apply.

Non-Qualified Stock Options. No income is realized by the optionee at the time the option is granted. Generally, (i) at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the option price and the fair market value of the shares of common stock on the date of exercise, and we receive a tax deduction for the same amount; and (ii) at disposition, appreciation or depreciation after the date of exercise is treated as either short-term or long-term capital gain or loss depending on how long the shares of common stock have been held. Special rules will apply where all or a portion of the exercise price of the non-qualified option is paid by tendering shares of common stock. Upon exercise, the optionee will also be subject to Social Security taxes on the excess of the fair market value over the exercise price of the option.

Other Awards. The Company generally will be entitled to a tax deduction in connection with an award under the 2018 Plan in an amount equal to the ordinary income realized by the participant at the time the participant recognizes such income. Participants typically are subject to income tax and recognize such tax at the time that an award is exercised, vests or becomes non-forfeitable, unless the award provides for a further deferral.

Parachute Payments. The vesting of any portion of an option or other award that is accelerated due to the occurrence of a change in control may cause a portion of the payments with respect to such accelerated awards to be treated as "parachute payments" as defined in the Code. Any such parachute payments may be non-deductible to the Company, in whole or in part, and may subject the recipient to a non-deductible 20% federal excise tax on all or a portion of such payment (in addition to other taxes ordinarily payable). The Company does not intend to provide gross-ups for any such excise tax.

Limitation on Deductions. Under Section 162(m) of the Code, no deduction is allowed in any taxable year of the Company for compensation in excess of $1 million paid to the Company's "covered employees" as determined under Section 162(m) of the Code and applicable guidance. Under Section 162(m) of the Code, the annual compensation paid to any of these covered employees, including awards that the Company grants pursuant to the 2018 Plan, whether performance-based or otherwise, will be subject to the $1 million annual deduction limitation. Because of the elimination of the performance-based compensation exemption, it is possible that all or a portion of the compensation paid to covered employees in the form of equity grants under the 2018 Plan may not be deducible by the Company, to the extent that the annual deduction limitation is exceeded.

Equity Compensation Plan Information

The following table provides information as of December 31, 2020 regarding shares of common stock that may be issued under Tripadvisor's equity compensation plans consisting of the 2018 Plan, the Viator, Inc. 2010 Stock Incentive Plan and the Deferred Compensation Plan for Non-Employee Directors.

	Equity Compensation Plan Information		
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted Average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	13,900,288 (1)	$ 46.31 (2)	8,363,884
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	13,900,288	—	8,363,884

(1) Includes (i) 5,614,802 shares of common stock issuable upon the exercise of outstanding options, of which 3,833 shares were granted pursuant to options under the Viator, Inc. 2010 Stock Incentive Plan, (ii) 8,111,547 shares of common stock issuable upon the vesting of RSUs, (iii) 173,939 shares of common stock issuable upon the vesting of MSUs (assuming target performance is achieved).

(2) Since RSUs and MSUs do not have an exercise price, such units are not included in the weighted average exercise price calculation.

Required Vote

We ask our stockholders to approve the Amendment No. 1 to the Tripadvisor, Inc. 2018 Stock and Annual Incentive Plan. This proposal requires the affirmative vote of a majority of the voting power of the shares of TripAdvisor capital stock, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class.

With respect to approval of Amendment No. 1 to the 2018 Plan, you may vote "FOR", "AGAINST" or "ABSTAIN". Abstentions will only be counted toward the tabulations of voting power present and entitled to vote on Amendment No. 1 to the 2018 Plan proposal and will have the same effect as votes against the proposal. Brokers do not have discretion to vote on the proposal to approve Amendment No. 1 to the 2018 Plan and broker non-votes will have no effect on the proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" APPROVAL OF AMENDMENT NO. 1 TO THE TRIPADVISOR, INC. 2018 STOCK AND ANNUAL INCENTIVE PLAN.

PROPOSAL 4:
ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

Overview

We are required to provide our stockholders with an opportunity to approve, on an advisory basis, the compensation of our named executive officers, or NEOs. In recognition of the preference of our stockholders expressed at our 2018 annual meeting of stockholders, the Board holds “say on pay” advisory votes every three years. Consistent with this practice and SEC rules, we are asking our stockholders to approve, on an advisory basis, the compensation of our NEOs as disclosed in this Proxy Statement.

Our Board, with the Compensation Committees and senior management, is committed to designing an effective compensation program and recognizes that our stockholders have an interest in our executive compensation policies and practices. Our executive compensation program is designed to attract, retain and motivate highly skilled executives with the experience and acumen that management and the Compensation Committees believe are necessary to achieve our long-term business objectives. In addition, the executive compensation program is designed to reward short-term and long-term performance and to align the financial interests of executive officers with the interests of our stockholders by tying a significant portion of their compensation to our performance, thereby rewarding our executive officers for the creation of stockholder value. We believe that the information provided in the “Executive Compensation” and “Compensation, Discussion and Analysis” sections of the proxy statement demonstrates that our executive compensation program has been designed appropriately and is working to ensure management’s interests are aligned with our shareholders’ interests to support long-term growth.

Our last advisory vote on the compensation of our NEOs was held at our 2018 annual meeting of stockholders. At that meeting, stockholders representing approximately 72% of the votes cast on the NEO compensation proposal approved, on an advisory basis, the compensation of our NEOs as disclosed in our proxy statement for that meeting. Since then, our Compensation Committee has made modifications to our executive compensation program specifically to address concerns raised by our stockholders, the recommendations of major proxy advisory firms, the practices of companies in our peer group and the views of our compensation consultant. We have adopted features and policies that we believe ensure promotion of stockholders’ interests and strong corporate governance, including, but not limited to, the following:

- Greater portions of compensation that are incentive based, or “at-risk”, as described in more detail in the section entitled “Compensation Discussion and Analysis”;
- Increased focus on structuring annual bonus and equity awards so that payouts are tied to the achievement of financial targets and strategic objectives;
- Equity awards are subject to a “clawback” policy;
- Robust executive stock ownership guidelines;
- Amendment of our stock plan to prohibit acceleration of equity awards upon a “single trigger” and to provide for “double trigger” arrangements in our change in control provisions and severance arrangements;
- A policy that prohibits hedging, or hedging against losses, of Tripadvisor securities; and
- Provisions in our equity plans that prohibit repricing of stock options without stockholder approval.

We will continue to evaluate ways to ensure that our executive compensation programs compensate our NEOs for performance that furthers our business strategy and initiatives, competitive performance, sound corporate governance principles and stockholder value and return. We will continue to seek to align our NEOs’ incentive compensation opportunities to the achievement of short-term and long-term performance objectives that are directly aligned with the interest of our stockholders.

Required Vote

We are asking for stockholder approval, on an advisory basis, of the compensation of our NEOs as disclosed in this Proxy Statement, which include the disclosures in the "Executive Compensation" and "Compensation Discussion and Analysis" sections, the compensation tables and the narrative discussion following the compensation tables. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the policies and practices described in this Proxy Statement.

Generally, approval of any matter presented to stockholders requires the affirmative vote of a majority of the voting power of the shares of our capital stock, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class. This vote is advisory and therefore not binding on Tripadvisor, the Compensation Committees, or the Board. However, the Board and the Compensation Committees value the opinions Tripadvisor's stockholders express in their votes and will review the voting results and take them into consideration as they deem appropriate when making future decisions regarding our executive compensation program.

With respect to the advisory vote on the compensation of our NEOs, you may vote "FOR", "AGAINST" or "ABSTAIN". Abstentions will be counted toward the tabulations of voting power present and entitled to vote on this proposal and will have the same effect as votes against the proposal. Brokers do not have discretion to vote on the proposal regarding Tripadvisor's executive compensation and broker non-votes will have no effect on the proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" APPROVAL OF THE COMPENSATION OF TRIPADVISOR, INC.'S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

EXECUTIVE OFFICERS

Set forth below is certain background information, as of April 23, 2021, regarding Tripadvisor's executive officers. There are no family relationships among directors or executive officers of Tripadvisor.

Name	Age	Position
Stephen Kaufer	58	Director, President and Chief Executive Officer
Ernst Teunissen	54	Chief Financial Officer and Chief Executive – Viator, The Fork, Viator and Cruise Critic;
Seth J. Kalvert	51	Chief Legal Officer and Secretary
Lindsay Nelson	36	Chief Experience and Brand Officer
Kanika Soni	42	Chief Commercial Officer

Refer to "Proposal 1: Election of Directors" above for information about our President and Chief Executive Officer Stephen Kaufer.

Ernst Teunissen has served as Chief Financial Officer of Tripadvisor since November 2015 and as Chief Executive – Viator, TheFork and Cruise Critic since March 2021. From October 2009 to October 2015, Mr. Teunissen served in various capacities with Cimpress, N.V. (formerly known as Vistaprint, N.V.), most recently as Executive Vice President and Chief Financial Officer. Before joining Cimpress, Mr. Teunissen was a founder and director of two corporate finance and management consulting firms: Manifold Partners from May 2007 through September 2009 and ThreeStone Ventures Limited from June 2003 through September 2009. Mr. Teunissen began his career in investment banking, holding executive positions in the investment banking divisions of Morgan Stanley and Deutsche Bank. Mr. Teunissen holds an M.B.A. from the University of Oregon and a B.B.A. from Nijenrode University, The Netherlands School of Business.

Seth J. Kalvert has served as Chief Legal Officer and Secretary of Tripadvisor since August 2011. Mr. Kalvert also serves as Secretary and a director of The Tripadvisor Foundation, a private charitable foundation. Prior to joining Tripadvisor, from March 2005 to August 2011, Mr. Kalvert held positions at Expedia, most recently as Vice President and Associate General Counsel. Prior to that, Mr. Kalvert worked at IAC/InterActiveCorp. Mr. Kalvert began his career as an associate at Debevoise & Plimpton, LLP, a New York law firm. Mr. Kalvert also serves on the board of directors of Citizen Schools and as Secretary and a director of the Internet Association, an industry trade group. Mr. Kalvert holds a J.D. from Columbia Law School and an A.B. from Brown University.

Lindsay Nelson has served as Chief Experience and Brand Officer of Tripadvisor LLC since January 2020 having previously served as President of Core Experiences of Tripadvisor LLC from November 2018 through January 2020. From December 2014 through November 2018, Ms. Nelson served in roles of increasing responsibility for Vox Media, Inc., most recently as Chief Commercial Officer and, prior to that, Chief Marketing Officer. Ms. Nelson also serves on the board of directors of Bonnier Corporation, one of the largest special-interest publishing groups in America. Ms. Nelson holds a B.A. from the University of California, Los Angeles.

Kanika Soni has served as Chief Commercial Officer of Tripadvisor LLC since January 2020 having previously served as President of Hotels from April 2019 through December 2019. From October 2016 through March 2019, Ms. Soni served as Senior Vice President and General Manager for Global eCommerce for The Walt Disney Company. Prior to Disney, Ms. Soni held leadership positions at Tesla Motors, Gilt Groupe and McKinsey & Company. Ms. Soni holds an M.B.A. from the University of Chicago Booth School of Business and B.A. from Delhi University.

Executive Summary and 2020 Business Highlights

The Board has a Compensation Committee and a Section 16 Committee that together have primary responsibility for establishing the compensation of our named executive officers. We have a pay for performance philosophy that guides all aspects of our compensation decisions. For example:

- annual incentive compensation is structured so that payouts are tied to the achievement of financial targets;
- certain long-term incentive compensation is structured so that target equity award values are linked to individual and business performance, while realized values are tied to our share price;
- other long-term incentive compensation is designed to reward increasing stockholder value over the long-term;
- the interests of our NEOs are aligned with those of our stockholders through the granting of a substantial portion of compensation in equity awards with key performance metrics and with multi-year vesting requirements; and
- by combining a three- to four-year vesting period for equity awards with policies prohibiting hedging or pledging of such securities, a substantial portion of our executive's compensation package is tied to changes in our stock price, and therefore, is at risk for a significant period of time.

In 2020, we faced significant challenges resulting from the COVID-19 pandemic and restrictions on travel. As a result, we developed new services to generate revenue and initiated cost-saving measures that we believe will enable us to preserve strong profitability moving forward. More specifically, the Company was able to achieve the following:

- Executed disciplined cost controls that drove significant savings in 2020, enabling increased, durable, operating leverage as revenue returns;
- Ensured our strong liquidity position by amending the terms of our credit facility and raising debt capital;
- Focused on our competitive advantages and diverse revenue streams, which are poised to respond quickly when consumer demand recovers and travel advertisers lean back in;
- Ended 2020 with $418 million in cash and cash equivalents; and
- Expanded our long-term growth potential by beta-launching an exciting direct-to-consumer subscription offering called Tripadvisor Plus.

In sum, we successfully navigated the toughest year in our company's history and quickly adapted to our new reality. We believe we have positioned the Company to play an important role in the travel recovery and are positioned to emerge from the pandemic even stronger.

Compensation Program Objectives

Our compensation program is designed to achieve the following objectives:

- Attract, motivate and retain highly skilled employees with the business experience and acumen that management and the Compensation Committees believe are necessary for the achievement of our long-term business objectives;
- Reward specific short-term and long-term financial and strategic objectives;

- Align our executives' financial interests with the long-term financial interests of our stockholders;
- Ensure that the compensation provided to these employees remains competitive with the compensation paid to similarly situated employees at comparable companies; and
- Ensure our program designed does not encourage our executive officers to take unreasonable risks relating to our business.

To that end, management and the Compensation Committees believe the executive compensation packages provided by Tripadvisor to our named executive officers should include both cash and equity-based compensation. The primary elements of our executive compensation program are as follows:

The table below sets forth information regarding the primary elements of our executive compensation program:

Compensation Element	Compensation Objective	Performance Metric	Characteristics	Time Horizon
Base Salary	• Attract and retain qualified executives	• None	• Market-competitive, fixed level of compensation	• Annual
Annual Bonus	• Attract and retain qualified executives • Motivate performance to achieve specific short-term financial and strategic objectives • Align NEOs' and stockholders' interests	• Annual Revenue • Adjusted EBITDA	• At target, annual incentive provides market-competitive total cash opportunity • At-risk compensation	• Annual
Equity Awards - Stock Options	• Attract and retain qualified executives • Align NEOs' and stockholders' interests	• N/A	• Generally vest over a period of four years and serve as a retention glue • Performance-based component in that executives only realize value if the stock price appreciates	• Four years
Equity Awards - Service-Based RSUs	• Attract and retain qualified executives	• N/A	• Generally vest over four years and serve as a retention glue	• Four years
Equity Awards - Performance Based RSUs (PSUs)	• Attract and retain qualified executives • Motivate performance to achieve specific strategies and operating objectives over the long term • Align NEOs' and stockholders' interests	• Annual Revenue • Adjusted EBITDA	• Vest over four years and serve as a retention glue • Motivate executive to achieve specific performance objectives over the long term.	• Four years
Equity Awards - Market Performance Based RSUs (MSUs)	• Attract and retain qualified executives • Align NEOs' and stockholders' interests	• Relative Total Shareholder Return	• Performance period is three years and serve as a retention glue	• Three years

Roles and Responsibilities

Role of the Compensation and Section 16 Committees

The Compensation Committee is appointed by the Board and consists entirely of directors who are "outside directors" for purposes of Section 162(m) of the Code. The Compensation Committee currently consists of Messrs. Maffei and Hoag and Ms. Morgan, with Ms. Morgan acting as Chairperson of the Compensation Committee. The Compensation Committee is responsible for (i) designing and overseeing our compensation with respect to our executive officers, including salary matters, bonus plans and stock compensation plans; and (ii) approving all grants of equity awards, but excluding matters governed by Rule 16b-3 under the Exchange Act (for which the Section 16 Committee has responsibility as described below). Notwithstanding the foregoing, the Compensation Committee has delegated to the Chief Executive Officer of the Company authority to grant certain types of equity awards, subject to certain limitations, to employees other than executive officers.

The Section 16 Committee is also appointed by the Board and consists entirely of directors who are "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act. The Section 16 Committee currently consists of Mr. Hoag and Ms. Morgan. The Section 16 Committee is responsible for administering and overseeing matters governed by Rule 16b-3 under the Exchange Act, including approving grants of equity awards to our named executive officers. Ms. Morgan is also the Chairman of the Section 16 Committee.

Role of Executive Officers

Management participates in reviewing and refining our executive compensation program. Mr. Kaufer, our President and Chief Executive Officer, annually reviews the performance of Tripadvisor and each named executive officer other than himself with the Compensation Committees and makes recommendations with respect to the appropriate base salary, annual bonus and grants of equity awards for each named executive officer, other than in connection with compensation for himself. Based in part on these recommendations and the other factors discussed below, the Compensation Committees review and approve the annual compensation package of each named executive officer.

Role of Compensation Consultant

Pursuant to the Compensation Committee and Section 16 Committee Charter, the Compensation Committees may retain compensation consultants for the purpose of assisting the Compensation Committees in their evaluation of the compensation for our named executive officers. In 2013, the Compensation Committees first retained Compensia, Inc., a management consulting firm providing executive compensation advisory services to compensation committees and senior management. Since then, Compensia has provided objective, independent and expert advice to the Compensation Committees and senior management on matters related to executive pay and performance. More specifically, Compensia has provided the following services to the Compensation Committees:

- Assist in developing and annually evaluating a peer group of publicly-traded companies to help assess executive compensation, equity usage relative to peer companies and "new hire" compensation;
- Compile and analyze competitive compensation market data and review all elements of Tripadvisor's executive compensation to assist the Company in developing a competitive compensation framework for our named executive officers;
- Review the value of equity compensation granted to our executives and advise on matters related to our long-term incentive compensation structure generally (including equity compensation) as well as any potential engagement or retention grants;
- Provide advice on matters related to director compensation; and
- Provide updates on compensation program trends and regulatory developments.

While the Compensation Committees meet regularly with Compensia, the Compensation Committees consider input from their compensation consultant as one factor in making decisions with respect to compensation matters, along with information and analysis they receive from management and their own judgment and experience.

Based on consideration of the factors set forth in the rules of the SEC and Nasdaq, the Compensation Committees have determined that their relationship with Compensia and the work performed by Compensia on behalf of the Compensation Committees have not raised any conflict of interest. In addition, in compliance with the Compensation Committee and Section 16 Committee Charter, the Compensation Committees approved the fees paid to Compensia for work performed in 2020, which fees amounted to less than $120,000.

Role of Stockholders

Tripadvisor provides its stockholders with the opportunity to cast an advisory vote to approve the compensation of our named executive officers every three years. In evaluating our 2018 executive compensation program, the Compensation Committees considered the result of the stockholder advisory vote on our executive compensation (the "say-on-pay vote") held at our Annual Meeting of Stockholders on June 21, 2018, which was approved by approximately 72% of the votes cast.

Although stockholders expressed strong support for our executive compensation program in the last say-on-pay vote, since then, our Board has made modifications to our executive compensation program specifically to address concerns raised by some of our stockholders as well as based on the recommendations of major proxy advisory firms, the practices of companies in our peer group and the views of our compensation consultant. Specifically, in 2018, the Company revised its annual bonus practices such that annual bonus amounts are subject primarily to the achievement of performance goals relating to a combination of revenue and adjusted EBITDA as well as individual performance. In addition, the Compensation Committee re-allocated the equity compensation of our senior leaders from stock options and time-based restricted stock units to stock options, time-based restricted stock units and market-based restricted stock units subject to market-based performance metrics. These changes were designed to further align the interests of our senior leaders with those of our stockholders.

The Compensation Committees will continue to consider the outcome of the say-on-pay vote when making future compensation decisions for our named executive officers.

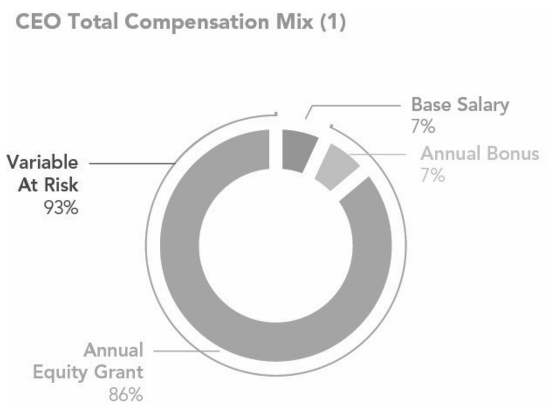
We have historically held a say-on-pay vote every three years. At our 2018 Annual Meeting, stockholders considered and voted upon the frequency of future say-on-pay votes and voted in favor of a say-on-pay vote every three years. Although such vote is advisory and non-binding on Tripadvisor and our Board, the Board will take into account the outcome of this vote in making a determination on the frequency of future say-on-pay votes.

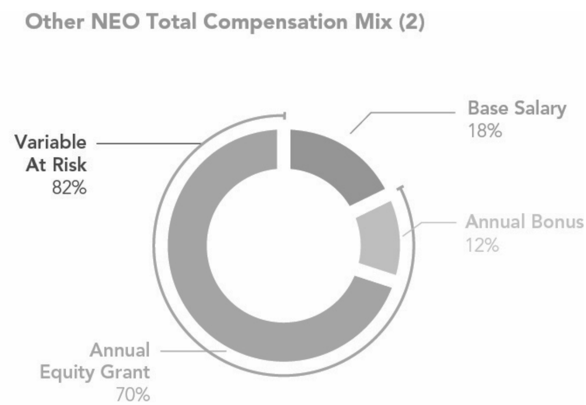
Compensation Program Elements

General

The primary elements of our executive compensation program are base salary, annual cash bonus and long-term incentive compensation in the form of equity awards. The program is designed to closely align executive compensation with performance by allocating a majority of target compensation to performance-based equity awards that directly link the value of executive compensation to our stock price performance and tying annual bonuses to performance, largely specific Company financial metrics.

Our pay-for-performance philosophy is reflected in the charts below showing the key design and structure aspects of our program. All elements of compensation are considered to be performance-based, variable or "at-risk", with the exception of Base Salary.





(1) CEO Total Compensation consists of (i) 2020 annualized Base Salary as approved by the Compensation Committees even though the actual amounts paid were significantly less since Mr. Kaufer agreed in March 2020 to forego his salary for the remainder of the year; (ii) 2020 Annual Bonus paid as reflected in the Summary Compensation Table; and (iii) the grant date fair-value of Mr. Kaufer's 2017 equity grants, which grants are prorated for the portion of service period attributed to 2020.

(2) Other NEO Total Compensation reflects the average of the amounts paid to Messrs. Teunissen and Kalvert and Mmes. Nelson and Soni and consists of (i) 2020 Base Salary as approved by the Compensation Committees; (ii) 2020 Annual Bonus paid as reflected in the Summary Compensation Table; and (iii) the aggregate grant date fair value of the 2020 annual equity awards as disclosed in the table below.

One of the primary objectives of our compensation philosophy is to design pay opportunities that align with our performance and result in strong long-term value creation for our stockholders. The significant weighting of long-term incentive compensation ensures that our named executive officers' primary focus is sustained long-term performance, while our short-term incentive compensation motivates consistent annual achievement.

Following recommendations from management or based on other considerations, the Compensation Committees may also adjust compensation for specific individuals at other times during the year when there are significant changes in responsibilities or under other circumstances that the Compensation Committees consider appropriate.

Base Salary

Base salary represents the fixed portion of a named executive officer's compensation and is intended to provide compensation for expected day-to-day performance. A named executive officer's base salary is initially determined upon hire or promotion based on a number of factors including, but not limited to, his or her responsibilities, prior experience, and salary levels of other executives within Tripadvisor. Providing a competitive base salary to our executives is essential to achieving our objectives of attracting and retaining talent. Base salary is typically reviewed annually, at which time management makes recommendations to the Compensation Committees based on consideration of a variety of factors including, but not limited to, the following:

- the named executive officer's total compensation relative to other executives in similarly situated positions;
- his or her individual performance relative to performance goals established between our President and Chief Executive Officer and the named executive officer;
- competitive compensation market data, when available;
- his or her responsibilities, prior experience, and individual compensation history, including any non-standard compensation;

- general economic conditions; and
- the recommendations of the President and Chief Executive Officer (other than in connection with his own compensation).

After careful consideration of the factors discussed above with respect to each of the named executive officers, the Compensation Committees approved 2020 base salary changes for our named executive officers. The table below describes, for each NEO, the 2019 base salary, the base salary increase and the 2020 base salary.

Name	2019 (1)	Annual Salary (Increase / Decrease)	2020 (2)
Stephen Kaufer	$ 825,000	$ —	$ 825,000
Ernst Teunissen	$ 490,000	$ 20,000	$ 510,000
Seth Kalvert	$ 465,000	$ 15,000	$ 480,000
Lindsay Nelson	$ 480,000	$ 15,000	$ 495,000
Kanika Soni	$ 480,000	$ 15,000	$ 495,000

(1) Reflects base salary of the NEOs as of December 31, 2019

(2) Reflects base salary of the NEOs as of December 31, 2020.

Adjustments were made to the annual base salaries of the named executive officers, primarily in response to the scope of responsibilities and the analysis provided by Compensia on competitive compensation market data for executive officers within our peer group in comparable positions.

Notwithstanding the foregoing determinations regarding Mr. Kaufer's base salary, in light of the impacts of the COVID-19 pandemic and the uncertainty around the pandemic's full impact on the Company and its financial performance, in March 2020, Mr. Kaufer announced that he would forego his base salary for the remainder of the 2020 calendar year.

Annual Bonus

Annual bonuses are awarded to recognize and reward each named executive officer based on achievement of the Company's annual operating plan as well as achievement of any strategic goals or business goals set for such named executive officer and such named executive officer's contributions to the Company's performance. The amount payable each year is based on (i) with respect to 50%, the extent to which certain pre-established financial performance goals are achieved during the year, and (ii) with respect to the remaining 50%, the extent to which individual performance goals established for each named executive officer are achieved during the year. The annual bonus is "variable compensation" because the Company must achieve certain performance goals for the executive officers to receive an annual incentive bonus, with the amount of bonus based on the extent to which the goals are achieved. The annual bonus is designed to motivate our executive officers to improve Company performance. The annual bonus program aligns a portion of executive compensation with key business and financial targets and, as a result, provides a valuable link between compensation and creation of stockholder value.

Unless otherwise provided by the provisions of his or her employment agreement, the target annual bonus opportunities for our named executive officers are generally established by the Compensation Committees, based on competitive market data and recommendations by the President and Chief Executive Officer (other than in connection with his own compensation). After consideration of the views of our stockholders, the practices of other companies in our peer group and the recommendation of our compensation consultant, the Compensation Committees determined that annual incentive bonuses awarded to our named executive officers based on the achievement of pre-established performance goals would be subject primarily to the achievement of performance goals relating to a combination of revenue and adjusted EBITDA (as such terms are used and such amounts are reported in the Company's financial statements) for the entire company. The Compensation Committee determined these performance metrics were appropriate since most executives have influence over revenue and adjusted EBITDA, which allows a balanced focus on both revenue growth and profitability.

In 2020, the Compensation Committee set the threshold for payment at 85% of the revenue target and 80% of the adjusted EBITDA target and the payout at a threshold of 50% of each individual's annual bonus target. For example, no annual bonus related to the pre-determined financial goals would occur unless the Company achieved at least 85% of the revenue target or 80% of the adjusted EBITDA target. The maximum payout of 200% of the target bonus requires achievement of 120% of the revenue target and 130% of the adjusted EBITDA target. The annual bonus was designed with such threshold, target and maximum payout goals in order to create more financial incentive for management to achieve a performance range of target or higher. The remaining 50% of each individual's annual bonus target would be paid out based on the extent to which the executive achieved certain individual performance goals.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, resulting in global social and economic disruption, including the largest global recession since the Great Depression, and significantly impacting the Company's business and its ability to achieve its original plan for the fiscal year ended December 31, 2020. In response to the pandemic, management shifted the Company's focus to several critical initiatives, including but not limited to the following: (i) reduce the Company's expenses, maintain the Company's cash reserves and bolster the Company's liquidity (e.g. amending the Company's credit facility and conducting a bond offering); (ii) make investments in new innovative product offerings like Tripadvisor Plus and Reco; and (iii) execute on other important initiatives to improve the Company's platform and user experience. In light of the foregoing, the Committee approved certain changes to the 2020 annual bonus plan to reflect the Company's shifting priorities and performance metrics. In addition to moving away from the specific revenue and adjusted EBITDA targets established prior to the pandemic outbreak, the Compensation Committees, with input from management, established the strategic initiatives described above as performance metrics.

In February 2021, management recommended payouts for bonuses with respect to the 2020 calendar year for each of our named executive officers after taking into account a variety of factors including, but not limited to, the following:

- Tripadvisor's actual revenue and adjusted EBITDA results for the year;
- Tripadvisor's performance against the strategic initiatives described above and the extent of the executive officers' contributions and efforts with respect to such initiatives;
- the named executive officer's individual performance; and
- the recommendations of the President and Chief Executive Officer (other than in connection with his own compensation).

The table below describes, for each named executive officer, the target bonus for 2020, the actual bonus paid and percentage of bonus paid relative to target.

Name	Target Bonus as % of Base Salary	Target Bonus	Bonus Award	Percentage of Award to Target
Stephen Kaufer	100%	$ 825,000	$ 721,875	88%
Ernst Teunissen	80%	$ 408,000	$ 348,840	86%
Seth Kalvert	80%	$ 384,000	$ 297,600	78%
Lindsay Nelson	90%	$ 445,500	$ 363,083	82%
Kanika Soni	90%	$ 445,500	$ 327,443	74%

Equity Awards

The Compensation Committees use equity awards to align executive compensation with our long-term performance. Equity awards link compensation to financial performance because their value depends on increases in Tripadvisor's share price and/or stockholder return. Equity awards are also an important retention tool because they generally vest over a multi-year period, subject to continued service by the award recipient. Equity awards are typically granted to our named executive officers upon hire or promotion and annually thereafter. Management generally recommends annual equity awards in the first quarter of each year when the Compensation Committees meet to make determinations regarding annual bonuses for the last completed fiscal year and to set compensation levels for the current fiscal year. The practice of the Compensation Committees is to generally grant equity awards to our named executive officers only in open trading windows.

Under the Company's stock plans, the Compensation Committees may grant a variety of long-term incentive vehicles. The following is a general description of the vehicles we used in 2020.

Stock Options. Stock options have an exercise price equal to the market price of Tripadvisor common stock on the date of grant, and, therefore, provide value to our named executive officers only if our stock price increases. Stock options have historically vested over a period of four years; however, in 2020, after consulting with the compensation consultants, the Compensation Committees determined to change the vesting period from four years to two years. We believe stock options incentivize our named executive officers to sustain increases in stockholder value over extended periods of time.

Service-Based Restricted Stock Units, or RSUs. RSUs are a promise to issue shares of our common stock in the future provided that the named executive officer remains employed with us through the award's vesting period. RSUs generally vest over a period of four years; however, in 2020, after consulting with the compensation consultants, the Compensation Committees determined to change the vesting period from four years to two years. RSUs provide the opportunity for capital accumulation and long-term incentive value and are intended to assist in satisfying our retention objectives.

Market-Based RSUs, or MSUs. The MSU is a long-term incentive that is designed to further align our executives' interests with those of our stockholders. It is settled in common stock after certification of performance based upon the achievement of a market-based performance metric over a specified performance period. Payout of these MSUs is tied to the Company's total stockholder return, or TSR, over a three-year period relative to the TSR of companies listed in the Nasdaq Composite Total Return Index. These awards have a payout opportunity ranging from 0% to 200% of target shares of common stock, with 100% of the target number of shares earned when Tripadvisor's TSR is equal to that of the index. Payout is increased (or decreased) by 2% of the target shares for every 1% that Tripadvisor's TSR exceeds (or trails) the index. In 2021, after consulting with the compensation consultants, the Compensation Committees determined not to grant MSUs.

The Compensation Committees review various factors considered by management when they establish Tripadvisor's equity award grant pool including, but not limited to, the following:

- Tripadvisor's business and financial performance, including year-over-year performance;
- dilution rates, taking into account projected headcount growth and employee turnover;
- equity compensation utilization by peer companies;
- general economic conditions; and
- competitive compensation market data regarding award values.

For specific awards to our NEOs, management makes recommendations to the Section 16 Committee based on a variety of factors including, but not limited to, the following:

- Tripadvisor's business and financial performance, including year-over-year performance;
- individual performance and future potential of the executive;
- the overall size of the equity award pool;
- award value relative to other Tripadvisor employees;
- the value of previous awards and amount of outstanding unvested equity awards;

- competitive compensation market data, to the degree that the available data is comparable; and
- the recommendations of the President and Chief Executive Officer (other than in connection with his own compensation).

After review and consideration of the recommendations of management and the President and Chief Executive Officer (other than with respect to awards for himself), the Section 16 Committee decides whether to grant equity awards to our NEOs. After consideration of the factors discussed above, in February 2020 the Section 16 Committee granted the equity awards described below to our NEOs other than Mr. Kaufer in connection with our annual equity awards program.

Name		Grant Date Fair Value	Number of Stock Options	Number of RSUs	Number of MSUs
Ernst Teunissen (1)	$	2,305,529	55,473	43,911	21,955
Seth Kalvert	$	1,844,399	44,378	35,128	17,564
Lindsay Nelson	$	1,844,399	44,378	35,128	17,564
Kanika Soni	$	1,844,399	44,378	35,128	17,564

(1) On May 8, 2020, the Company entered into an amendment to the employment agreement with Mr. Teunissen. The amendment, among other things, provides for a target payment, to be paid in cash or shares of the Company's common stock (in the Company's sole discretion) in an amount equal to the difference between a maximum payment of $7 million and the aggregate intrinsic value of Mr. Teunissen's equity awards that vest between May 1, 2020 and May 31, 2022, as measured using the average market price of the Company's common stock for ten trading days immediately prior to May 31, 2022.

The stock options were granted with an exercise price equal to the closing market price of our common stock on the date of grant. RSUs and stock options were initially granted to vest in four equal annual installments, with the first vesting date expected to occur on February 15, 2021. On May 27, 2020 and July 15, 2020, and in response to the COVID-19 pandemic, the Compensation Committees approved modifications to the Company's RSUs and stock options, respectively, issued to its employees in the first quarter of 2020. The Compensation Committee deemed this modification to be in the best interest of the Company in light of the significant challenges posed by the pandemic, shifting priorities and increased demands placed on the Company's remaining employees following the work force reductions and furloughs impacting approximately 1,500 employees. Such modifications reduced the original grant-date vesting period from four years to two years, with 50% vesting on February 15, 2021, and 12.50% of the remaining award vesting in equal quarterly installments commencing thereafter. There was no change to the original fair value of the impacted RSUs or stock options as a result of this modification. This modification did not apply to the RSUs and stock options granted to Mr. Teunissen in light of the separate arrangement described below.

The MSUs vest following completion of the performance period commencing January 1, 2020 through December 31, 2022, upon certification by the Compensation Committee and based on the achievement of the applicable performance goals.

While we typically make annual equity grants for long-term incentive to our named executive officers in February of each year, since Mr. Kaufer received a significant equity grant for long-term incentive compensation in November 2017, he did not receive an annual equity grant in 2018, 2019 or 2020.

In addition, in August 2020, the Compensation Committees discussed with the compensation consultant the challenges facing the Company in light of the COVID-19 pandemic and the shift in strategic imperatives in response. The Compensation Committees determined it was appropriate to authorize a retention grant to a limited number of senior leaders in order to facilitate the Company's successful navigation of the very volatile time period and mitigate the potential business risk of unwanted turnover. Below please find a summary of the awards granted to our named executive officers.

Name		Grant Date Fair Value	Number of RSUs
Seth Kalvert	$	999,988	45,187
Lindsay Nelson	$	1,749,996	79,078
Kanika Soni	$	1,249,991	56,484

The grants were in the form of RSUs and cliff-vest in full on the second anniversary of the date of grant, or August 2022.

Employee Benefits

In addition to the primary elements of compensation described above, our named executive officers also participate in employee benefits programs available to our employees generally, including the Tripadvisor Retirement Savings Plan, a tax-qualified 401(k) plan. Under this plan, Tripadvisor matches 50% of each dollar contributed by a participant, up to the first 6% of eligible compensation, subject to tax limits. As part of cost-cutting measures in response to the COVID-19 pandemic, the Company halted its 401(k) match for three months in 2020; however, this match was reinstated in September 2020.

In addition, we provide other benefits to our named executive officers on the same basis as all of our domestic employees generally. These benefits include group health (medical, dental, and vision) insurance, group disability insurance, and group life insurance. Tripadvisor also sponsors a Global Personal Travel Reimbursement program generally available to all employees, including our named executive officers, which provides for reimbursement of up to $750 per year for qualifying leisure travel. In addition, Tripadvisor sponsors a "wellness benefit" generally available to all employees, including our named executive officers, that provides for reimbursement of up to $600 per year for qualifying health-related expenses.

In situations where a named executive officer is required to relocate, Tripadvisor provides relocation benefits, including reimbursement of moving expenses, temporary housing and other relocation expenses as well as a tax gross-up payment on the relocation benefits. In 2018, Ms. Nelson relocated from New York to our corporate headquarters in Needham, Massachusetts and received certain relocation support in 2018 and 2019. In 2019, Ms. Soni relocated from California to our corporate headquarters in Needham, Massachusetts and received certain relocation support in 2019. These Company benefits are described further in the Summary Compensation Table and neither Ms. Nelson nor Ms. Soni continue to receive such relocation benefits.

Compensation-Related Policies

Executive Compensation Recovery, or "Clawback", Provisions

Tripadvisor has an executive compensation recovery, or clawback, provision in our form of award agreements providing for recoupment of equity compensation. Each of Tripadvisor's equity award documents provide that, under certain circumstances, the employee agrees that certain equity securities issued to such employee (whether or not vested) may be forfeited and cancelled in their entirety upon such termination of employment. In such event, Tripadvisor may cause the employee to either (i) return the equity securities or shares of common stock issued upon exercise or vesting of such securities, or (ii) pay to Tripadvisor an amount equal to the aggregate amount, if any, that the employee had previously realized in respect of any and all shares of common stock acquired upon exercise or vesting of such equity awards.

We intend to adopt a general clawback policy covering our annual and long-term incentive award plans and arrangements or amend our existing documents once the SEC adopts final rules implementing the requirement of Section 954 of the Dodd-Frank Act.

Insider Trading and Hedging Policy

Tripadvisor has adopted an Insider Trading Policy covering our directors, officers, employees and consultants that is designed to ensure compliance with relevant SEC regulations, including insider trading rules. Tripadvisor's Insider Trading Policy also prohibits directors, officers, employees and consultants from engaging in various types of transactions in which they may profit from short-term speculative swings in the value of Tripadvisor securities. These transactions include "short sales" (or selling borrowed securities which the sellers hopes can be purchased at a lower price in the future), "put" and "call" options (or publicly available rights to sell or buy securities within a certain period of time at a specified price or the like) and hedging transactions, such as zero-cost collars and forward sale contracts. The policy also prohibits the pledge or use of company securities as collateral in a margin account or collateral for a loan.

Stock Ownership Guidelines

In October 2015, the Board adopted guidelines which require that our named executive officers and members of our Board own shares of our common stock to further align their interests with those of our stockholders. These guidelines were reviewed in January 2019, after which revised guidelines were approved. These guidelines require that our named executive officers and directors must directly hold securities having market or intrinsic value which is equal to or greater than a specified multiple of his or her base salary or cash retainer, as set forth below:

- For our President and Chief Executive Officer, six times his annual base salary;
- For all other named executive officers, three times his or her annual base salary; and
- For each non-employee director, three times his or her annual cash retainer.

For purpose of these calculations, 100% of shares of common stock and 50% of vested "in-the-money" stock options are counted. Individuals subject to these guidelines are required to achieve the relevant ownership threshold on or before the later of January 30, 2024, or five years after commencing service as a named executive officer or director.

These stock ownership guidelines were established after consideration of the Compensation Committees' review of market practices of other companies in the Company's peer group with respect to stock ownership guidelines and in an effort to enhance risk mitigation and to more closely align the interests of the Company's executive officers and Board members with those of the Company's stockholders.

Code of Business Conduct and Ethics

In February 2021, our Board adopted an amended and restated Code of Business Conduct and Ethics applicable to all of our directors, officers, employees, consultants and independent contractors. A copy of the Code of Business Conduct and Ethics is posted on our website at http://ir.Tripadvisor.com/corporate-governance.

Role of Competitive Compensation Market Data

Management considers multiple data sources when reviewing compensation information to ensure that the data reflects compensation practices of relevant companies in terms of size, industry and geographic location. Among other factors, management considers the following information in connection with its recommendations to the Compensation Committees regarding compensation for our named executive officers:

- Data from salary and equity compensation surveys that include companies of a similar size, based on market capitalization, revenues and other factors; and
- Data regarding compensation for certain executive officer positions from recent proxy statements and other SEC filings of peer companies, which include: (i) direct industry competitors, and (ii) non-industry companies with which Tripadvisor commonly competes for talent (including both regional and national competitors).

The Compensation Committees retained Compensia to periodically review the compensation peer group and to recommend possible changes. Our business model is specialized in that we use our innovative technology systems and software to attract users and then facilitate transactions between our business partners and those users. Accordingly, Compensia identified comparable companies focusing on publicly-traded companies in the business to consumer ("B2C") and software industries. Peer group companies are also selected for inclusion based on revenue and market capitalization.

In October 2019, based on input from Compensia, the Compensation Committees approved the peer group for purposes of reviewing and considering our executive officers' 2020 base salaries, 2020 annual bonus targets, and 2020 annual equity awards. The newly-approved peer group differed from the prior peer group in that we eliminated four companies (Shutterfly, Inc., Wayfair, Inc., Splunk, Inc. and VeriSign, Inc.) and added three companies (ANGI Homeservices, Inc., CarGurus, Inc., and Stitch Fix, Inc.) in order to more closely position Tripadvisor near the 50th percentile of its peer group in terms of revenues and market capitalization.

The following is a list of the companies that constituted our peer group in 2020:

Company Name		Revenue (Last Four Quarters)(1)		Market Cap (Third Day Average as of December 8, 2020)
Akamai Technologies	$	3,124	$	16,450
ANGI Homeservices	$	1,430	$	5,609
Ansys	$	1,544	$	27,951
Booking Holdings	$	8,897	$	79,605
CarGurus	$	558	$	2,583
Cimpress plc	$	2,434	$	2,226
Citrix	$	3,237	$	14,801
Etsy	$	1,378	$	17,593
Expedia Group	$	7,026	$	16,418
Groupon	$	1,686	$	758
Grubhub	$	1,658	$	6,716
IAC/InterActiveCorp	$	2,869	$	11,561
Match Group	$	4,993	$	35,466
Stitch Fix	$	1,757	$	3,936
Twitter	$	3,435	$	35,742
Yelp	$	909	$	2,071
Zillow Group	$	3,495	$	24,683
Zynga	$	1,763	$	9,232
Tripadvisor Inc.	**$**	**823**	**$**	**3,326**

(1) Represents revenue in the four quarters commencing the fourth quarter of 2019 and through the third quarter of 2020.

When available, management and the Compensation Committees consider competitive market compensation paid by peer group companies but do not attempt to maintain a certain target percentile within the compensation peer group or otherwise rely solely on such data when making recommendations to the Compensation Committees regarding compensation for our named executive officers. Management and the Compensation Committees strive to incorporate flexibility into our executive compensation program and the assessment process to respond to and adjust for the evolving business environment and the value delivered by our named executive officers.

At the time the peer group was approved, Tripadvisor's revenue ($1.6 billion) was ranked at the 44th percentile and market cap ($5.5 billion) was positioned at the 36th percentile. However, in December 2020, Tripadvisor's revenue ($823 million) was ranked at the 4th percentile and market cap ($3 billion) was positioned at the 21st percentile. As a result, in February 2021, based on input from Compensia, the Compensation Committees approved certain changes to the peer group for purposes of reviewing and considering our executive officers' 2021 base salaries, 2021 annual bonus targets, and 2021 equity awards. We eliminated four companies (ANSYS, Inc, Citrix Systems, Inc., Match Group and Twitter, Inc.) and added four companies (Box, HubSpot, RedFin and Sabre) in order to more closely position Tripadvisor near the 50th percentile of its peer group in terms of pre-pandemic revenues and market capitalization.

Post-Employment Compensation

The Company has entered into employment arrangements with each of Messrs. Kaufer, Kalvert and Teunissen and Mss. Nelson and Soni. Pursuant to these agreements, each of our named executive officers is eligible to receive certain severance payments and benefits in the event of a qualifying termination of employment. The material terms of these employment agreements are described below under the heading "Potential Payments Upon Termination or Change in Control."

We believe that a strong, experienced management team is essential and in the best interests of the Company and our stockholders. In addition, we recognize that the possibility of a change in control could arise and that such an event could result in the departure of our senior leaders to the detriment of the Company and our stockholders. As a result, in 2017 we adopted a severance plan applicable to certain senior leaders (the “Severance Plan”). The Severance Plan formalizes and standardizes our severance practices for certain of our senior leaders. Adoption of the Severance Plan was approved by the Compensation Committees. The Severance Plan applies to all named executive officers, including Mr. Kaufer, as well as certain other senior leaders. While the benefits are generally consistent with the severance benefits provided for in individual employment agreements, there are some differences. Under the terms of the Severance Plan, in the event of any conflict or inconsistency between the terms of any employment agreement and the Severance Plan, the terms more beneficial to the executive shall prevail. For a description and quantification of change in control payments and benefits for our named executive officers, please see the section below entitled “Potential Payments Upon Termination or Change in Control.”

The 2018 Plan provides only for “double trigger” acceleration (i.e., acceleration upon termination by the Company other than for Cause or disability or resignation for Good Reason, in each case within three months prior to and 12 months following a change in control). The 2018 Plan also provides for acceleration of all equity awards upon the death of a participant. Please see “Estimated Potential Incremental Payments” below for further information regarding the treatment of equity awards held by our Named Executive Officers upon certain circumstances.

Tax Considerations

Section 162(m) of the Code generally precludes a tax deduction by any publicly-held company for compensation paid to any “covered employee” to the extent the compensation paid to such covered employee exceeds $1 million during any taxable year of the company. The Tax Cuts and Jobs Act of 2017 (the “2017 Tax Act”) included changes to Section 162(m) effective for years after 2017. Prior to 2018, “covered employees” included the Chief Executive Officer of the company and the three other highest paid officers of the company (other than the Chief Financial Officer). For 2018 and later years, “covered employees” will include the Chief Executive Officer of the company, the Chief Financial Officer of the company, the three highest paid officers of the company (other than the Chief Executive Officer and the Chief Financial Officer) and any employee who qualified as a “covered employee” either in 2017 (applying the pre-2018 definition) or for any tax year beginning in or after 2018 (applying the definition in the 2017 Tax Act). For years beginning prior to January 1, 2018, the $1 million deduction limit did not apply to “qualified performance-based compensation” that was based on the attainment of pre-established, objective performance goals established under a stockholder-approved plan. Effective for the years beginning on or after January 1, 2018, there is no exception for “qualified performance-based compensation”; but a transition rule provides that the “qualified performance-based compensation” exemption will continue to apply to grandfathered arrangements made pursuant to a binding contract in effect on or before November 2, 2017 that is not materially modified thereafter. We believe that it is important to preserve flexibility in administering compensation programs to promote various corporate goals. Accordingly, we have not adopted a policy that all compensation must qualify as deductible under Section 162(m) (although we have identified the compensation that is grandfathered under the transition rule, so as to protect against material modifications where possible). Amounts paid under our compensation programs may not be deductible as the result of Section 162(m). While our policy has generally been to preserve corporate tax deductions by qualifying compensation over $1 million paid to executive officers as performance-based, the Compensation Committees have, from time to time, concluded that compensation arrangements are in our best interests and the best interests of our stockholders despite the fact that such arrangements might not, in whole or part, qualify for tax deductibility. Moreover, the recent enactment of Public Law No. 117-2, commonly known as the American Rescue Plan Act of 2021, has further expanded the scope to include the five most highly compensated employees, for tax years beginning after 2026. Going forward, we intend to continue to design our executive compensation arrangements to be consistent with our best interests and those of our stockholders; accordingly, the Compensation Committees, while considering the tax deductibility as a factor in determining executive compensation, may not limit such compensation to those levels that will be deductible, particularly in light of the elimination of the expansion of the covered employee group and the elimination of the exception for performance-based compensation.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Messrs. Maffei and Hoag and Ms. Morgan and the Section 16 Committee consists of Mr. Hoag and Ms. Morgan. None of Messrs. Maffei and Hoag or Ms. Morgan was an officer or employee of Tripadvisor, formerly an officer of Tripadvisor, or an executive officer of an entity for which an executive officer of Tripadvisor served as a member of the compensation committee or as a director during the one-year period ended December 31, 2020.

During the last fiscal year, none of our executive officers served as: (1) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee; (2) a director of another entity, one of whose executive officers served on our Compensation Committee; or (3) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Board.

Compensation Committees Report

This report is provided by the Compensation Committee and the Section 16 Committee, or the Compensation Committees, of the Board. The Compensation Committees have reviewed the Compensation Discussion and Analysis and discussed that analysis with management. Based on this review and discussions with management, the Compensation Committees recommended to the Board that the Compensation Discussion and Analysis be included in Tripadvisor's 2021 Proxy Statement.

No portion of this Compensation Committees Report shall be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that Tripadvisor specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed to be "soliciting material" or "filed" under either the Securities Act or the Exchange Act.

Members of the Compensation Committee:	*Betsy L. Morgan (Chairperson)* *Jay C. Hoag* *Gregory B. Maffei*
Members of the Section 16 Committee:	*Betsy L. Morgan (Chairperson)* *Jay C. Hoag*

CEO PAY RATIO

Overview

The SEC adopted rules requiring annual disclosure of the ratio of the annual total compensation of a company's principal executive officer to such company's median employee's total annual compensation, excluding the principal executive officer for purposes of this calculation. The purpose of this disclosure is to provide a measure of the equitability of pay within the organization.

The 2020 annual total compensation of our median employee, excluding Mr. Kaufer, our President and CEO, was estimated to be $88,563. The 2020 annual total compensation of our President and CEO, as reported in our Summary Compensation Table, was $919,464. The ratio of the annual total compensation of our President and CEO to that of our median employee was approximately 10 to 1. We believe this pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules. Please note the following information to provide important context related to our employee population and to describe the methodology and the material assumptions, adjustments, and estimates that we used to calculate this ratio.

- Tripadvisor is a global company, with complex operations worldwide and many of our employees are located outside of the United States. As of December 31, 2020, our workforce consisted of approximately 2,600 full-time and part-time employees, including hourly employees. Nearly 40% of the Company's employees are located in the United States, with the remaining employees located in Europe and throughout the rest of the world. We selected December 31, 2020 as the date upon which we would identify the "median employee," because it enabled us to make such identification in a reasonably efficient and economical manner.

- We included all full-time, part-time, and temporary employees globally, excluding our President and CEO. We annualized compensation of 409 full-time and part-time employees who were hired in 2020 but did not work for us for the entire fiscal year. Earnings of our employees outside the U.S. were converted to U.S. dollars using the currency exchange rates used for organizational planning purposes, which consider historic and forecasted rates as well as other factors. We did not make any cost of living adjustments.

- Our compensation measure, which is consistently applied and used to identify our median employee, was annualized base salary, short-term bonus at target and annual long-term equity incentive at target.

- We identified employees within $350 of the median 2020 annual total compensation and excluded those employees who had anomalous compensation characteristics.

Because the SEC rules for identifying the median employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices, the pay ratio reported by other companies may not be comparable to our pay ratio, as other companies have offices in different countries, employee populations and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their pay ratios.

Summary Compensation

The following table sets forth certain information regarding the compensation earned by each of our named executive officers for services rendered in 2020, 2019 and 2018.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
Stephen Kaufer	2020	184,039	—	—	—	721,875	13,550	919,464
President and Chief Executive Officer	2019	820,192	—	—	—	424,545	1,210,941	2,455,678
	2018	796,154	—	—	—	1,163,360	13,250	1,972,764
Ernst Teunissen	2020	511,000	—	1,743,033	562,496	348,840	8,337	3,173,706
Chief Financial Officer and	2019	486,154	—	4,699,961	624,982	335,003	175,592	6,321,692
Chief Executive - Viator, TheFork	2018	464,207	—	2,141,356	624,994	546,779	8,850	3,786,186
and CruiseCritic								
Seth J. Kalvert	2020	481,500	—	2,394,394	449,993	297,600	12,131	3,635,618
Chief Legal Officer and Secretary	2019	462,116	—	3,683,944	474,992	317,911	207,186	5,146,149
	2018	448,053	—	1,627,393	474,994	460,512	14,600	3,025,552
Lindsay Nelson	2020	496,616	—	3,144,402	449,993	363,083	9,550	4,463,644
Chief Experience and Brand Officer	2019	481,096	—	2,719,986	499,990	619,187	126,126	4,446,385
	2018	69,423	—	2,183,877	1,999,569	250,000	180,018	4,682,887
Kanika Soni	2020	496,616	—	2,644,397	449,993	327,443	8,800	3,927,249
Chief Commercial Officer	2019	345,231	—	4,367,699	1,999,999	632,000	261,254	7,606,183
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) The amounts for annual bonus awards paid to the NEOs pursuant to the Company's incentive plan are reflected in the "Non-Equity Incentive Plan Compensation" column.

(2) The amounts reported represent the aggregate grant date fair value of awards granted in the year indicated, calculated in accordance with FASB ASC Topic 718. We have disclosed the assumptions made in the valuation of the awards in "Note 15 - Stock Based Awards and Other Equity Instruments" in the notes to our consolidated financial statements in our 2020 Annual Report. For MSUs granted, the value reported reflects the estimated grant-date fair value of the awards based upon a Monte-Carlo simulation model, which simulated the present value of the potential outcomes of future stock prices and TSR of the Company as measured against the Nasdaq Composite Total Return Index over the performance period. The value of Mr. Teunissen's 2020, 2019, and 2018 MSUs at the grant date, assuming the highest level of the performance conditions was achieved, is $1,236,067, $1,493,626, and $1,782,713, respectively. The value of Mr. Kalvert's 2020, 2019 and 2018 MSUs at the grant date, assuming the highest level of the performance conditions was achieved, is $988,853, $1,135,114 and $1,354,795, respectively. The value of Ms. Nelson's 2020 and 2019 MSUs at the grant date, assuming the highest level of the performance conditions was achieved, is $988,853 and $1,194,924, respectively. The value of Ms. Soni's 2020 MSUs at the grant date, assuming the highest level of the performance conditions was achieved, is $988,853.

(3) For a description of the annual cash bonus program, please see "Annual Bonus" in Compensation, Discussion and Analysis.

(4) Refer to the "2020 All Other Compensation" table below for information regarding the 2020 amounts reported.

2020 All Other Compensation

Name	Matching Charitable Donation ($)(a)	Employer Retirement Contributions ($)(b)	Other ($)	Total ($)
Stephen Kaufer	5,000	8,550	—	13,550
Ernst Teunissen	—	8,337	—	8,337
Seth J. Kalvert	5,000	7,131	—	12,131
Lindsay Nelson	1,000	8,550	—	9,550
Kanika Soni	—	8,550	250	8,800

(a) Represents matching charitable contributions made by the Company on behalf of the named executive officers.

(b) Represents matching contributions under the Tripadvisor Retirement Savings Plan as in effect through December 31, 2020, pursuant to which Tripadvisor matches $0.50 for each dollar a participant contributes, up to the first 6% of eligible compensation, subject to certain limits.

Grants of Plan-Based Awards

While we typically make annual equity grants for long-term incentive compensation to our executive officers in February of each year, Mr. Kaufer has not historically received annual equity grants and, instead, received a significant equity grant for long-term incentive compensation in November 2017. In light of this grant, the Section 16 Committee did not grant to Mr. Kaufer any plan-based awards in 2018, 2019 or 2020.

The table below provides information regarding the plan-based awards granted in 2020 to our NEOs under our 2018 Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards($)			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards ($)(1)
		Threshold	Target	Maximum				
Stephen Kaufer								
Annual Bonus	2/25/2020	412,500	825,000	1,650,000	—	—	—	—
Ernst Teunissen								
Stock Options (2)	2/25/2020	—	—	—	—	55,473	25.62	562,496
RSUs (2)	2/25/2020	—	—	—	43,911	—	—	1,125,000
MSUs (2)(3)	2/25/2020	—	—	—	21,955	—	—	618,033
Annual Bonus	2/25/2020	204,000	408,000	816,000	—	—	—	—
Seth J. Kalvert								
Stock Options (2)	2/25/2020	—	—	—	—	44,378	25.62	449,993
RSUs (2)	2/25/2020	—	—	—	35,128	—	—	899,979
MSUs (2)(3)	2/25/2020	—	—	—	17,564	—	—	494,427
Annual Bonus	2/25/2020	192,000	384,000	768,000	—	—	—	—
RSUs (2)	8/11/2020	—	—	—	45,187	—	—	999,988
Lindsay Nelson								
Stock Options (2)	2/25/2020	—	—	—	—	44,378	25.62	449,993
RSUs (2)	2/25/2020	—	—	—	35,128	—	—	899,979
MSUs (2)(3)	2/25/2020	—	—	—	17,564	—	—	494,427
Annual Bonus	2/25/2020	222,750	445,500	891,000	—	—	—	—
RSUs (2)	8/11/2020	—	—	—	79,078	—	—	1,749,996
Kanika Soni								
Stock Options (2)	2/25/2020	—	—	—	—	44,378	25.62	449,993
RSUs (2)	2/25/2020	—	—	—	35,128	—	—	899,979
MSUs (2)(3)	2/25/2020	—	—	—	17,564	—	—	494,427
Annual Bonus	2/25/2020	222,750	445,500	891,000	—	—	—	—
RSUs (2)	8/11/2020	—	—	—	56,484	—	—	1,249,991

(1) The amounts reported represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 and may not correspond to the actual value that will be realized by the executive. See footnote (2) in the Summary Compensation Table above for more information regarding the determination of the grant date fair value of these awards, including the value of MSUs assuming achievement at target performance.

(2) For a description of the vesting terms of these awards, please see "Outstanding Equity Awards at Fiscal Year-End" below.

(3) The number of shares of stock or units reported represents the target number of units to be issued. Depending on the Company's performance, executives may receive no awards or up to 200% of the target amount reflected.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding the holdings of all equity awards held by our named executive officers as of December 31, 2020. The market value of the RSUs is based on the closing price of Tripadvisor common stock on Nasdaq on December 31, 2020, the last trading day of the year, which was $28.78 per share.

		Option Awards				Stock Awards			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Option Exercise Price ($)(13)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(13)**
Stephen Kaufer	5/4/2012	250,000	—	36.70	5/4/2022	—	—	—	—
	8/28/2013	1,100,000	—	69.02	8/28/2023	—	—	—	—
	2/22/2016	5,756	—	59.61	2/22/2026	—	—	—	—
	2/27/2017	13,759	—	39.31	2/27/2027	—	—	—	—
	11/28/2017(1)	—	780,000	31.21	11/28/2027	—	—	—	—
	11/28/2017(1)	—	—	—	—	478,224		—	—
	11/28/2017(2)	—	—	—	—	—	—	59,779	—
Ernst Teunissen	12/1/2015	141,424	—	79.43	12/1/2025	—	—	—	—
	2/27/2017(3)	—	—	—	—	13,111	377,335	—	—
	2/27/2017(4)	108,171	36,056	39.31	2/27/2027	—	—	—	—
	2/27/2017(4)	—	—	—	—	16,389	471,675	—	—
	2/22/2018(3)	17,704	17,704	38.15	2/22/2028	—	—	—	—
	2/22/2018(3)	—	—	—	—	16,846	484,828	—	—
	2/27/2019(3)	7,001	21,000	50.63	2/27/2029	—	—	—	—
	2/27/2019(3)	—	—	—	—	19,442	559,541	—	—
	2/27/2019(5)	—	—	—	—	—	—	12,961	373,018
	12/20/2019(6)	—	—	—	—	42,415	1,220,704	—	—
	2/25/2020(7)	—	55,473	25.62	2/25/2030	—	—	—	—
	2/25/2020(7)	—	—	—	—	43,911	1,263,759	—	—
	2/25/2020(8)	—	—	—	—	—	—	21,955	631,865
Seth J. Kalvert	5/4/2012	34,347	—	36.70	5/4/2022	—	—	—	—
	2/28/2013	50,473	—	42.04	2/28/2023	—	—	—	—
	2/21/2014	24,526	—	93.42	2/21/2024	—	—	—	—
	2/26/2015	22,601	—	86.36	2/26/2025	—	—	—	—
	2/22/2016	34,950	—	59.61	2/22/2026	—	—	—	—
	2/27/2017(3)	32,832	10,944	39.31	2/27/2027	—	—	—	—
	2/27/2017(3)	—	—	—	—	4,916	141,482	—	—
	2/27/2017(4)	59,493	19,831	39.31	2/27/2027	—	—	—	—
	2/27/2017(4)	—	—	—	—	9,013	259,394	—	—
	2/22/2018(3)	13,456	13,454	38.15	2/22/2028	—	—	—	—
	2/22/2018(3)	—	—	—	—	12,803	368,470	—	—
	2/27/2019(3)	5,321	15,960	50.63	2/27/2029	—	—	—	—
	2/27/2019(3)	—	—	—	—	14,776	425,253	—	—
	2/27/2019(5)	—	—	—	—	—	—	9,850	283,483
	12/20/2019(6)	—	—	—	—	34,098	981,340	—	—
	2/25/2020(9)	—	44,378	25.62	2/25/2030	—	—	—	—
	2/25/2020(9)	—	—	—	—	35,128	1,010,984	—	—
	2/25/2020(8)	—	—	—	—	—	—	17,564	505,492
	8/11/2020(10)	—	—	—	—	45,187	1,300,482	—	—
Lindsay Nelson	10/30/2018(11)	48,136	48,136	47.17	10/30/2028	—	—	—	—
	10/30/2018(11)	—	—	—	—	22,155	637,621	—	—
	2/27/2019(3)	5,601	16,800	50.63	2/27/2029	—	—	—	—
	2/27/2019(3)	—	—	—	—	15,553	447,615	—	—
	2/27/2019(5)	—	—	—	—	—	—	10,369	298,420
	12/20/2019(6)	—	—	—	—	16,633	478,698	—	—
	2/25/2020(9)	—	44,378	25.62	2/25/2030	—	—	—	—
	2/25/2020(9)	—	—	—	—	35,128	1,010,984	—	—
	2/25/2020(8)	—	—	—	—	—	—	17,564	505,492
	8/11/2020(10)	—	—	—	—	79,078	2,275,865	—	—

Kanika Soni	4/15/2019(12)	23,995	71,982	48.92	4/15/2029	—	—	—	—
	4/15/2019(12)	—	—	—	—	48,184	1,386,736	—	—
	12/20/2019(6)	—	—	—	—	16,633	478,698	—	—
	2/25/2020(9)	—	44,378	25.62	2/25/2030	—	—	—	—
	2/25/2020(9)	—	—	—	—	35,128	1,010,984	—	—
	2/25/2020(8)	—	—	—	—	—	—	17,564	505,492
	8/11/2020(10)	—	—	—	—	56,484	1,625,610	—	—

(1) Vests in two equal installments on each of August 1, 2021 and August 1, 2022.

(2) Represents the target number of shares to be issued assuming target achievement of financial and strategic performance metrics for 2018, 2019, 2020, and 2021. One quarter of the award to vest on December 31st of the relevant year of performance and settle shortly following certification of achievement of the performance criteria for the year.

(3) Vests in four equal annual installments commencing on February 15th of the first year following the date of grant.

(4) Vests in four equal installments on June 15th in each of the four years following the date of grant.

(5) Represents the target number of shares to be issued assuming that, for the period from January 1, 2019 through December 31, 2021, the Company's total stockholder return, or TSR, is 100% of the TSR of the Nasdaq Composite Total Return. Award vests December 31, 2021 and will settle shortly following certification of achievement of the performance criteria. Depending on the Company's performance, the executive may receive no awards, the target amount reflected above or up to 200% of the target amount reflected.

(6) Vests in two equal installments on each of December 20, 2020 and December 20, 2021.

(7) Vests 25% commencing on February 15th of the first year following the date of grant and 6.25% of the remaining shares shall vest in equal quarterly installments commencing thereafter.

(8) Represents the target number of shares to be issued assuming that, for the period from January 1, 2020 through December 31, 2022, the Company's total stockholder return, or TSR, is 100% of the TSR of the Nasdaq Composite Total Return. Award vests December 31, 2022 and will settle shortly following certification of achievement of the performance criteria. Depending on the Company's performance, the executive may receive no awards, the target amount reflected above or up to 200% of the target amount reflected.

(9) Vests over a period of two years with 50% vesting on February 15th of the first year following the date of grant and 12.50% vesting in equal quarterly installments commencing thereafter.

(10) Vests 100% on August 11, 2022, following twenty-four months of continued service from date of the grant.

(11) Vests in four equal annual installments commencing on October 30th of the first year following the date of grant.

(12) Vests in four equal annual installments commencing on April 15th of the first year following the date of grant.

(13) The amounts reported in this column represent the market value of shares or units of stock that have not vested calculated by multiplying the number of stock awards that have not vested by $28.78, the closing price of the Company's common stock on The Nasdaq Stock Market as of December 31, 2020, the last trading day in 2020.

Option Exercises and Stock Vested

The following table sets forth information regarding the vesting of stock awards held by the named executive officers during 2020. None of our NEOs exercised stock options during 2020.

		Stock Awards	
Name	Exercise or Vest Date	Number of Shares Acquired on Vesting (1)	Value Realized on Vesting ($)(2)
Stephen Kaufer	2/10/2020	51,204	1,466,483
Ernst Teunissen	2/14/2020	4,446	131,779
	2/14/2020	13,110	388,580
	2/14/2020	8,422	249,628
	2/14/2020	6,480	192,067
	6/15/2020	16,388	334,479
	12/18/2020	42,415	1,134,601
Seth Kalvert	2/14/2020	3,779	112,010
	2/14/2020	4,916	145,710
	2/14/2020	6,400	189,696
	2/14/2020	4,925	145,977
	6/15/2020	9,013	183,955
	12/18/2020	34,098	912,122
Lindsay Nelson	2/14/2020	5,185	153,683
	10/30/2020	11,077	214,894
	12/18/2020	16,633	444,933
Kanika Soni	4/15/2020	16,061	290,865
	12/18/2020	16,633	444,933

(1) The amounts reported in this column represent the gross number of shares acquired upon the vesting of RSUs without taking into account any shares that may have been withheld to satisfy applicable tax obligations.

(2) The amounts reported in this column represent the aggregate dollar value realized upon the vesting of RSUs calculated by multiplying the gross number of RSUs vested by the closing price of Tripadvisor common stock on The Nasdaq Stock Market on the vesting date or, if the vesting occurred on a day on which The Nasdaq Stock Market was closed for trading, the next trading day.

Non-Qualified Deferred Compensation

We do not currently have any other defined contribution or other plan that provides for deferred compensation on a basis that is not tax-qualified for our employees.

Potential Payments Upon Termination or Change in Control

We have entered into employment agreements with each of Messrs. Kaufer, Kalvert and Teunissen and offer letters with Lindsay Nelson and Kanika Soni. Pursuant to these agreements, each of our named executive officers is eligible to receive certain severance payments and benefits in the event of a qualifying termination of employment. The material terms of these employment agreements are described below.

We believe that a strong and experienced management team is essential and in the best interests of our company and our stockholders. In addition, we recognize that the possibility of a change in control could arise and that such an event could result in the departure of our senior leaders to the detriment of the Company and our stockholders. As a result, we adopted the Severance Plan applicable to certain senior leaders. The plan formalizes and standardizes our severance practices for our most senior leaders. Adoption of the Severance Plan was approved by the Compensation Committees. The Severance Plan applies to all named executive officers, including Mr. Kaufer. While the benefits are generally consistent with the severance benefits provided for in individual employment agreements, there are some differences. In addition, under the terms of the Severance Plan, in the event of any conflict or inconsistency between the terms of any employment agreement and the Severance Plan, the terms more beneficial to the officer will prevail.

Change of Control Provisions

The 2018 Plan provides that, unless otherwise specified in the applicable award agreement, upon a named executive officer's termination of employment by the Company within 30 days prior to or the two-year period following a Change in Control other than for "Cause" or "Disability," or by the participant for "Good Reason," as each term is defined in the plans, the following shall occur:

- stock options and stock appreciation rights held by such participant will automatically become fully exercisable and will remain exercisable until the later of (i) the last day on which such option or stock appreciation right is exercisable as specified in the applicable award agreement or (ii) the earlier of the first anniversary of the change in control and the expiration of the term of the option or stock appreciation right; and
- all other awards will become fully vested (with any performance-based awards being deemed met at target) and the restrictions and conditions on all other awards will automatically be deemed waived.

Stephen Kaufer Employment Arrangement

In March 2014, Tripadvisor, LLC entered into an employment agreement with Mr. Kaufer, with an original term of five years. This agreement was amended effective November 28, 2017 to, among other things, extend the term to March 31, 2023.

Pursuant to the employment agreement, in the event that Mr. Kaufer's employment terminates by reason of his death or disability, then:

- Tripadvisor will pay Mr. Kaufer (or his estate) his base salary through the end of the month in which the termination occurs;

- Any outstanding unvested equity awards that vest less frequently than annually shall be treated as though such awards vested annually; and

- Any unvested stock options held by Mr. Kaufer at the time of termination shall remain exercisable through the earlier of 18 months following termination or the scheduled expiration of such options.

Pursuant to the employment agreement, in the event that Mr. Kaufer terminates his employment for Good Reason or is terminated by Tripadvisor without Cause and such termination occurs during the period commencing three months immediately prior to a Change in Control and ending 24 months immediately following the Change in Control (in each case as such terms are defined in the employment agreement and below), then:

- Tripadvisor will pay Mr. Kaufer cash severance in a lump sum equal to 24 months of his base salary;

- Tripadvisor will pay Mr. Kaufer in a monthly cash amount equal to the premiums charged by Tripadvisor to maintain COBRA health insurance coverage for him and his eligible dependents for each month between the date of termination and 18 months thereafter;

- Tripadvisor will pay to Mr. Kaufer a lump sum in cash equal to his annual target bonus, without pro-ration or adjustment;

- All equity awards held by Mr. Kaufer that are outstanding and unvested shall immediately vest in full; and

- Mr. Kaufer will have 18 months following such date of termination of employment to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

Pursuant to the employment agreement, in the event that Mr. Kaufer terminates his employment for Good Reason or is terminated by Tripadvisor without Cause and such termination is not in connection with a Change in Control, then:

- Tripadvisor will continue to pay Mr. Kaufer's base salary through 12 months following the date of termination;

- Tripadvisor will consider in good faith the payment of an annual bonus on a pro rata basis based on actual performance during the year of termination;

- Tripadvisor will pay COBRA health insurance coverage for Mr. Kaufer and his eligible dependents for 12 months following termination;

- All equity awards held by Mr. Kaufer that otherwise would have vested during the 12-month period following termination of employment, will accelerate and become fully vested and exercisable (provided that awards that vest less frequently than annually will be treated as though such awards vested annually);

- Any equity awards that do not vest in connection with a termination of employment shall remain outstanding for three months following termination, provided that there will be no additional vesting with respect to such awards unless a Change in Control occurs within such three-month period; and

- Mr. Kaufer will have 18 months following such date of termination to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

The agreement also provides that a non-renewal of the employment agreement or expiration of the term will be treated as a termination of employment without Cause or resignation for Good Reason not in connection with a Change in Control, entitling Mr. Kaufer to the severance benefits described above under his employment agreement. In addition, receipt of the severance payments and benefits set forth above is contingent upon Mr. Kaufer executing and not revoking a separation and release in favor of Tripadvisor. Each of the payments set forth above shall be offset by the amount of any cash compensation earned by Mr. Kaufer from another employer during the 12 months following his termination of employment.

With respect to Mr. Kaufer's equity awards granted in August 2013 and thereafter, either Mr. Kaufer agreed to waive the single trigger acceleration right upon a Change in Control or the award was issued pursuant to the 2018 Plan which did not include this benefit. As a result, Mr. Kaufer's awards will only accelerate upon a "double trigger."

Mr. Kaufer has also agreed to be restricted from competing with Tripadvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, during the term of his employment and through the period ending 18 months after the termination of employment.

Ernst Teunissen Employment Arrangement

On October 6, 2015, the Company entered into an agreement with Mr. Teunissen, effective November 9, 2015. Such employment agreement commenced on November 9, 2015 and was to expire on March 31, 2018, unless sooner terminated in accordance with its terms. This agreement was amended effective November 28, 2017 to, among other things, extend the term to March 31, 2021. This agreement was amended again on May 8, 2020, to, among other things, extend the term to May 31, 2022 and provide for a target payment, to be paid in cash or shares of the Company's common stock (in the Company's sole discretion), in an amount equal to the difference between a maximum payment of $7 million and the aggregate intrinsic value of Mr. Teunissen's equity awards that were scheduled to vest between May 1, 2020 and May 31, 2022, as measured using the average market price of the Company's common stock for ten trading days immediately prior to May 31, 2022.

Pursuant to the employment agreement, as amended, with Mr. Teunissen, in the event that his employment terminates by reason of his death or disability, he will be entitled to continued payment of base salary through the end of the month in which the termination occurs. In the event that he terminates his employment for Good Reason or is terminated by Tripadvisor without Cause (in each case, as such terms are defined in the employment agreement and below), then:

- Tripadvisor will continue to pay his base salary through the longer of (i) 12 months following the termination date, and (ii) the remaining term of the employment agreement up to a maximum of 18 months, in each case provided that such payments will be offset by any amount earned from another employer during such time period;

- Tripadvisor will consider in good faith the payment of bonuses on a pro rata basis based on actual performance for the year in which termination of employment occurs;

- Tripadvisor will pay COBRA health insurance coverage for Mr. Teunissen and his eligible dependents through the longer of the end of the term of his employment agreement and 12 months following termination;

- All equity awards held by Mr. Teunissen that otherwise would have vested during the 12-month period following termination of employment, will accelerate and become fully vested and exercisable (provided that equity awards that vest less frequently than annually shall be treated as though such awards vested annually); and

- Mr. Teunissen will have 18 months following such date of termination or employment to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

The agreement also provides that a non-renewal of the employment agreement or expiration of the term will be treated as a termination of employment without Cause or resignation for Good Reason not in connection with a Change of Control, entitling Mr. Teunissen to benefits under his employment agreement.

Receipt of the severance payments and benefits set forth above is contingent upon Mr. Teunissen executing and not revoking a separation and release in favor of Tripadvisor. In addition, Mr. Teunissen agreed to be restricted from competing with Tripadvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through the longer of (i) the completion of the term of the employment agreement and (ii) 12 months after the termination of employment.

Seth J. Kalvert Employment Arrangement

Effective May 19, 2016, the Company entered into an employment agreement with Mr. Kalvert that is subject to a two-year term, although this agreement was amended effective February 19, 2018 to, among other things, extend the term to March 31, 2021. Effective March 29, 2021, Mr. Kalvert's employment agreement was replaced and superceded in its entirety by a new letter agreement. The terms of the new letter agreement are generally consistent with those originally provided for in the employment agreement and are described below.

Pursuant to the employment arrangement with Mr. Kalvert, in the event that he terminates his employment for Good Reason or is terminated by Tripadvisor without Cause (in each case as such terms are defined in the employment agreement and below), then:

- Tripadvisor will continue to pay his base salary for 12 months following the termination date, provided that such payments will be offset by any amount earned from another employer during such time period;

- Tripadvisor will consider in good faith the payment of bonuses on a pro rata basis based on actual performance for the year in which termination of employment occurs;

- Tripadvisor will pay COBRA health insurance coverage for Mr. Kalvert and his eligible dependents until the earlier of 12 months following termination or the date Mr. Kalvert becomes re-employed or otherwise ineligible for COBRA coverage;

- All equity awards held by Mr. Kalvert that otherwise would have vested during later of the 12-month period following termination of employment or August 31, 2022, will accelerate and become fully vested and exercisable (provided that equity awards that vest less frequently than annually shall be treated as though such awards vested annually); and

- Mr. Kalvert will have 18 months following such date of termination or employment to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

In the event that his employment terminates by reason of his death, Mr. Kalvert will be entitled to continued payment of base salary through the end of the month in which such death occurs. In the event Mr. Kalvert is absent from full-time performance of his duties due to Disability, the Company will continue to pay through a Termination of Employment, Mr. Kalvert's base salary offset by any amounts payable during such period under any disability insurance plan or policy provided by the Company. In addition, any outstanding equity awards will continue to vest during such period and until a Termination of Employment.

Receipt of the severance payments and benefits set forth above is contingent upon Mr. Kalvert executing and not revoking a separation and release in favor of Tripadvisor. In addition, Mr. Kalvert agreed to be restricted from competing with Tripadvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through one year after the effective date of the termination of employment.

Lindsay Nelson Employment Arrangement

On September 25, 2018, the Company entered into an offer letter with Lindsay Nelson with a start date effective November 5, 2018. Pursuant to the employment arrangement, Ms. Nelson is entitled to the benefits of the Company's Severance Plan for senior leaders as described in more detail below. Simultaneously with entering into the new offer letter, Ms. Nelson entered into a Non-Disclosure, Developments and Non-Competition Agreement, pursuant to which Ms. Nelson agreed to be restricted from competing with Tripadvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through one year after the effective date of the termination of employment.

Kanika Soni Employment Arrangement

On February 1, 2019, the Company entered into an offer letter with Kanika Soni with a start date effective April 15, 2019. Pursuant to the employment arrangement, Ms. Soni is entitled to the benefits of the Company's Severance Plan for senior leaders as described in more detail below. Simultaneously with entering into the new offer letter, Ms. Soni entered into a Non-Disclosure, Developments and Non-Competition Agreement, pursuant to which Ms. Soni agreed to be restricted from competing with Tripadvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through one year after the effective date of the termination of employment.

Definitions

Cause means: (i) the plea of guilty or nolo contendere to, or conviction for, a felony offense by the executive; provided, however, that after indictment, Tripadvisor may suspend the executive from rendition of services but without limiting or modifying in any other way Tripadvisor's obligations under the applicable employment agreement, (ii) a material breach by the executive of a fiduciary duty owed to Tripadvisor or its subsidiaries, (iii) material breach by the executive of certain covenants of the applicable employment agreement, (iv) the willful or gross neglect by the executive of the material duties required by the applicable employment agreement or (v) a knowing and material violation by the executive of any Tripadvisor policy pertaining to ethics, legal compliance, wrongdoing or conflicts of interest that, in the cases of the conduct described in clauses (iv) and (v) above, if curable, is not cured by the executive within 30 days after the executive is provided with written notice thereof.

Change in Control means any of the following events:

(i) The acquisition by any individual entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than Liberty Tripadvisor Holdings, Inc. and its affiliates (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of equity securities of the Company representing more than 50% of the voting power of the then outstanding equity securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by the Company, (B) any acquisition directly from the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii); or

(ii) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the purchase of assets or stock of another entity (a "Business Combination"), in each case, unless immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of the then outstanding combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, (B) no Person (excluding Liberty Tripadvisor Holdings, Inc. and its respective affiliates, any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, more than a majority of the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership of the Company existed prior to the Business Combination and (C) at least a majority of the members of the board of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination will have been members of the Incumbent Board at the time of the initial agreement, or action of the Board, providing for such Business Combination; or

(iv) Approval by our stockholders of a complete liquidation or dissolution of the Company.

Good Reason means the occurrence of any of the following without the executive's prior written consent: (A) Tripadvisor's material breach of any material provision of the applicable employment agreement, (B) the material reduction in the executive's title, duties, reporting responsibilities or level of responsibilities in such executive's position at Tripadvisor, (C) the material reduction in the executive's base salary or the executive's total annual compensation opportunity, or (D) the relocation of the executive's principal place of employment more than 20 miles outside of their location of employment; provided that in no event shall the executive's resignation be for Good Reason unless (x) an event or circumstance set forth in clauses (A) through (D) shall have occurred and the executive provides Tripadvisor with written notice thereof within 30 days after the executive has knowledge of the occurrence or existence of such event or circumstance, which notice specifically identifies the event or circumstance that the executive believes constitutes Good Reason, (y) Tripadvisor fails to correct the event or circumstance so identified within 30 days after receipt of such notice, and (z) the executive resigns within 90 days after the date of delivery of the notice referred to in clause (x) above.

Notwithstanding the terms of the employment arrangements described above, under the terms of the Severance Plan in the event of any conflict or inconsistency between the terms of any employment agreement and the Severance Plan, the terms more beneficial to the employee shall prevail. For a description and quantification of the estimated potential payments in the event of a termination without Cause, resignation for Good Reason, Change in Control and termination without Cause or resignation for Good Reason in connection with a Change in Control, please see the section below entitled "Potential Payments Upon Termination or Change in Control." The amounts reflected in this table reflect the "better of" the terms between the employment arrangements, the 2018 Plan and the Severance Plan.

Severance Plan

Effective August 7, 2017, the Company adopted the Severance Plan applicable to certain senior leaders of the Company. The Severance Plan formalizes and standardizes the Company's severance practices for certain designated employees. Employees covered by the Severance Plan generally will be eligible to receive severance benefits in the event of a termination by the Company without Cause or, under certain circumstances, resignation by the employee for Good Reason. If a termination of employment occurs in connection with a Change in Control, the participants would generally be eligible to receive enhanced severance benefits. The severance benefits provided pursuant to the Severance Plan are determined based on the job classification of the employees and, in certain cases, his or her years of service with the Company.

Under the Severance Plan, in the event of a termination by the Company without Cause more than three months prior to a Change in Control or more than 12 months following a Change in Control, the severance benefits for the employee generally shall consist of the following:

- continued payment of base salary for a period ranging from six to 18 months following the date of such employee's termination of employment (in such case, based on the employee's classification within the organization and years of service); and

- continuation of coverage under the Company's health insurance plan through the Company's payment of COBRA premiums for a period ranging from six to 18 months following the date of such employee's termination of employment (in such case, based on the employee's classification within the organization and years of service).

Under the Severance Plan, in the event of a termination by the Company without Cause or by the employee for Good Reason, in each case within three months prior to or 12 months following a Change in Control, the severance benefits for the participant shall consist of the following:

- payment of a lump sum amount equal to (i) a minimum of 12 and up to 24 months of the participant's base salary, plus (ii) the participant's target bonus multiplied by 1, 1.5 or 2 (in each case, based on employee's classification within the organization and years of service); and

- payment of a lump sum amount equal to the premiums required to continue the participant's medical coverage under the Company's health insurance plan for a period ranging from 12 to 24 months (in such case, based on employee's classification within the organization and years of service).

The foregoing summary is qualified in its entirety by reference to the Severance Plan incorporated herein by reference to Exhibit 10.22 to the Company's 2017 Annual Report.

Estimated Potential Incremental Payments

The table below reflects the estimated amount of incremental compensation payable to each of our named executive officers in the following circumstances: (i) termination of employment as a result of death of the NEO; (ii) a termination of employment by Tripadvisor without Cause not in connection with a Change in Control, (iii) resignation by him or her for Good Reason not in connection with a Change in Control, (iv) a Change in Control or (v) a termination of employment by Tripadvisor without Cause or by him or her for Good Reason in connection with a Change in Control. No benefits are payable upon a resignation by the NEO without Good Reason, termination of employment by Tripadvisor for Cause. Upon a termination of employment for Disability or retirement, no benefits are provided, other than an extension of time for the exercise of any outstanding options.

The amounts shown in the table (i) assume that the triggering event was effective December 31, 2020; (ii) are based on the terms of the employment arrangements in effect as of December 31, 2020 and do not reflect any subsequent amendments; and (iii) are based on the "better of" such employment arrangements or the terms of the Severance Plan. The price of Tripadvisor common stock on which certain calculations are based was $28.78 per share, the closing price of Tripadvisor's common stock on The Nasdaq Stock Market on December 31, 2020. These amounts are estimates of the incremental amounts that would be paid out to each NEO upon such triggering event. The actual amounts to be paid out can only be determined at the time of the triggering event, if any.

Name and Benefit	Death ($) (1)	Termination Without Cause ($)	Resignation for Good Reason ($)	Change in Control ($)		Termination w/o Cause or for Good Reason in connection with Change in Control ($)
Stephen Kaufer						
Salary	—	1,237,500	1,237,500	—		1,650,000
Bonus (2)	—	721,875	721,875	—		1,650,000
Equity Awards (vesting accelerated)	15,483,726	14,107,398	14,107,398	9,290,219	(4)	15,483,726
Health & Benefits (3)	—	41,941	41,941	—		55,922
Total estimated value	15,483,726	16,108,714	16,108,714	9,290,219		18,839,648
Ernst Teunissen						
Salary	—	765,000	765,000	—		765,000
Bonus (2)	—	348,840	348,840	—		612,000
Equity Awards (vesting accelerated)	5,558,018	3,136,630	3,136,630	4,212	(4)	4,561,560
Health & Benefits (3)	—	42,525	42,525	—		42,525
Total estimated value	5,558,018	4,292,995	4,292,995	4,212		5,981,085
Seth J. Kalvert						
Salary	—	720,000	720,000	—		720,000
Bonus (2)	—	297,600	297,600	—		576,000
Equity Awards (vesting accelerated)	5,416,616	2,722,262	2,722,262	3,370	(4)	4,634,381
Health & Benefits (3)	—	41,731	41,731	—		41,731
Total estimated value	5,416,616	3,781,593	3,781,593	3,370		5,972,112
Lindsay Nelson						
Salary	—	495,000	495,000	—		742,500
Bonus (2)	—	363,083	363,083	—		668,250
Equity Awards (vesting accelerated)	5,794,929	6,740	6,740	3,370	(4)	4,997,757
Health & Benefits (3)	—	9,304	9,304	—		13,957
Total estimated value	5,794,929	874,127	874,127	3,370		6,422,464
Kanika Soni						
Salary	—	495,000	495,000	—		742,500
Bonus (2)	—	327,443	327,443	—		668,250
Equity Awards (vesting accelerated)	5,147,753	6,740	6,740	3,370	(4)	4,649,001
Health & Benefits (3)	—	19,485	19,485	—		29,228
Total estimated value	5,147,753	848,668	848,668	3,370		6,088,979

(1) Pursuant to the Company's 2018 Plan, upon a participant's termination of employment by reason of death, any award that was unvested at the time of death shall automatically vest, including performance awards which shall vest at target.

(2) Represents actual bonus amount for 2020, the payment of which the Company must consider in good faith, pursuant to the terms of the employment agreement.

(3) Assumes extension of benefits or payment of the cost of benefits for a period of time following termination, pursuant to the terms of the employment agreement or the Severance Plan.

(4) In the event of a Change in Control, the stock options, RSUs and MSUs granted to the CEO in connection with the 2017 CEO Award and the MSUs granted to the other NEOs will be treated as though they vested daily over the vesting period and the vesting will accelerate with respect to those awards that would have vested as of the effective date of the Change in Control under this scenario.

DIRECTOR COMPENSATION

Overview

The Board sets non-employee director compensation which is designed to provide competitive compensation necessary to attract and retain high quality non-employee directors and to encourage ownership of Tripadvisor common stock to further align their interests with those of our stockholders. Each non-employee director of Tripadvisor is eligible to receive the following compensation:

- An annual cash retainer of $50,000, paid in equal quarterly installments;
- An RSU award with a value of $250,000 (based on the closing price of Tripadvisor's common stock on the Nasdaq Stock Market on the date of grant), upon such director's election to office, subject to vesting in full on the first anniversary of the grant date and, in the event of a Change in Control (as defined in the 2018 Plan and above), full acceleration of vesting;
- An annual cash retainer of $20,000 for each member of the Audit Committee (including the Chairman) and $15,000 for each member of the Compensation Committees (including the Chairman); and
- An additional annual cash retainer of $10,000 for each of the Chairman of the Audit Committee and the Chairman of the Compensation Committees.

We also pay reasonable travel and accommodation expenses of the non-employee directors in connection with their participation in meetings of the Board.

Tripadvisor employees do not receive compensation for serving as directors. Accordingly, Mr. Kaufer does not receive any compensation for his service as a director.

In light of the impacts of the COVID-19 outbreak and the uncertainty around the outbreak's full impact on the Company and its financial performance, on April 14, 2020, the Board determined that the compensation to be paid to the non-employee directors, commencing with the election of directors at the June 9, 2020 annual meeting of stockholders, would be reduced as follows: (i) the directors would forego the annual cash retainer of $50,000 while continuing to receive the cash retainer related to committee service, and (ii) the value of the annual RSU award would be reduced from $250,000 to $187,500. The directors resumed receiving the annual cash retainer beginning January 1, 2021.

Non-Employee Director Deferred Compensation Plan

Under Tripadvisor's Non-Employee Director Deferred Compensation Plan, the non-employee directors may defer all or a portion of their directors' fees. Eligible directors who defer their directors' fees may elect to have such deferred fees (i) applied to the purchase of share units representing the number of shares of Tripadvisor common stock that could have been purchased on the date such fees would otherwise be payable or (ii) credited to a cash fund. If any dividends are paid on Tripadvisor common stock, dividend equivalents will be credited on the share units. The cash fund will be credited with deemed interest at an annual rate equal to the average "bank prime loan" rate for such year identified in the U.S. Federal Reserve Statistical Release. Upon termination of service as a director of Tripadvisor, a director will receive (i) with respect to share units, such number of shares of Tripadvisor common stock as the share units represent and (ii) with respect to the cash fund, a cash payment. Payments upon termination will be made in either one lump sum or up to five installments, as elected by the eligible director at the time of the deferral election.

2020 Non-Employee Director Compensation Table

The following table shows the compensation information for the non-employee directors of Tripadvisor for the year ended December 31, 2020:

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)(3)	Total ($)
Gregory B. Maffei	37,253	187,492	224,745
Jay C. Hoag	47,253	187,492	234,745
Betsy L. Morgan	37,115	187,492	224,607
M. Greg O'Hara	9,615	238,175	247,790
Jeremy Philips	42,253	187,492	229,745
Albert Rosenthaler	22,115	187,492	209,607
Trynka Shineman Blake	33,282	187,492	220,774
Jane Jie Sun	—	169,517	169,517
Robert S. Wiesenthal	52,115	187,492	239,607

(1) The amounts reported in this column represent the annual cash retainer amounts for services in 2020, including fees with respect to which directors elected to defer and credit towards the purchase of share units representing shares of the Company common stock pursuant to the Company's Non-Employee Director Deferred Compensation Plan.

(2) The amounts reported in this column represent the aggregate grant date fair value of RSU awards computed in accordance with FASB ASC Topic 718. As noted, these amounts reflect aggregate grant date fair value computed in accordance with FASB ASC Topic 718 and therefore may not correspond to the actual value that will be recognized by the non-employee directors from their awards.

(3) As of December 31, 2020, Messrs. Maffei, Hoag, Philips, Rosenthaler, Wiesenthal, and Ms. Shineman and Ms. Morgan each held 7,858 RSUs. Mr. O'Hara held 10,680 RSUs and Ms. Sun held 8,241 RSUs.

Beneficial Ownership Table

The following table presents information as of April 16, 2021, relating to the beneficial ownership of Tripadvisor's capital stock by (i) each person or entity known to Tripadvisor to own beneficially more than 5% of the outstanding shares of Tripadvisor's common stock or Class B common stock, (ii) each director and director nominee of Tripadvisor, (iii) the named executive officers and (iv) our executive officers and directors, as a group. In each case, except as otherwise indicated in the footnotes to the table, the shares are owned directly by the named owners, with sole voting and dispositive power. Unless otherwise indicated, beneficial owners listed in the table may be contacted at Tripadvisor's corporate headquarters at 400 1st Avenue, Needham, Massachusetts 02494.

Shares of Tripadvisor Class B common stock may, at the option of the holder, be converted on a one-for-one basis into shares of Tripadvisor common stock; therefore, the common stock column below includes shares of Class B common stock held by each such listed person, entity or group, and the beneficial ownership percentage of each such listed person assumes the conversion of all Class B common stock into common stock. For each listed person, entity or group, the number of shares of Tripadvisor common stock and Class B common stock and the percentage of each such class listed also include shares of common stock and Class B common stock that may be acquired by such person, entity or group on the conversion or exercise of equity securities, such as stock options, which can be converted or exercised, and RSUs that have or will have vested, within 60 days of April 16, 2021, but do not assume the conversion or exercise of any equity securities (other than the conversion of the Class B common stock) owned by any other person, entity or group.

The percentage of votes for all classes of Tripadvisor's capital stock is based on one vote for each share of common stock and ten votes for each share of Class B common stock. There were 124,096,338 shares of common stock and 12,799,999 shares of Class B common stock outstanding on April 16, 2021.

Beneficial Owner	Common Stock Shares	Common Stock %	Class B Common Stock Shares	Class B Common Stock %	Percent (%) of Votes (All Classes)
5% Beneficial Owners					
Liberty TripAdvisor Holdings, Inc. 12300 Liberty Boulevard Englewood, CO 80112	29,245,893 (1)	21.4%	12,799,999 (1)	100%	57.3%
PAR Investment Partners, L.P. 200 Clarendon Street, FL 48, Boston, MA 02116	11,702,908 (2)	8.6%	0	0	4.6%
BlackRock, Inc. 55 East 52nd Street, New York, NY 10022	8,259,027 (3)	6.0%	0	0	3.3%
The Vanguard Group 100 Vanguard Blvd, Malvern, PA 19355	7,945,252 (4)	5.8%	0	0	3.2%
Trip.com Group Limited 968 Jin Zhong Road, Shanghai 200335, People's Republic of China	6,954,228 (5)	5.1%	0	0	2.8%
Named Executive Officers and Directors					
Gregory B. Maffei	38,384 (6)	*	0	0	*
Stephen Kaufer	2,014,950 (7)	1.5%	0	0	*
Trynka Shineman Blake	15,348 (8)	*	0	0	*
Jay C. Hoag	21,151 (9)	*	0	0	*
Betsy Morgan	15,348 (8)	*	0	0	*
Greg O'Hara	1,724,539 (10)	1.3%	0	0	*
Jeremy Philips	25,960 (8)	*	0	0	*
Jane Jie Sun	— (11)	*	0	0	*
Albert Rosenthaler	31,538 (8)	*	0	0	*
Robert S. Wiesenthal	25,960 (8)	*	0	0	*
Ernst Teunissen	362,676 (12)	*	0	0	*
Seth J. Kalvert	361,961 (13)	*	0	0	*
Lindsay Nelson	114,052 (14)	*	0	0	*
Kanika Soni	123,224 (15)	*	0	0	*
All executive officers, directors and director nominees as a group (14 persons)	4,875,091 (16)	3.5%	0	0	1.9%

* The percentage of shares beneficially owned does not exceed 1% of the class.

(1) Based on information contained in a Schedule 13D/A filed with the SEC on March 22, 2021, by LTRIP. Consists of 16,445,894 shares of common stock and 12,799,999 shares of Class B Common Stock owned by LTRIP. Excludes shares beneficially owned by the executive officers and directors of LTRIP, as to which LTRIP disclaims beneficial ownership.

(2) Based solely on information contained in a Schedule 13G/A filed with the SEC on February 16, 2021, by PAR Investment Partners, L.P. According to the Schedule 13G/A, PAR beneficially owns and has sole dispositive power with respect to 11,702,908 shares of common stock and has sole voting power with respect to 11,702,908 shares.

(3) Based solely on information contained in a Schedule 13G/A filed with the SEC on February 1, 2021, by BlackRock, Inc. According to the Schedule 13G/A, BlackRock beneficially owns and has sole dispositive power with respect to 8,259,027 shares of common stock and has sole voting power with respect to 7,873,506 shares.

(4) Based solely on information contained in a Schedule 13G/A filed with the SEC on February 10, 2021, by The Vanguard Group ("Vanguard"). According to the Schedule 13G/A, Vanguard beneficially owns 7,945,252 shares of common stock and has sole dispositive power with respect to 7,802,754 shares of common stock.

(5) Based solely on information contained in a Schedule 13D filed with the SEC on July 17, 2020, by Trip.com Group Limited ("Trip.com"). According to the Schedule 13D, Trip.com beneficially owns 6,594,228 shares of common stock.

(6) Includes 1,938 shares of common stock that are held by the Maffei Foundation. Mr. Maffei and his wife, as the two directors of the Maffei Foundation, have shared voting and investment power with respect to any shares held by the Maffei Foundation. Also includes 7,858 RSUs that will vest and settle within 60 days of April 16, 2021.

(7) Includes options to purchase 1,369,515 shares of common stock that are currently exercisable.

(8) Includes 7,858 RSUs that will vest and settle within 60 days of April 16, 2021.

(9) Includes 7,858 RSUs that will vest and settle within 60 days of April 16, 2021. Mr. Hoag holds directly these RSUs and 13,293 shares resulting from RSUs that previously vested and has sole voting and dispositive power over these securities; however, TCV IX Management, L.L.C. has a right to 100% of the pecuniary interest in such securities. Mr. Hoag is a Member of TCV IX Management, L.L.C. and disclaims beneficial ownership of such RSUs and the shares underlying such RSUs except to the extent of his pecuniary interest therein. The remaining 2,281,000 shares are held directly by TCV IX Tumi, L.P., TCV IX Tumi (A), L.P., TCV IX Tumi (B), L.P., and TCV IX Tumi (MF), L.P. (the "TCV Funds"). Jay C. Hoag is a Class A Member of Technology Crossover Management IX, Ltd. ("Management IX") and a limited partner of Technology Crossover Management IX, L.P. ("TCM IX"). Management IX is the sole general partner of TCM IX, which in turn is the sole general partner of TCV IX, L.P., which in turn is the sole member of TCV IX TUMI GP, LLC, which in turn is the sole general partner each of the TCV Funds. Mr. Hoag does not hold voting or dispositive power over the shares held by the TCV Funds and disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(10) Includes (i) 1,713,859 shares of the Company's common stock held by an entity affiliated with Certares Management LLC (together with its affiliates, "Certares") that Mr. O'Hara may be deemed to beneficially own, and (ii) 7,858 RSUs that will vest and settle within 60 days of April 16, 2021. These RSUs, along with 2,822 shares resulting from RSUs that previously vested, were granted under the Company's 2018 Plan to Mr. O'Hara in consideration for services rendered as a member of the Company's Board of Directors. Mr. O'Hara is an employee of Certares. Pursuant to policies of Certares, Mr. O'Hara holds the RSUs and shares resulting from the vested RSUs described herein for the benefit of Certares. Mr. O'Hara disclaims beneficial ownership of the shares held by Certares except to the extent of Mr. O'Hara's pecuniary interest in therein.

(11) Does not include 8,241 RSUs that do not vest and settle within 60 days of April 16, 2021. These RSUs were granted under the Company's 2018 Plan to Ms. Sun in consideration for services rendered as a member of the Company's Board of Directors. Ms. Sun is an employee of Trip.com Group Limited or one of its affiliates (collectively, "Trip.com"). As described above, Trip.com holds 6,267,172 shares of the Company's common stock. Ms. Sun disclaims beneficial ownership of the shares held by Trip.com except to the extent of Ms. Sun's interest in therein.

(12) Includes options to purchase 304,020 shares of common stock that are currently exercisable, options to purchase 39,523 shares of common stock that will be exercisable within 60 days of April 16, 2021 and 19,133 RSUs that will vest and settle within 60 days of April 16, 2021.

(13) Includes options to purchase 323,179 shares of common stock that are currently exercisable, options to purchase 25,378 shares of common stock that will be exercisable within 60 days of April 16, 2021 and 13,404 RSUs that will vest and settle within 60 days of April 16, 2021.

(14) Includes options to purchase 81,526 shares of common stock that are currently exercisable, options to purchase 5,547 shares of common stock that will be exercisable within 60 days of April 16, 2021 and 4,391 RSUs that will vest and settle within 60 days of April 16, 2021.

(15) Includes options to purchase 70,178 shares of common stock that are currently exercisable, options to purchase 5,547 shares of common stock that will be exercisable within 60 days of April 16, 2021 and 4,391 RSUs that will vest and settle within 60 days of April 16, 2021.

(16) Includes options to purchase 2,148,418 shares of common stock that are currently exercisable, options to purchase 75,995 shares of common stock that will be exercisable within 60 days of April 16, 2021 and 104,183 RSUs that will vest and settle within 60 days of April 16, 2021.

Changes in Control

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

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Exchange Act, Tripadvisor officers and directors and persons who beneficially own more than 10% of the registered class of a registered class of Tripadvisor's equity securities are required to file initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) with the SEC. Such persons are required by the rules of the SEC to furnish Tripadvisor with copies of all such forms they file. Based solely on a review of the copies of such forms furnished to the Company and/or written representations that no additional forms were required, Tripadvisor believes that all of the Company's directors, officers and 10% beneficial holders complied with all of the reporting requirements applicable to them with respect to transactions during 2020, except that a Form 4 for Kanika Soni filed December 8, 2020 was filed one day late.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Review and Approval or Ratification of Related Person Transactions

Pursuant to the Company's Related Party Transactions Policy, we will enter into or ratify a "related person transaction" only when it has been approved by the Audit Committee of the Board, in accordance with its written charter. Related persons include our executive officers, directors, 5% or more beneficial owners of our common stock or immediate family members of these persons and entities in which one of these persons has a direct or indirect material interest. Related person transactions are transactions that meet the minimum threshold for disclosure in the proxy statement under the relevant SEC rules (generally, transactions involving amounts exceeding $120,000 in which a related person or entity has a direct or indirect material interest). When a potential related person transaction is identified, management presents it to the Audit Committee to determine whether to approve or ratify. When determining whether to approve, ratify, disapprove or reject any related person transaction, the Audit Committee considers all relevant factors, including the extent of the related person's interest in the transaction, whether the terms are commercially reasonable and whether the related person transaction is consistent with the best interests of Tripadvisor and our stockholders.

The legal and accounting departments work with business units throughout Tripadvisor to identify potential related person transactions prior to execution. In addition, we take the following steps with regard to related person transactions:

- On an annual basis, each director, director nominee and executive officer of Tripadvisor completes a Director and Officer Questionnaire that requires disclosure of any transaction, arrangement or relationship with us during the last fiscal year in which the director or executive officer, or any member of his or her immediate family, had a direct or indirect material interest.

- Each director, director nominee and executive officer is expected to promptly notify our legal department of any direct or indirect interest that such person or an immediate family member of such person had, has or may have in a transaction in which we participate.

- Tripadvisor monitors its accounts payable, accounts receivable and other databases to identify any other potential related person transactions that may require disclosure.

- Any reported transaction that our legal department determines may qualify as a related person transaction is referred to the Audit Committee.

If any related person transaction is not approved, the Audit Committee may take such action as it may deem necessary or desirable in the best interests of Tripadvisor and our stockholders.

Related Person Transactions

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty was transferred to LTRIP. Simultaneously, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. We refer to this transaction as the "Liberty Spin-Off". As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company holding 100% of Liberty's interest in Tripadvisor.

As of the record date, LTRIP beneficially owned 16,445,894 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.3% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.4% of the outstanding common stock (calculated in accordance with Rule 13d-3). Because each share of Class B common stock is entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing approximately 57.3% of our voting power. As a result, LTRIP is effectively able to control the outcome of all matters submitted to a vote or for the consent of Tripadvisor's stockholders (other than with respect to the election by the holders of Tripadvisor common stock of 25% of the members of Tripadvisor's Board and matters as to which Delaware law requires a separate class vote).

On November 6, 2019, the Company announced a strategic partnership to expand global cooperation, including a joint venture, global content agreements and governance agreement with Trip.com. First, Ctrip Investment Holding Ltd., a subsidiary of Trip.com Group, has entered into a joint venture with TripAdvisor's subsidiary TripAdvisor Singapore Private Limited pursuant to which the joint venture will operate globally as TripAdvisor China. Second, Trip.com Group and TripAdvisor have entered into global content agreements providing for distribution of selected TripAdvisor content on major Trip.com Group brands, including Trip.com, Skyscanner and Qunar. Finally, pursuant to a Governance Agreement entered into on November 6, 2019 with Trip.com Group Limited, formerly known as Ctrip.com International Ltd., Trip.com has a nomination right for one Board seat, subject to certain conditions, including Trip.com's continued ownership of a minimum number of shares of Tripadvisor. Trip.com has designated Jane Sun as its nominee to the Board.

WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

Tripadvisor files annual, quarterly and current reports, proxy statements and other information with the SEC. Tripadvisor's filings are available to the public over the Internet at the SEC's website at http://www.sec.gov. Tripadvisor's SEC filings are also available to the public from commercial retrieval services.

The SEC allows Tripadvisor to "incorporate by reference" the information that Tripadvisor's files with the SEC, which means that Tripadvisor can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this proxy statement.

ANNUAL REPORTS

Tripadvisor's Annual Report to Stockholders for 2021, which includes our 2020 Annual Report (not including exhibits), is available at http://ir.Tripadvisor.com/annual-proxy.cfm. Upon written request to Tripadvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary, Tripadvisor will provide, without charge, an additional copy of Tripadvisor's 2020 Annual Report on Form 10-K. Tripadvisor will furnish any exhibit contained in the 2020 Annual Report upon payment of a reasonable fee. Stockholders may also review a copy of the 2020 Annual Report (including exhibits) by accessing Tripadvisor's corporate website at www.Tripadvisor.com or the SEC's website at www.sec.gov.

PROPOSALS BY STOCKHOLDERS FOR PRESENTATION AT THE 2021 ANNUAL MEETING

Stockholders who wish to have a proposal considered for inclusion in Tripadvisor's proxy materials for presentation at the 2022 Annual Meeting of Stockholders must ensure that their proposal is received by Tripadvisor no later than December 29, 2021, at its principal executive offices at 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary. The proposal must be made in accordance with the provisions of Rule 14a-8 of the Exchange Act. Stockholders who intend to present a proposal at the 2022 Annual Meeting of Stockholders without inclusion of the proposal in Tripadvisor's proxy materials are required to provide notice of such proposal to Tripadvisor at its principal executive offices no later than March 15, 2022. Tripadvisor reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS

If you share an address with any of our other stockholders, your household might receive only one copy of the Proxy Statement, 2020 Annual Report and Notice, as applicable. To request individual copies of any of these materials for each stockholder in your household, please contact Tripadvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary, or call us at (781) 800-5000. We will deliver copies of the Proxy Statement, 2020 Annual Report and/or Notice promptly following your request. To ask that only one copy of any of these materials be mailed to your household, please contact your broker.

Needham, Massachusetts

April 29, 2021

Appendix A

TRIPADVISOR, INC.

AMENDMENT NO. 1 TO
2018 STOCK AND ANNUAL INCENTIVE PLAN

This Amendment No. 1 dated [June 8, 2021] (this "Amendment") amends the 2018 Stock and Annual Incentive Plan (the "Plan") of Tripadvisor, Inc., a Delaware corporation (the "Company"). Except as otherwise explicitly set forth herein, all provisions of the Plan shall remain in full force and effect. Capitalized terms used in this Amendment without definition shall have the meanings set forth in the Plan.

WHEREAS, the Company desires to amend the Plan as hereinafter provided in order to increase the number of shares of Common Stock issuable under the Plan by an additional 10,000,000 shares; and

WHEREAS, the Board of Directors approved the substance of this Amendment as of April 13, 2021 and, accordingly, the Company desires to amend the Plan as hereinafter provided.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Increase in Number of Shares Subject to the Plan. Section 4(a) of the Plan is amended to read in its entirety as follows:

"(a) Shares Available for Awards. The maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be (i) 10,000,000, plus (ii) any Shares available for issuance under the Plan not issued or subject to outstanding Awards under such plan as of the Effective Date. For purposes of this limitation, Shares underlying any Awards that are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Common Stock or otherwise terminated (other than by exercise) under the Plan shall be added back to the Shares available for issuance under the Plan and, to the extent permitted under Section 422 of the Code and the regulations promulgated thereunder, the Shares that may be issued as Incentive Stock Options. The Shares available for delivery under this Plan may consist of authorized and unissued Shares, Shares held in treasury, Shares of Common Stock purchased or held by the Company for purposes of this Plan, or any combination thereof.

2. Ratification. In all other respects, the terms and conditions of the Plan shall remain the same and the Plan is hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, the Company has adopted this Amendment, effective as of June [8], 2021.

TRIPADVISOR, INC.

By: ____________________________
Name:
Title:

Appendix B

TRIPADVISOR, INC.
2018 STOCK AND ANNUAL INCENTIVE PLAN

SECTION 1. PURPOSE

The purpose of this Plan is to give the Company a competitive advantage in attracting, retaining and motivating officers, employees, directors and/or consultants by providing the Company with a stock and long-term incentive plan providing incentives directly linked to stockholder value.

SECTION 2. DEFINITIONS

Certain terms used herein have definitions given to them in the first place in which they are used. In addition, for purposes of this Plan, the following terms are defined as set forth below:

"2011 Plan" means the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan, as amended.

"Affiliate" means a corporation or other entity controlled by, controlling or under common control with, the Company.

"Applicable Exchange" means The NASDAQ Stock Market LLC, or such other securities exchange as may at the applicable time be the principal market for the Common Stock.

"Award" means an Option, SAR, Restricted Stock, RSU, Performance Award, other stock-based award or Bonus Award granted or assumed pursuant to the terms of this Plan.

"Award Agreement" means a written or electronic document or agreement setting forth the terms and conditions of a specific Award.

"Board" means the Board of Directors of the Company.

"Bonus Award" means a bonus award made pursuant to Section 11.

"Cause" means, unless otherwise provided in an Award Agreement, (i) "Cause" as defined in any Individual Agreement to which the applicable Participant is a party, or (ii) if there is no such Individual Agreement or if it does not define Cause: (A) the willful or gross neglect by a Participant of his employment duties; (B) the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by a Participant; (C) a material breach by a Participant of a fiduciary duty owed to the Company or any of its subsidiaries; (D) a material breach by a Participant of any nondisclosure, non-solicitation or non-competition obligation owed to the Company or any of its Affiliates; or (E) before a Change in Control, such other events as shall be determined by the Committee and set forth in a Participant's Award Agreement. Notwithstanding the general rule of Section 3(a), following a Change in Control, any determination by the Committee as to whether "Cause" exists shall be subject to de novo review.

"Change in Control" has the meaning set forth in Section 13(a).

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

"Committee" has the meaning set forth in Section 3(a).

"Common Stock" means common stock, par value $0.001 per share, of the Company.

"Company" means TripAdvisor, Inc., a Delaware corporation, or its successor.

"Corporate Transaction" has the meaning set forth in Section 4(d).

"Disability" means (i) "Disability" as defined in any Individual Agreement to which the Participant is a party, or (ii) if there is no such Individual Agreement or it does not define "Disability," (A) permanent and total disability as determined under the Company's long- term disability plan applicable to the Participant, or (B) if there is no such plan applicable to the Participant or the Committee determines otherwise in an applicable Award Agreement, "Disability" as determined by the Committee. Notwithstanding the above, with respect to an Incentive Stock Option, Disability shall mean Permanent and Total Disability as defined in Section 22(e)(3) of the Code and, with respect to all Awards, to the extent required by Section 409A of the Code, Disability shall mean "disability" within the meaning of Section 409A of the Code.

"Disaffiliation" means a Subsidiary's or Affiliate's ceasing to be a Subsidiary or Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Company and its Affiliates.

"Eligible Individuals" means directors, officers, employees and consultants of the Company or any of its Subsidiaries or Affiliates.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

"Fair Market Value" means, unless otherwise determined by the Committee, the closing price of a share of Common Stock on the Applicable Exchange on the date of measurement, or if Shares were not traded on the Applicable Exchange on such measurement date, then on the next preceding date on which Shares were traded, all as reported by such source as the Committee may select. If the Common Stock is not listed on a national securities exchange, Fair Market Value shall be determined by the Committee in its good faith discretion, provided that such determination shall be made in a manner consistent with any applicable requirements of Section 409A of the Code.

"Free-Standing SAR" has the meaning set forth in Section 6(b).

"Good Reason" means (i) "Good Reason" as defined in any Individual Agreement or Award Agreement to which the applicable Participant is a party, or (ii) if there is no such Individual Agreement or if it does not define Good Reason, then, without the Participant's prior written consent: (A) a material reduction in the Participant's rate of annual base salary from the rate of annual base salary in effect for such Participant immediately prior to the Change in Control, (B) a relocation of the Participant's principal place of business more than 35 miles from the city in which such Participant's principal place of business was located immediately prior to the Change in Control or (C) a material and demonstrable adverse change in the nature and scope of the Participant's duties from those in effect immediately prior to the Change in Control. In order to invoke a Termination of Employment for Good Reason, a Participant shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (A) through (C) within 90 days following the Participant's knowledge of the initial existence of such condition or conditions, and the Company shall have 30 days following receipt of such written notice (the "Cure Period") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the Cure Period, the Participant must terminate employment, if at all, within 90 days following the Cure Period in order for such Termination of Employment to constitute a Termination of Employment for Good Reason.

"Grant Date" means (i) the date on which the Committee by resolution selects an Eligible Individual to receive a grant of an Award and determines the number of Shares to be subject to such Award or the formula for earning a number of shares or cash amount, or (ii) such later date as the Committee shall provide in such resolution.

"Incentive Stock Option" means any Option that is designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.

"Individual Agreement" means an employment, consulting or similar agreement between a Participant and the Company or one of its Subsidiaries or Affiliates.

"Nonqualified Stock Option" means any Option that is not an Incentive Stock Option.

"Option" means an Award described under Section 6(a).

"Participant" means an Eligible Individual to whom an Award is or has been granted.

"Performance Award" means an Award granted under this Plan of Common Stock, rights based upon, payable in or otherwise related to Shares (including Restricted Stock, RSUs or cash), as the Committee may determine, at the end of a specified Performance Period based on the attainment of one or more Performance Goals.

"Performance Goals" means the performance goals established by the Committee in connection with the grant of Restricted Stock, RSUs or Bonus Awards or other stock-based awards. Such Performance Goals also may be based upon the attaining of specified levels of Company, Subsidiary, Affiliate, business unit or divisional performance under one or more of the measures including but not limited to, revenue, earnings per share, total shareholder return, earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA or return on capital). Performance goals established by the Committee may also include individual strategic goals.

"Performance Period" means with respect to a Performance Award the period established by the Committee or its designee at the time the Award is granted, or at any time thereafter, during which the performance of the Company, a Subsidiary, or any Affiliate is measured for the purpose of determining whether and to what extent the Performance Award's Performance Goal has been achieved.

"Plan" means this TripAdvisor, Inc. 2018 Stock and Annual Incentive Plan, as set forth herein and as hereafter amended from time to time.

"Plan Year" means the calendar year or, with respect to Bonus Awards, the Company's fiscal year if different.

"Restricted Stock" means an Award described under Section 7.

"Retirement" means retirement from active employment with the Company, a Subsidiary or Affiliate at or after the Participant's attainment of age 65.

"RS Restriction Period" has the meaning set forth in Section 7(b)(ii).

"RSU" means an Award described under Section 8.

"RSU Restriction Period" has the meaning set forth in Section 8(b)(ii).

"SAR" has the meaning set forth in Section 7(b).

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor thereto.

"Share" means a share of Common Stock.

“Subsidiary” means any corporation, partnership, joint venture, limited liability company or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Company or any successor to the Company.

“Tandem SAR” has the meaning set forth in Section 6(b).

“Term” means the maximum period during which an Option or SAR may remain outstanding, subject to earlier termination upon Termination of Employment or otherwise, as specified in the applicable Award Agreement.

“Termination of Employment” means the termination of the applicable Participant’s employment with, or performance of services for, the Company and any of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee, if a Participant’s employment with, or membership on a board of directors of, the Company and its Affiliates terminates but such Participant continues to provide services to the Company and its Affiliates in a non-employee director capacity or as an employee, as applicable, such change in status shall not be deemed a Termination of Employment. A Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Company and its Affiliates shall be deemed to incur a Termination of Employment if, as a result of a Disaffiliation, such Subsidiary, Affiliate, or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately thereafter become an employee of (or service provider for), or member of the board of directors of, the Company or another Subsidiary or Affiliate. Temporary absences from employment of 90 days or less because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries and Affiliates shall not be considered Termination of Employment. Notwithstanding the foregoing, with respect to any Award that constitutes “nonqualified deferred compensation” within the meaning of Section 409A of the Code, “Termination of Employment” shall mean a “separation from service” as defined under Section 409A of the Code.

SECTION 3. ADMINISTRATION

(a) Committee. The Plan shall be administered by the Compensation Committee of the Board or such other committee of the Board as the Board may from time to time designate (the “Committee”), which shall be composed of not less than two directors, and shall be appointed by and serve at the pleasure of the Board. The Committee shall have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Individuals. Among other things, the Committee shall have the authority, subject to the terms of the Plan:

(i) to select the Eligible Individuals to whom Awards may from time to time be granted;

(ii) to determine the number of Shares to be covered by each Award granted hereunder or the amount of any Bonus Award;

(iii) to determine the terms and conditions of each Award granted hereunder, based on such factors as the Committee shall determine;

(iv) subject to Section 16, to modify, amend or adjust the terms and conditions of any Award, at any time or from time to time;

(v) subject to Section 14, to accelerate the vesting or lapse of restrictions of any outstanding Award, based in each case on such considerations as the Committee in its sole discretion determines;

(vi) to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto);

(vii) to establish any “blackout” period that the Committee in its sole discretion deems necessary or advisable;

(viii) to decide all other matters that must be determined in connection with an Award; and

(ix) to otherwise administer the Plan.

(b) Procedures.

(i) The Committee may act only by a majority of its members then in office, except that the Committee may, except to the extent prohibited by applicable law or the listing standards of the Applicable Exchange, allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it.

(ii) Subject to Section 3(d), any authority granted to the Committee may also be exercised by the full Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

(c) Delegation of Authority. Subject to applicable law, the Committee may delegate any or all of its powers under the Plan to one or more other committees or officers of the Company (including persons other than members of the Committee) as it shall appoint with respect to the granting of Awards to individuals who are not (i) subject to the reporting and other provisions of Section 16 of the Exchange Act and (ii) members of the delegated committee or the delegated individual(s). Any such delegation by the Committee shall include limitations as to the amount of Common Stock underlying Awards that may be granted during specified periods and shall contain guidelines as to the determination of the exercise price. Any determination made by the Committee or by an appropriately delegated officer pursuant to delegated authority under the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Committee or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company, Participants, and Eligible Individuals.

(d) Section 16(b) Compliance. The provisions of this Plan are intended to ensure that no transaction under the Plan is subject to (and all such transactions will be exempt from) the short-swing recovery rules of Section 16(b) of the Exchange Act ("Section 16(b)"). Accordingly, the composition of the Committee shall be subject to such limitations as the Board deems appropriate to permit transactions pursuant to this Plan to be exempt (pursuant to Rule 16b-3 promulgated under the Exchange Act) from Section 16(b), and no delegation of authority by the Committee shall be permitted if such delegation would cause any such transaction to be subject to (and not exempt from) Section 16(b).

(e) Award Agreements. The terms and conditions of each Award (other than any Bonus Award), as determined by the Committee, shall be set forth in an Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. The effectiveness of an Award shall not be subject to the Award Agreement's being signed by the Company and/or the Participant receiving the Award unless specifically so provided in the Award Agreement. Award Agreements may be amended only in accordance with Section 14 hereof.

SECTION 4. COMMON STOCK SUBJECT TO PLAN

(a) Shares Available for Awards. The maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be (i) 6,000,000, plus (ii) any Shares available for issuance under the 2011 Plan not issued or subject to outstanding Awards under such plan as of the Effective Date. For purposes of this limitation, Shares underlying any Awards that are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Common Stock or otherwise terminated (other than by exercise) under the Plan or the 2011 Plan shall be added back to the Shares available for issuance under the Plan and, to the extent permitted under Section 422 of the Code and the regulations promulgated thereunder, the Shares that may be issued as Incentive Stock Options. The Shares available for delivery under this Plan may consist of authorized and unissued Shares,

Shares held in treasury, Shares of Common Stock purchased or held by the Company for purposes of this Plan, or any combination thereof.

(b) Plan Maximums. The maximum number of Shares that may be granted pursuant to Options intended to be Incentive Stock Options shall be 6,000,000 Shares.

(c) Director Compensation Limit. During a calendar year, no non-employee director may be granted any compensation (including cash and an Award) with a fair value, as determined under accounting rules, as of the Grant Date, in excess of $1,000,000.

(d) Adjustment Provisions.

(i) In the event of a merger, consolidation, acquisition of property or shares, stock rights offering, liquidation, Disaffiliation, or similar event affecting the Company or any of its Subsidiaries (each, a "Corporate Transaction"), the Committee or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the various maximum limitations set forth in Sections 4(a) and 4(b) upon certain types of Awards and upon the grants to individuals of certain types of Awards, (C) the number and kind of Shares or other securities subject to outstanding Awards; and (D) the exercise price of outstanding Options and SARs.

(ii) In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of the Company (each, a "Share Change"), the Committee or the Board shall make such substitutions or adjustments as it deems appropriate and equitable to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the maximum limitations set forth in Sections 4(a) and 4(b) upon certain types of Awards and upon the grants to individuals of certain types of Awards, the number and kind of Shares or other securities subject to outstanding Awards; and (C) the exercise price of outstanding Options and SARs.

(iii) In the case of Corporate Transactions, the adjustments contemplated by clause (i) of this paragraph (d) may include, without limitation, (A) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of a Corporate Transaction with respect to which holders of Common Stock receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option or SAR shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Transaction over the exercise price of such Option or SAR shall conclusively be deemed valid); (B) the substitution of other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the Shares subject to outstanding Awards; and (C) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including, without limitation, other securities of the Company and securities of entities other than the Company), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Company securities).

(iv) Any adjustment under this Section 4(d) need not be the same for all Participants.

(v) Any adjustments made pursuant to this Section 4(d) to Awards that are considered "deferred compensation" within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code. Any adjustments made pursuant to this Section 4(d) to Awards that are not considered "deferred compensation" subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either (A) continue not to be subject to

Section 409A of the Code or (B) comply with the requirements of Section 409A of the Code. In any event, neither the Committee nor the Board shall have the authority to make any adjustments pursuant to this Section 4(d) to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the Grant Date to be subject thereto.

SECTION 5. ELIGIBILITY

Awards may be granted under the Plan to Eligible Individuals; provided, however, that Incentive Stock Options may be granted only to employees of the Company and its subsidiaries or parent corporation (within the meaning of Section 424(f) of the Code).

SECTION 6. OPTIONS AND STOCK APPRECIATION RIGHTS

(a) Types of Options. Options may be of two types: Incentive Stock Options and Nonqualified Stock Options. The Award Agreement for an Option shall indicate whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.

(b) Types and Nature of SARs. SARs may be “Tandem SARs,” which are granted in conjunction with an Option, or “Free-Standing SARs,” which are not granted in conjunction with an Option. Upon the exercise of an SAR, the Participant shall be entitled to receive an amount in cash, Shares, or both, in value equal to the product of (i) the excess of the Fair Market Value of one Share over the exercise price of the applicable SAR, multiplied by (ii) the number of Shares in respect of which the SAR has been exercised. The applicable Award Agreement shall specify whether such payment is to be made in cash or Common Stock or both, or shall reserve to the Committee or the Participant the right to make that determination prior to or upon the exercise of the SAR.

(c) Tandem SARs. A Tandem SAR may be granted at the Grant Date of the related Option. A Tandem SAR shall be exercisable only at such time or times and to the extent that the related Option is exercisable in accordance with the provisions of this Section 6, and shall have the same exercise price as the related Option. A Tandem SAR shall terminate or be forfeited upon the exercise or forfeiture of the related Option, and the related Option shall terminate or be forfeited upon the exercise or forfeiture of the Tandem SAR.

(d) Exercise Price. The exercise price per Share subject to an Option or Free- Standing SAR shall be determined by the Committee and set forth in the applicable Award Agreement, and shall not be less than the Fair Market Value of a share of the Common Stock on the applicable Grant Date. In no event may any Option or Free-Standing SAR granted under this Plan be amended, other than pursuant to Section 4(d), to decrease the exercise price thereof, be cancelled in conjunction with the grant of any new Option or Free-Standing SAR with a lower exercise price, be cancelled for cash or other Award or otherwise be subject to any action that would be treated, for accounting purposes, as a “repricing” of such Option or Free-Standing SAR, unless such amendment, cancellation, or action is approved by the Company’s stockholders.

(e) Term. The Term of each Option and each Free-Standing SAR shall be fixed by the Committee, but shall not exceed ten years from the Grant Date. Notwithstanding the foregoing, if, by its terms, an Option, other than an Incentive Stock Option, would expire when trading in Shares is otherwise prohibited by law or by the Company’s Insider Trading Policy, as such may be amended from time to time, then the term of the Option will be automatically extended until the close of trading on the 30^{th} trading day following the expiration of such prohibition.

(f) Vesting and Exercisability. Except as otherwise provided herein, Options and Free-Standing SARs shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides that any Option or Free-Standing SAR will become exercisable only in installments, the Committee may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Committee may determine. In addition, the Committee may at any time accelerate the exercisability of any Option or Free-Standing SAR. In the event of a temporary absence exceeding 90 days, the Company shall have authority to suspend the vesting period for such period of time and on such terms as management of the Company shall deem appropriate.

(g) Method of Exercise. Subject to the provisions of this Section 6, Options and Free-Standing SARs may be exercised, in whole or in part, at any time during the applicable Term by giving written notice of exercise to the Company or through the procedures established with the Company's appointed third-party Option administrator specifying the number of Shares as to which the Option or Free-Standing SAR is being exercised; provided, however, that, unless otherwise permitted by the Committee, any such exercise must be with respect to a portion of the applicable Option or Free-Standing SAR relating to no less than the lesser of the number of Shares then subject to such Option or Free-Standing SAR or 100 Shares. In the case of the exercise of an Option, such notice shall be accompanied by payment in full of the purchase price (which shall equal the product of such number of Shares multiplied by the applicable exercise price) by certified or bank check or such other instrument as the Company may accept. If approved by the Committee, payment, in full or in part, may also be made as follows:

(i) Payments may be made in the form of unrestricted Shares (by delivery of such Shares or by attestation) of the same class as the Common Stock subject to the Option already owned by the Participant (based on the Fair Market Value of the Common Stock on the date the Option is exercised); provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned Shares of the same class as the Common Stock subject to the Option may be authorized only at the time the Option is granted.

(ii) To the extent permitted by applicable law, payment may be made by delivering a properly executed exercise notice to the Company, together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price, and, if requested, the amount of any federal, state, local or foreign withholding taxes. To facilitate the foregoing, the Company may, to the extent permitted by applicable law, enter into agreements for coordinated procedures with one or more brokerage firms. To the extent permitted by applicable law, the Committee may also provide for Company loans to be made for purposes of the exercise of Options.

(iii) For Options that are not Incentive Stock Options, payment may be made by "net exercise" arrangement, pursuant to which a Participant instructs the Committee to withhold a whole number of Shares having a Fair Market Value (based on the Fair Market Value of the Common Stock on the date the applicable Option is exercised) equal to the product of (A) the exercise price multiplied by (B) the number of Shares in respect of which the Option shall have been exercised.

(h) Delivery; Rights of Stockholders. No Shares shall be delivered pursuant to the exercise of an Option until the exercise price therefor has been fully paid and applicable taxes have been withheld. The applicable Participant shall have all of the rights of a stockholder of the Company holding the class or series of Common Stock that is subject to the Option or SAR (including, if applicable, the right to vote the applicable Shares and the right to receive dividends), when the Participant (i) has given written notice of exercise, (ii) if requested, has given the representation described in Section 16(a), and (iii) in the case of an Option, has paid in full for such Shares.

(i) Nontransferability of Options and SARs. No Option or Free-Standing SAR shall be transferable by a Participant other than (i) by will or by the laws of descent and distribution, or (ii) in the case of a Nonqualified Stock Option or Free-Standing SAR, pursuant to a qualified domestic relations order or as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to the Participant's family members or to a charitable organization, whether directly or indirectly or by means of a trust or partnership or otherwise. For purposes of this Plan, unless otherwise determined by the Committee, "family member" shall have the meaning given to such term in General Instructions A.1(a)(5) to Form S-8 under the Securities Act and any successor thereto. A Tandem SAR shall be transferable only with the related Option as permitted by the preceding sentence. Any Option or SAR shall be exercisable, subject to the terms of this Plan, only by the applicable Participant, the guardian or legal representative of such Participant, or any person to whom such Option or SAR is permissibly transferred pursuant to this Section 6(i), it being understood that the term "Participant" includes such guardian, legal representative and other transferee; provided, however, that the term "Termination of Employment" shall continue to refer to the Termination of Employment of the original Participant.

SECTION 7. RESTRICTED STOCK

(a) Nature of Awards and Certificates. Shares of Restricted Stock are actual Shares issued to a Participant, and shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. Any certificate issued in respect of Shares of Restricted Stock shall be registered in the name of the applicable Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> "The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the TripAdvisor, Inc. 2018 Stock and Annual Incentive Plan and an Award Agreement. Copies of such Plan and Agreement are on file at the offices of TripAdvisor, Inc."

The Committee may require that the certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed and that, as a condition of any Award of Restricted Stock, the applicable Participant shall have delivered a stock power, endorsed in blank, relating to the Common Stock covered by such Award.

(b) Terms and Conditions. Shares of Restricted Stock shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition the vesting or transferability of an Award of Restricted Stock upon the continued service of the applicable Participant or the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. In the event that the Committee conditions the grant or vesting of an Award of Restricted Stock upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the applicable Participant, the Committee may, prior to or at the time of grant, designate such an Award as a Performance Award. The conditions for grant, vesting, or transferability and the other provisions of Restricted Stock Awards (including without limitation any Performance Goals) need not be the same with respect to each Participant.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, during the period, if any, set by the Committee, commencing with the date of such Restricted Stock Award for which such vesting restrictions apply and until the expiration of such vesting restrictions (the "RS Restriction Period"), the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Shares of Restricted Stock.

(iii) Except as provided in this Section 7 and in the applicable Award Agreement, the applicable Participant shall have, with respect to the Shares of Restricted Stock, all of the rights of a stockholder of the Company holding the class or series of Common Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the Shares and the right to receive any cash dividends. If so determined by the Committee in the applicable Award Agreement and subject to Section 16(e), (A) cash dividends on the class or series of Common Stock that is the subject of the Restricted Stock Award shall be automatically reinvested in additional Restricted Stock, held subject to the vesting of the underlying Restricted Stock, and (B) subject to any adjustment pursuant to Section 4(d), dividends payable in Common Stock shall be paid in the form of Restricted Stock of the same class as the Common Stock with which such dividend was paid, held subject to the vesting of the underlying Restricted Stock.

(iv) Except as otherwise set forth in the applicable Award Agreement, upon a Participant's Termination of Employment for any reason (other than death) during the RS Restriction Period or before the applicable Performance Goals are satisfied, all Shares of Restricted Stock still subject to restriction shall be forfeited by such Participant; provided, however, the Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of such Participant's Shares of Restricted Stock. Upon a Participant's Termination of Employment by reason of death, during the RS Restriction Period or before the applicable Performance Goals are satisfied, all Shares of Restricted Stock shall immediately and automatically vest.

(v) If and when any applicable Performance Goals are satisfied and the RS Restriction Period expires without a prior forfeiture of the Shares of Restricted Stock for which legended certificates have been issued, unlegended certificates for such Shares shall be delivered to the Participant upon surrender of the legended certificates.

SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Awards. RSUs are Awards denominated in Shares that will be settled, subject to the terms and conditions of the RSUs, in an amount in cash, Shares or both, based upon the Fair Market Value of a specified number of Shares.

(b) Terms and Conditions. RSUs shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition the grant, vesting, or transferability of RSUs upon the continued service of the applicable Participant or the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. In the event that the Committee conditions the grant or vesting of RSUs upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the applicable Participant, the Committee may, prior to or at the time of grant, designate such Awards as Performance Awards. The conditions for grant, vesting or transferability and the other provisions of RSUs (including without limitation any Performance Goals) need not be the same with respect to each Participant. In the event of a temporary absence exceeding 90 days, the Company shall have authority to suspend the vesting of such RSUs for such period of time and on such terms as management of the Company shall deem appropriate.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, during the period, if any, set by the Committee, commencing with the date of such RSUs for which such vesting restrictions apply and until the expiration of such vesting restrictions (the "RSU Restriction Period"), the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber RSUs.

(iii) The Award Agreement for RSUs shall specify whether, to what extent and on what terms and conditions the applicable Participant shall be entitled to receive current or delayed payments of cash, Common Stock or other property corresponding to the dividends payable on the Common Stock (subject to Section 16(e) below).

(iv) Except as otherwise set forth in the applicable Award Agreement, upon a Participant's Termination of Employment for any reason during the RSU Restriction Period or before the applicable Performance Goals are satisfied, all RSUs still subject to restriction shall be forfeited by such Participant; provided, however, the Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of such Participant's RSUs; and; provided, further, upon a Participant's Termination of Employment by reason of death, during the RSU Restriction Period or before the applicable Performance Goals are satisfied, all RSUs shall immediately and automatically vest.

(v) Except to the extent otherwise provided in the applicable Award Agreement, an award of RSUs shall be settled as and when the RSUs vest (but in no event later than 60 days thereafter).

SECTION 9. PERFORMANCE AWARDS

(a) Generally. An Award under the Plan may be in the form of a Performance Award.

(b) Performance Goals. Each Performance Award shall be earned, vested and payable (as applicable) only upon the achievement of one or more Performance Goals, together with the satisfaction of any other conditions, such as continued employment, as the Committee may determine to be appropriate. Performance Goals applicable to the Performance Award will be established by the Committee.

(c) Other Restrictions. The Committee will determine any other terms and conditions applicable to any Performance Award, including any vesting conditions or restrictions on the delivery of Common Stock payable in connection with the Performance Award and restrictions that could result in the future forfeiture of all or part of any Common Stock earned. The Committee may provide that shares of Common Stock issued in connection with a Performance Award be held in escrow and/or legended.

(d) Measurement of Performance Against Performance Goals. The Committee will, as soon as practicable after the close of a Performance Period, determine:

- The extent to which the Performance Goals for such Performance Period have been achieved, and
- The percentage of the Performance Awards, if any, earned as a result.

All determinations of the Committee will be absolute and final as to the facts and conclusions therein made and are binding on all parties. As promptly as practicable after the Committee has made the foregoing determination, each Eligible Individual who has earned Performance Award will be notified thereof. Subject to Section 16(i), an Eligible Individual may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of all or any portion of a Performance Awards during the Performance Period.

SECTION 10. OTHER STOCK-BASED AWARDS

Other Awards of Common Stock and other Awards that are valued in whole or in part by reference to, or are otherwise based upon or settled in, Common Stock, including (without limitation), unrestricted stock, performance units, dividend equivalents, and convertible debentures, may be granted under the Plan.

SECTION 11. BONUS AWARDS

(a) Determination of Awards. The Committee shall determine the total amount of Bonus Awards for each Plan Year or such shorter performance period as the Committee may establish in its sole discretion. Bonus Awards that are Performance Awards shall be subject to the provisions of Section 9 of this Plan.

(b) Payment of Awards. Bonus Awards under the Plan shall be paid in cash or in Shares (valued at Fair Market Value as of the date of payment) as determined by the Committee, as soon as practicable following the close of the Plan Year or such shorter performance period as the Committee may establish. It is intended that a Bonus Award will be paid no later than the fifteenth (15th) day of the third month following the later of: (i) the end of the Participant's taxable year in which the requirements for such Bonus Award have been satisfied by the Participant or (ii) the end of the Company's fiscal year in which the requirements for such Bonus Award have been satisfied by the Participant. Subject to Section 16(k), the Committee may at its option establish procedures pursuant to which Participants are permitted to defer the receipt of Bonus Awards payable hereunder. The Bonus Award to any Participant for any Plan Year or such shorter performance period may be reduced or eliminated by the Committee in its discretion.

SECTION 12. TERMINATION OF EMPLOYMENT

(a) Generally. A Participant's Awards shall be forfeited upon such Participant's Termination of

Employment, except as set forth below:

(i) Upon a Participant's Termination of Employment by reason of death, any Award that was unvested at the time of death shall automatically vest (including but not limited to Performance Awards, which shall vest at target) and all such Options or SARs held by the Participant may be exercised at any time until the earlier of (A) the first anniversary of the date of such death and (B) the expiration of the Term thereof;

(ii) Upon a Participant's Termination of Employment by reason of Disability or Retirement, any Option or SAR held by the Participant that was exercisable immediately before the Termination of Employment may be exercised at any time until the earlier of (A) the first anniversary of such Termination of Employment and the (B) expiration of the Term thereof;

(iii) Upon a Participant's Termination of Employment for Cause, any unvested Award held by the Participant shall be forfeited, effective as of such Termination of Employment;

(iv) Upon a Participant's Termination of Employment for any reason other than death, Disability, Retirement or for Cause, any Option or SAR held by the Participant that was exercisable immediately before the Termination of Employment may be exercised at any time until the earlier of (A) the 90th day following such Termination of Employment and (B) expiration of the Term thereof; and

(v) Notwithstanding the above provisions of this Section 12(a), if a Participant dies after such Participant's Termination of Employment but while any Option or SAR remains exercisable as set forth above, such Option or SAR may be exercised at any time until the later of (A) the earlier of (1) the first anniversary of the date of such death and (2) expiration of the Term thereof and (B) the last date on which such Option or SAR would have been exercisable, absent this Section 12(a).

(b) Exception. Notwithstanding the foregoing, the Committee shall have the power, in its discretion, to apply different rules concerning the consequences of a Termination of Employment; provided, however, that if such rules are less favorable to the Participant than those set forth above, such rules are set forth in the applicable Award Agreement. If an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Option will thereafter be treated as a Nonqualified Stock Option.

SECTION 13. CHANGE IN CONTROL PROVISIONS

(a) Definition of Change in Control. Except as otherwise may be provided in an applicable Award Agreement, for purposes of the Plan, a "Change in Control" shall mean any of the following events:

(i) The acquisition by any individual entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than Liberty TripAdvisor Holdings, Inc., and its affiliates (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of equity securities of the Company representing more than 50% of the voting power of the then outstanding equity securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by the Company, (B) any acquisition directly from the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii); or

(ii) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the purchase of assets or stock of another entity (a "Business Combination"), in each case, unless immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of the then outstanding combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, (B) no Person (excluding Liberty TripAdvisor Holdings, Inc., and its Affiliates, any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, more than a majority of the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership of the Company existed prior to the Business Combination and (C) at least a majority of the members of the board of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination will have been members of the Incumbent Board at the time of the initial agreement, or action of the Board, providing for such Business Combination; or

(iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) Impact of Event/Double Trigger on Vice Presidents and Above. Unless otherwise provided in the applicable Award Agreement and subject to Sections 4(d), 13(d) and 16(k), notwithstanding any other provision of this Plan to the contrary, upon the Termination of Employment, within three months prior to a Change in Control or within twelve months following a Change in Control, of a Participant who, as of the date of termination, has a title of Vice President or above, by the Company other than for Cause or Disability or by the Participant for Good Reason, then:

(i) any Options and SARs outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be fully exercisable and vested and shall remain exercisable until the later of (i) the last date on which such Option or SAR would be exercisable in the absence of this Section 13(b) and (ii) the earlier of (A) the first anniversary of such Change in Control and (B) expiration of the Term of such Option or SAR;

(ii) all Restricted Stock outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall become free of all restrictions and become fully vested and transferable;

(iii) all RSUs outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be considered to be earned and payable in full, and any restrictions shall lapse and such RSUs shall be settled as promptly as is practicable (but in no event later than March 15 of the calendar year following the end of the calendar year in which the RSUs vest); and

(iv) all Performance Awards outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be considered to be earned and payable in full, vesting shall accelerate assuming the Performance Goals have been met at target and any restrictions shall lapse and any such RSUs shall be settled as promptly as is practicable (but in no event later than March 15 of the calendar year following the end of the calendar year in which the RSUs vest).

(c) Impact of Event/Double Trigger on Other Participants. Unless otherwise provided in the applicable Award Agreement and subject to Sections 4(d), 13(d) and 16(k), notwithstanding any other provision of this Plan to the contrary, upon the Termination of Employment, within three months prior to a Change in Control or within twelve months following a Change in Control, of any other Participant, by the Company other than for Cause or Disability or by the Participant for Good Reason:

(i) Fifty percent (50%) of any Options and SARs outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be fully exercisable and vested and shall remain exercisable until the later of (i) the last date on which such Option or SAR would be exercisable in the absence of this Section 13(b) and (ii) the earlier of (A) the first anniversary of such Change in Control and (B) expiration of the Term of such Option or SAR;

(ii) Fifty percent (50%) of all Restricted Stock outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall become free of all restrictions and become fully vested and transferable;

(iii) Fifty percent (50%) of all RSUs outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be considered to be earned and payable in full, and any restrictions shall lapse and such RSUs shall be settled as promptly as is practicable (but in no event later than March 15 of the calendar year following the end of the calendar year in which the RSUs vest); and

(iv) Fifty percent (50%) of all Performance Awards outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be considered to be earned and payable in full, vesting shall accelerate assuming the Performance Goals have been met at target and any restrictions shall lapse and any such RSUs shall be settled as promptly as is practicable (but in no event later than March 15 of the calendar year following the end of the calendar year in which the RSUs vest).

Notwithstanding the foregoing, the Committee will continue to have plenary authority and complete discretion to, among other things, accelerate the vesting of a greater percentage of Awards.

(d) Notwithstanding the foregoing, if any Award is subject to Section 409A of the Code, this Section 13 shall be applicable only to the extent specifically provided in the Award Agreement or in the Individual Agreement.

SECTION 14. TERM, AMENDMENT AND TERMINATION

(a) Effectiveness. The Plan shall be effective as of June 21, 2018 (the "Effective Date"), subject to approval by the affirmative vote of a majority of the outstanding shares of Common Stock present by person or by proxy at the Company's 2018 Annual Meeting that are entitled to vote on a proposal to approve the adoption of the Plan.

(b) Termination. The Plan will terminate on the tenth anniversary of the Effective Date. Awards outstanding as of such date shall not be affected or impaired by the termination of the Plan.

(c) Amendment of Plan. The Board may amend, alter, or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of the Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law (including without limitation Section 409A of the Code), stock exchange rules or accounting rules. In addition, no such amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by applicable law or the listing standards of the Applicable Exchange or to the extent determined by the Committee to be required by the Code to ensure that Incentive Stock Options granted under the

Plan are qualified under Section 422 of the Code.

(d) Amendment of Awards. Subject to Section 6(d), the Committee may unilaterally amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall, without the Participant's consent, materially impair the rights of any Participant with respect to an Award, except such an amendment made to cause the Plan or Award to comply with applicable law, stock exchange rules or accounting rules.

SECTION 15. UNFUNDED STATUS OF PLAN

It is presently intended that the Plan constitute an "unfunded" plan. Solely to the extent permitted under Section 409A, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or make payments; provided, however, that the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan. Notwithstanding any other provision of this Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, no trust shall be funded with respect to any such Award if such funding would result in taxable income to the Participant by reason of Section 409A(b) of the Code and in no event shall any such trust assets at any time be located or transferred outside of the United States, within the meaning of Section 409A(b) of the Code.

SECTION 16. GENERAL PROVISIONS

(a) Conditions for Issuance. The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of the Plan or agreements made pursuant thereto, the Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the Applicable Exchange; (ii) any registration or other qualification of such Shares of the Company under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval, or permit from any state or federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.

(b) Additional Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.

(c) No Contract of Employment. The Plan shall not constitute a contract of employment, and adoption of the Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the employment of any employee at any time.

(d) Required Taxes. No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal, state, local or foreign income or employment or other tax purposes with respect to any Award under the Plan, such Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. If determined by the Company, withholding obligations may be settled with Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement; provided, however, that the amount withheld does not exceed the maximum statutory tax rate or such lesser amount as is necessary to avoid liability accounting treatment. The required tax withholding obligation may also be satisfied, in whole or in part, by an arrangement whereby a certain number of Shares issued pursuant to any Award are immediately sold and proceeds from such sale are remitted to the Company in an amount that would satisfy the withholding amount due. In addition, the Committee may require Awards to be subject to mandatory share withholding up to the required withholding amount. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Participant. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Common Stock.

(e) Limitation on Dividend Reinvestment and Dividend Equivalents. Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of Shares with respect to dividends to Participants holding Awards of RSUs, shall only be permissible if sufficient Shares are available under Section 4 for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient Shares are not available for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of RSUs equal in number to the Shares that would have been obtained by such payment or reinvestment, the terms of which RSUs shall provide for settlement in cash and for dividend equivalent reinvestment in further RSUs on the terms contemplated by this Section 16(e).

(f) Designation of Death Beneficiary. The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of such Participant's death are to be paid or by whom any rights of such eligible Individual, after such Participant's death, may be exercised.

(g) Subsidiary Employees. In the case of a grant of an Award to any employee of a Subsidiary of the Company, the Company may, if the Committee so directs, issue or transfer the Shares, if any, covered by the Award to the Subsidiary, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Subsidiary will transfer the Shares to the employee in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. All Shares underlying Awards that are forfeited or canceled should revert to the Company.

(h) Governing Law and Interpretation. The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Plan are not part of the provisions hereof and shall have no force or effect.

(i) Non-Transferability. Except as otherwise provided in Section 6(i) or by the Committee, Awards under the Plan are not transferable except by will or by laws of descent and distribution.

(j) Foreign Employees and Foreign Law Considerations. The Committee may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Company to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, or subplans as may be necessary or advisable to comply with such legal or regulatory provisions.

(k) Section 409A of the Code. It is the intention of the Company that no Award shall be "deferred compensation" subject to Section 409A of the Code, unless and to the extent that the Committee specifically determines otherwise as provided in this Section 16(k), and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A of the Code, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto and any rules regarding treatment of such Awards in the event of a Change in Control, shall be set forth in the applicable Award Agreement, and shall comply in all respects with Section 409A of the Code. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" subject to Section 409A of the Code, if the Participant is a "specified employee" within the meaning of Section 409A of the Code, any payments (whether in cash, Shares or other property) to be made with respect to the Award upon the Participant's Termination of Employment shall be delayed until the earlier of (A) the first day of the seventh month following the Participant's Termination of Employment and (B) the Participant's death. Each payment under any Award shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award.

(l) Indemnification. Each person who is or will have been a member of the Board or of the Committee and any designee of the Board or Committee will be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed on or reasonably incurred by him in connection with or resulting from any claim, action, suit, or proceeding to which he may be made party or in which he may be involved by reason of any determination, interpretation, action taken or failure to act under the Plan and against and from any and all amounts paid by him in settlement thereof, with the Company's approval, or paid by him in satisfaction of any judgment in any such action, suit or proceeding against him, provided he will give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification will not be exclusive and will be independent of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation, By-laws, by contract, as a matter of law, or otherwise.

(m) Compensation Recoupment or "Clawback" Policy. Awards may be made subject to any compensation recoupment policy adopted by the Board or the Committee at any time prior to or after the Effective Date, and as such policy may be amended from time to time after its adoption. The compensation recoupment policy will be applied to any Award that constitutes the deferral of compensation subject to Section 409A of the Code in a manner that complies with the requirements of Section 409A of the Code.

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Tripadvisor®

2020 Annual Report on Form 10-K

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

Form 10-K

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

For the fiscal year ended December 31, 2020

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: 001-35362

TRIPADVISOR, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**80-0743202** **(I.R.S. Employer Identification No.)**

400 1st Avenue
Needham, MA 02494
(Address of principal executive office) (Zip Code)
Registrant's telephone number, including area code:
(781) 800-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock	TRIP	Nasdaq

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant has filed a report on and attention to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the common stock of the registrant held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $1,906,259,896 based on the closing price on The NASDAQ Global Select Market on such date. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

Class	Outstanding Shares at February 12, 2021
Common Stock, $0.001 par value per share	122,029,254 shares
Class B common stock, $0.001 par value per share	12,799,999 shares

Documents Incorporated by Reference

The registrant intends to file a proxy statement pursuant to Regulation 14A not later than 120 days after the close of the fiscal year ended December 31, 2020. Portions of such proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

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We refer to Tripadvisor, Inc. and our wholly-owned subsidiaries as “Tripadvisor,” “the Company,” “us,” “we” and “our” in this Annual Report on Form 10-K.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements” that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Annual Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The following words, when used, are intended to identify forward-looking statements: “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “target,” “result,” “should,” “will,” and similar expressions which do not relate solely to historical matters. We caution investors that any forward-looking statements in this report, or which management may make orally or in writing from time to time, are based on management’s beliefs and on assumptions made by, and information currently available to, management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements are more fully described in Part I. Item 1A. "Risk Factors." Moreover, we operate in a rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the U.S. Securities and Exchange Commission, or the SEC, and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise.

PART I

Item 1. Business

Overview

Tripadvisor is a leading online travel company and our mission is to help people around the world plan, book and experience the perfect trip. We operate a global travel guidance platform that connects the world's largest audience of prospective travelers with travel partners through rich content, price comparison tools, and online reservation and related services for destinations, accommodations, travel activities and experiences, and restaurants.

Under our flagship brand, Tripadvisor, we launched www.Tripadvisor.com in the U.S. in 2000. Since then, we have launched localized versions of the Tripadvisor website in 48 markets and 28 languages worldwide. As of December 31, 2020, Tripadvisor featured 884 million reviews and opinions on 7.9 million hotels and other accommodations, restaurants, experiences, airlines and cruises.

In addition to the flagship Tripadvisor brand, we own and operate a portfolio of online travel brands and businesses, operating under various websites, including the following: www.bokun.io, www.cruisecritic.com, www.flipkey.com, www.thefork.com (including www.lafourchette.com, www.eltenedor.com, www.bookatable.co.uk, and www.delinski.com), www.helloreco.com, www.holidaylettings.co.uk, www.housetrip.com, www.jetsetter.com, www.niumba.com, www.seatguru.com, www.singleplatform.com, www.vacationhomerentals.com, and www.viator.com.

Our Industry and Market Opportunity

We operate in the global travel industry, focusing exclusively on online travel and travel-related activity, and the online advertising market.

In January 2021, Phocuswright, an independent travel, tourism and hospitality research firm, estimated that the annual global travel market (not including dining) will reach $1.4 trillion of bookings in 2022 and is increasingly shifting online. As consumer travel media consumption and travel commerce activity increasingly moves online, we believe travel and travel-related businesses will continue to allocate greater percentages of their marketing budgets to online channels in order to grow their businesses.

The COVID-19 pandemic has caused a significant negative impact on the travel, hospitality, restaurant, and leisure industry and consequently adversely and materially affected our business, results of operations, liquidity and financial condition during the year ended December 31, 2020. With uncertainty over travel continuing due to the COVID-19 pandemic, no one knows how quickly global travel will recover and what the travel experience will look like once new health screening measures are in place. However, we believe that, while the pandemic could permanently change travel in certain ways, global travel will return to the pre-pandemic levels. Consumers want to connect with others, learn about new places and see things they have not seen before. We believe this passion for travel combined with the need to make informed choices, creates significant long-term growth opportunities for our business.

Our Business Model

On a global scale, we match consumer demand for travel with travel partners that offer accommodations and travel experiences.

Our Consumer Offerings

Tripadvisor helps consumers plan, book, and enjoy the trips that matter. Our platform which offers content, supply, price, and convenience, has led Tripadvisor to become a global brand, attracting hundreds of millions of unique visitors that visit our sites each month, and influences a significant amount of travel commerce. We are focused on creating the best online experience in travel planning and booking, making it easier for consumers to research destinations and experiences, read and contribute user-generated content, compare destinations and businesses based on quality, price and availability, and complete bookings powered by our travel partners.

Our Travel Partners

Our portfolio of travel-related websites enables our travel partners to be discovered, to advertise and to sell their services to a global travel audience. Travel partners may include hotel chains, independent hoteliers, online travel agencies, or OTAs, destination marketing organizations, and other travel-related and non-travel related product and service providers—that seek to market and sell their products and services to a global audience. We enable media advertising opportunities – and in some cases, facilitate transactions between consumers and travel partners in a number of ways, including by sending referrals to our travel partners' websites, facilitating bookings on behalf of our travel partners, or by serving as the merchant of record – particularly in our Experiences offering – and by offering advertising placements on our websites and mobile apps.

Segments and Products

We manage our business based on the following reportable segments: (1) Hotels, Media & Platform and (2) Experiences & Dining.

Our Hotels, Media & Platform segment includes revenue generated from the following sources:

- ***Tripadvisor-branded Hotels Revenue.*** The largest source of Hotels, Media & Platform segment revenue is generated from click-based advertising on Tripadvisor-branded websites, which is primarily comprised of contextually-relevant booking links to our travel partners' websites. Our click-based travel partners are predominantly OTAs and hotels. Click-based advertising is generally priced on a cost-per-click, or CPC basis. CPC rates are determined in a dynamic, competitive auction process, also known as hotel auction revenue, where our travel partner CPC bids for rates and availability to be listed on our site are submitted.

  We also offer subscription-based advertising to hotels, owners of B&Bs and other specialty lodging properties, enabling subscribers to advertise their businesses on our websites, as well as manage and promote their website URL, email address, phone number, special offers and other information related to their business. Subscription-based advertising services are predominantly sold for a flat fee for a contracted period of time. In addition, we generate revenue on a cost-per-action, or CPA basis, which consists of contextually-relevant booking links to our travel partners' websites which are advertised on our platform. We earn a commission from our travel partners, for each traveler who clicks to and books a hotel reservation on the travel partners' website, which results in a traveler stay. We also offer travel partners the opportunity to advertise and promote their business through hotel sponsored placements on our websites, generally on a CPC rate basis.

- ***Tripadvisor-branded Display and Platform Revenue.*** We offer businesses the ability to promote their brands through display-based advertising placements on our websites. Our display-based advertising clients are predominantly direct suppliers of hotels, airlines and cruises, as well as destination marketing organizations. We also sell display-based advertising to OTAs and other travel related businesses, as well as advertisers from non-travel categories. Display-based advertising is sold predominantly on a cost per thousand impressions, or CPM basis.

Our Experiences & Dining segment includes revenue generated from the following sources:

- ***Experiences.*** We provide information and services that allow consumers to research and book tours, activities and experiences in popular travel destinations both directly through Viator, our dedicated Experiences offering, and on our Tripadvisor-branded websites and mobile apps. We work with local tour or travel activities/experiences operators ("the supplier") to provide consumers the ability to book tours, activities and experiences ("the activity") in popular destinations worldwide, for which we generate commissions for each booking transaction we facilitate through our online reservation system. We also power travel tours, activities and experiences' booking capabilities to consumers on affiliate partner websites, including some of the world's top airlines, hotel chains, and online and offline travel agencies, who display and promote on their websites the supplier activities available on our platform to generate bookings for which we earn a commission.

- ***Dining.*** We provide information and services for consumers to research and book restaurant reservations in popular travel destinations through our dedicated online restaurant reservations offering, TheFork, and on our Tripadvisor-branded websites and mobile apps. We primarily generate transaction fees (or per seated diner fees) that are paid by our restaurant customers for diners seated through TheFork's online reservation system. We also generate subscription fees for subscription-based advertising to restaurants, access to certain online reservation management services, marketing analytic tools, and menu syndication services provided by TheFork and Tripadvisor. In addition, we also offer restaurant partners the opportunity to advertise and promote their business through restaurant media advertising placements on our Tripadvisor website generally on a CPC rate basis.

Other is a combination of our Rentals, Flights & Car, and Cruise offerings and is not considered a reportable segment. Other includes revenue generated from the following sources:

- Our Rentals offering provides information and services that allow travelers to research and book vacation and short-term rental properties, including full homes, condominiums, villas, beach properties, cabins and cottages. Rentals generates revenue primarily by offering individual property owners and property managers the ability to list their rental properties on our websites and mobile apps thereby connecting with travelers primarily through a free-to-list, commission-based option or, alternatively through an annual subscription-based fee structure. These properties are listed on www.flipkey.com, www.holidaylettings.co.uk, www.housetrip.com, www.niumba.com, www.vacationhomerentals.com, and on our Tripadvisor-branded websites and mobile apps. In addition, Other also includes revenue generated from flights, cruises, and car offerings on Tripadvisor-branded websites and its portfolio of travel media brand websites, which primarily generate click-based advertising and display-based advertising revenue, similar to our Hotels, Media & Platform segment.

For further information regarding our segments, including financial information, and the principal revenue streams within these segments, refer to "Note 4: *Revenue Recognition*" and "Note 20: *Segment and Geographic Information*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K.

Seasonality

Consumers' travel expenditures have historically followed a seasonal pattern. Correspondingly, travel partners' advertising investments, and therefore our revenue and profits, have also historically followed a seasonal pattern. Our financial performance tends to be seasonally highest in the second and third quarters of a given year, which includes the seasonal peak in consumer demand, traveler hotel and rental stays, and travel activities and experiences taken, compared to the first and fourth quarters, which represent seasonal low points.

However, as discussed in Part.II, Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "Note 1: *Organization and Business Description*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K, due to the impact of COVID-19 on our business, we did not experience our typical seasonal pattern for revenue and profit during the year ended December 31, 2020. In addition, cash outflows to travel suppliers related to deferred merchant payables significantly exceeded cash received from travelers during the year ended December 31, 2020, primarily reflecting the decline in consumer demand for our products and an increase in reservation cancellations related to COVID-19. These factors contributed significantly to unfavorable working capital trends and material negative operating cash flow during the year ended December 31, 2020, most notably occurring during the first half of 2020 when we typically generate significant positive cash flow. It is difficult to forecast the seasonality for fiscal year 2021, given the uncertainty related to the ultimate extent and duration of the economic and consumer impact from COVID-19, the widespread availability and distribution of the vaccine, and the shape and timing of a recovery. In addition, significant shifts in our business mix or adverse economic conditions could result in future seasonal patterns that are different from historical trends.

Our Long-Term Growth Strategy

In January 2021, Phocuswright, an independent travel, tourism and hospitality research firm, estimated that the annual global travel market (not including dining) will reach $1.4 trillion of bookings in 2022. Given we have the world's largest travel audience, we believe that Tripadvisor's influence in the travel ecosystem remains significant. Our long-term growth strategy aims to increase customer engagement on our platform and drive profitable growth through:

- building products that delight travelers by reducing friction throughout the travel planning and trip-taking journey;
- driving consumer loyalty to our platform by offering products and services that increase engagement with our platform and result in membership growth, mobile app engagement and repeat usage;
- investing in technology (e.g., machine learning) to further improve the experiences we can deliver to consumers and travel partners on our platform;
- deepening travel partner engagement on our platform by expanding the number of products and services we offer;
- leveraging our platform's unique attributes to expand and grow our offerings such as hotel business to business ("B2B") services, direct-to-consumer products and services where consumers pay us on a per trip planned or an annual subscription basis, both click-based and display-based media advertising, and experiences and restaurants;
- driving operational efficiencies; and
- opportunistically pursuing strategic acquisitions.

As part of our long-term growth strategy, we favor continuous product innovation in order to deliver customers more value. In this regard, we beta-launched a direct-to-consumer annual subscription-based offering in December 2020.

Marketing and Competition

We compete with other companies in attractive, rapidly evolving categories of the travel industry. In these areas, we compete for content, traffic, advertising dollars and, more generally, to attract and retain our consumers' attention, both in terms of reach and engagement. Since our products and those of our competitors are typically free, we compete based on our brand, the quality and nature of our product offerings and our online travel search and price comparison services (or metasearch), rather than on price. As such, we invest heavily in constantly improving our consumer experience and expanding content, listings and bookable inventory.

We also invest to amplify our global brand and raise consumer awareness of, and engagement with, our end-to-end product offerings. We leverage a number of online and offline marketing channels, including online search engines (primarily Google), social media, email and brand advertising. The relative success of our marketing strategy is more measurable on some of these channels than others, and can be influenced by changes that we, our travel partners, or our competitors make to our respective products and marketing strategies. We intend to continue to promote brand awareness and will strategically allocate resources among the different marketing channels based on the return on investment. We compete globally with both online and offline, established and emerging, providers of travel, lodging, experiences and restaurant reservation and related services. The markets for the services we offer are intensely competitive, and current and new competitors can launch new services at a relatively low cost.

We also compete with different types of companies in the various markets and geographies where we operate, including large and small companies in the travel space as well as broader service providers. More specifically:

- In our Hotels, Media & Platform segment, we compete, and in some cases partner, with the following businesses:
    - OTAs (including Expedia Group, Inc., or “Expedia”, Booking Holdings, Inc., or “Booking”, and their respective subsidiaries and operating companies);
    - hotel metasearch providers (including trivago (a majority-owned subsidiary of Expedia), Kayak and HotelsCombined (subsidiaries of Booking) and Trip.com Group Limited (formerly known as Ctrip.com International, Ltd));
    - large online search, social media, and marketplace platforms and companies (including Google, Facebook, Microsoft’s Bing, Yahoo, Baidu, Alibaba, Airbnb, and Amazon);
    - traditional offline travel agencies; and
    - global hotel chains seeking to promote direct bookings.
- We also compete with offerings in our Experiences & Dining segment. Experiences competes with online travel agencies, such as Airbnb, Booking, GetYourGuide and Klook; traditional travel agencies; online travel service providers; and wholesalers, among others. Dining competes with other online restaurant reservation services, such as Google and OpenTable (a subsidiary of Booking).

Commercial Relationships

We have commercial relationships with a majority of the world’s leading OTAs, as well as thousands of other travel partners, pursuant to which these companies primarily purchase traveler leads from us, generally on a click-based advertising basis. Although these relationships are memorialized in agreements, many of these agreements are for limited terms or are terminable at will or on short notice. As a result, we seek to ensure the mutual success of these relationships.

For the years ended December 31, 2020, 2019 and 2018 our two most significant travel partners were Expedia Group, Inc. and Booking Holdings, Inc., which each accounted for 10% or more of our consolidated revenue and together accounted for approximately 25%, 33% and 37% of our consolidated revenue, respectively. Nearly all of this concentration of revenue is recorded in the Tripadvisor-branded Hotels revenue line within our Hotels, Media & Platform segment for these reporting periods.

Operations and Technology

We have assembled a team of highly skilled software engineers, computer scientists, data scientists, network engineers and systems engineers whose expertise spans a broad range of technical areas, including a wide variety of open source operating systems, databases, languages, analytics, networking, scalable web architecture, operations and warehousing technologies. We make significant investments in product and feature development, data management, personalization technologies, scalable infrastructures, networking, data warehousing, and search engine technologies.

Our systems infrastructure for Tripadvisor-branded websites is in a "hybrid-cloud" configuration in which parts of it are housed at two geographically separate colocation facilities and managed by our operations team, while the rest is hosted on Amazon Web Services. Our infrastructure installations have multiple communication links as well as continuous monitoring and engineering support. Each colocation facility is fully self-sufficient and operational with its own hardware, networking, software and content and is structured in an active/passive, fully redundant configuration. We make use of Amazon Web Services availability zones to provide redundancy for the cloud portions of our infrastructure. Substantially all of our software components, data, and content are replicated in multiple datacenters and development centers, as well as backed up at offsite locations. Our systems are monitored and protected though multiple layers of security. Several of our individual subsidiaries and businesses have their own data infrastructure and technology teams.

Intellectual Property

Our intellectual property, including patents, trademarks, copyrights, domain names, trade dress, proprietary technology and trade secrets, is an important component of our business. We rely on our intellectual property rights in our content, proprietary technology, software code, ratings indexes, databases of reviews and forum content. We have acquired some of our intellectual property rights through licenses and content agreements with third parties and these arrangements may place restrictions on the use of our intellectual property.

We protect our intellectual property by relying on our terms of use, confidentiality agreements and contractual provisions, as well as on international, national, federal, state and common law rights. We protect our brands by pursuing the trademark registration of our core brands, as appropriate, maintaining our trademark portfolio, securing contractual trademark rights protection when appropriate, and relying on common law trademark rights when appropriate. We also register copyrights and domain names as deemed appropriate. Additionally, we protect our trademarks, domain names and copyrights with the use of intellectual property licenses and an enforcement program.

We have considered, and will continue to consider, the appropriateness of filing for patents to protect future inventions, as circumstances may warrant. However, many patents protect only specific inventions and there can be no assurance that others may not create new products or methods that achieve similar results without infringing upon patents owned by us.

In connection with our copyrightable content, we post and institute procedures under the U.S. Digital Millennium Copyright Act and similar "host privilege" statutes worldwide to gain immunity from copyright liability for photographs, text and other content loaded on our sites by consumers. However, differences between statutes, limitations on immunity, and moderation efforts in the many jurisdictions in which we operate may affect our ability to claim immunity.

From time to time, we may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement by us of the trademarks, copyrights, patents, and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights claimed by others. Any such litigation, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially harm our business.

Regulation

We are subject to a number of laws and regulations that affect companies conducting business on the internet and relating to the travel industry, the vacation rental industry and the provision of travel services. As we continue to expand the reach of our brands into additional international markets and expand our product offerings, we are increasingly subject to additional laws and regulations. This includes laws and regulations regarding privacy and data protection, libel, content, intellectual property, distribution, electronic contracts and other communications, consumer protection, taxation, online payment services and competition, among others. These laws and regulations are constantly evolving and can be subject to significant change. Many of these laws and regulations are being tested in courts, and could be interpreted by regulators and courts in ways that could harm our business. In addition, the application and interpretation of these laws and regulations is often uncertain, particularly in the new and rapidly-evolving industry in which we operate.

In addition, we provide advertising data and information and conduct marketing activities that are subject to consumer protection laws that regulate unfair and deceptive practices, domestically and internationally, including, in some countries, pricing display requirements, licensing and registration requirements and industry specific value-added tax regimes. The U.S. (as well as individual states), the E.U. (as well as member states) and other countries have adopted legislation that regulates certain aspects of the internet, including online editorial and user-generated content, data privacy, behavioral targeting and online advertising, taxation, and liability for third-party activities. It is difficult to accurately predict how such legislation will be interpreted and applied or whether new taxes or regulations will be imposed on our services, and whether or how we might be affected. Increased regulation of the internet could increase the cost of doing business or otherwise materially adversely affect our business, financial condition or operating results.

We are subject to laws that require protection of user privacy and user data. As our business has evolved, we have begun to receive and store a greater volume of personally identifiable data. This data is increasingly subject to laws and regulations in numerous jurisdictions around the world. For example, the E.U., in May 2018, adopted the General Data Protection Regulation, or GDPR, which requires companies, including ours, to meet enhanced requirements regarding the handling of personal data. In addition, the State of California adopted the Consumer Privacy Protection Act which became effective January 1, 2020 and also enhances privacy rights and consumer protection for residents of California. In addition, similar laws have been adopted or are currently under discussion in other jurisdictions. The enactment, interpretation and application of these laws is still in a state of flux.

Also, on June 23, 2016, the U.K. passed a referendum to exit the E.U., known as Brexit, and the U.K. ceased to be a member of the EU on January 31, 2020. On December 24, 2020, the U.K. and E.U. finalized the terms of the departure. While there continues to be some uncertainty around U.K. and E.U. relations, we do not expect Brexit will have a material impact on our business and results of operations; however, we will likely face new regulations and additional hiring costs, as well as hiring limitations from candidates outside of the U.K.

Corporate History, Equity Ownership and Voting Control

Tripadvisor was co-founded in February 2000 by Stephen Kaufer, our current Chief Executive Officer and President. In April 2004, Tripadvisor was acquired by IAC/InterActiveCorp, or IAC. In August 2005, IAC spun-off its portfolio of travel brands, including Tripadvisor, into Expedia, at the time a separate newly-formed Delaware corporation. On December 20, 2011 Expedia completed a spin-off of Tripadvisor into a separate publicly-traded Delaware corporation. We refer to this second spin-off transaction as the “Spin-Off.” Following the Spin-Off, on December 21, 2011, Tripadvisor began trading on The NASDAQ Global Select Market, or NASDAQ, as an independent public company under the trading symbol “TRIP.”

On December 11, 2012, Liberty Interactive Corporation, or Liberty, purchased an aggregate of approximately 4.8 million shares of common stock of Tripadvisor from Barry Diller, our former Chairman of the Board of Directors and Senior Executive, and certain of his affiliates. As a result, Liberty beneficially owned approximately 18.2 million shares of our common stock and 12.8 million shares of our Class B common stock.

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty was acquired by Liberty Tripadvisor Holdings, Inc., or LTRIP. Simultaneously, Liberty, LTRIP’s former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty’s entire equity interest in LTRIP. We refer to this transaction as the “Liberty Spin-Off”. As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company holding 100% of Liberty’s interest in Tripadvisor.

As a result of these transactions, and as of December 31, 2020, LTRIP beneficially owned approximately 18.2 million shares of our common stock and 12.8 million shares of our Class B common stock, which constitute 14.9% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP’s shares of Class B common stock into common stock, LTRIP would beneficially own 23.0% of the outstanding common stock. Because each share of Class B common stock is entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing 58.5% of our voting power.

Human Capital Resources

Employees

During the year ended December 31, 2020, the Company enacted workforce reductions and furloughs in response to the COVID-19 pandemic. As of December 31, 2020, the Company had 2,596 employees, which includes approximately 400 furloughed employees primarily based in our European operations at The Fork. This represented a decrease in the number of employees of approximately 38% when compared to the same period in 2019. Nearly 40% and 50% of the Company’s current employees are based in the U.S. and Europe, respectively. We believe we have good relationships with our employees, including relationships with employees represented by international works councils or other similar organizations.

In response to the COVID-19 pandemic, we have in place business continuity programs to ensure that employees are safe and that our teams continue to function effectively while working remotely.

Talent Acquisition and Development

We believe our employees are essential to our success and that the Company’s success depends on our ability to attract, develop and retain key talent. The skills, experience and industry knowledge of key employees significantly benefit our operations and performance. The Company's management and Board of Directors oversee various initiatives for talent acquisition, retention and development.

Our talent philosophy is to both develop talent from within and to strategically recruit key external talent. This approach has yielded a deep understanding among our employee base of our business, our products, and our customers, while adding new employees and ideas in support of our continuous improvement mindset. Our overall talent acquisition and retention strategy is designed to attract and retain diverse and qualified candidates to enable the success of the Company and achievement of our performance goals. We recruit the best people for the job without regard to gender, ethnicity or other protected traits and it is our policy to comply fully with all domestic, foreign and local laws relating to discrimination in the workplace. Our talent acquisition team uses internal and external resources to recruit highly skilled and talented workers, and we encourage employee referrals for open positions.

We support and develop our employees through global training and development programs that build and strengthen employees’ leadership and professional skills. Leadership development includes programs for new leaders as well as programs designed to support more experienced leaders. We also partner with external training organizations to help provide current and future workers with the knowledge and skills they need to succeed.

Our diversity and inclusion initiatives support our goal that everyone throughout the Company is engaged in creating an inclusive workplace. We support inclusion through training on topics including Unconscious Bias and Inclusive Leadership. We also support a network of active Employee Resource Groups (ERGs) reflecting many dimensions of diversity across the Company.

Total Rewards

As part of our compensation philosophy, we believe that we must offer and maintain market competitive total rewards programs for our employees in order to attract, motivate and retain superior talent. These programs not only include base wages and incentives in support of our pay for performance culture, but also health, welfare, and retirement benefits.

We design our benefit programs to meet the needs of our employees’ health while managing program costs for escalation rates at or below industry trend factors. Our programs include but are not limited to wellness, mental health services, telemedicine, and partnerships with service providers that support diverse family-care need solutions. We continuously refine, develop and implement proactive health care strategies and solutions that allow us to enhance employee health and well-being while curbing costs.

Refer to “Note 14: *Employee Benefit Plans*” and “Note 15: “*Stock Based Awards and Other Equity Instruments*” in the notes to the consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information on our 401(k) Plan, our equity award plan and other employee benefit plans.

Health and Safety

The health and safety of our employees is of utmost importance to us. We conduct regular self-assessments and audits to ensure compliance with our health and safety guidelines and regulatory requirements. The COVID-19 pandemic has underscored for us the importance of keeping our employees safe and healthy. In response to the pandemic, the Company has taken actions aligned with the World Health Organization and the Centers for Disease Control and Prevention to protect its workforce so they can more safely and effectively perform their work, including, but not limited to:

- Adding work from home flexibility;
- Increasing cleaning protocols across all locations;
- Initiating regular communication regarding impacts of the COVID-19 pandemic, including health and safety protocols and procedures;
- Prohibiting all domestic and international non-essential business travel for all employees; and
- Requiring masks to be worn in all locations where required by local law.

Additional Information

We maintain a corporate website at ir.tripadvisor.com. Except as explicitly noted, the information on our website, as well as the websites of our various brands and businesses, is not incorporated by reference in this Annual Report on Form 10-K, or in any other filings with, or in any information furnished or submitted to, the SEC.

On our Investor Relations website (http://ir.tripadvisor.com/investor-relations), we provide our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports free of charge. These reports are available on our website as soon as reasonably practicable after we electronically file or furnish these reports to the SEC or publish through press releases, public conference calls and certain webcasts. All documents filed electronically with the SEC (including reports, proxy and information statements and other information) are also available at www.sec.gov. Investors and others should be aware that we use our investor relations website (http://ir.tripadvisor.com/investor-relations) to announce material financial information to our investors as well as communicate with the public about our company, our results of operations and other information.

We post our code of business conduct and ethics, which applies to all employees, including all executive officers, senior financial officers and directors, on our corporate website at www.tripadvisor.com. We intend to disclose any waivers of the code of ethics for our executive officers, senior financial officers or directors, on our corporate website.

Item 1A. Risk Factors

You should consider carefully the risks described below together with all of the other information included in this Annual Report as they may impact our business, results of operations and/or financial condition. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also impair our business, results of operations or financial condition. If any of the following risks occur, our business, financial condition, operating results and cash flows could be materially and adversely affected.

Risks Related to Our Business and Industry

The COVID-19 pandemic has materially and adversely affected, and will likely continue to materially and adversely impact, our business and financial performance while the pandemic lasts. The COVID-19 pandemic has caused material declines in demand within the travel, hospitality, restaurant and leisure industry that has dampened consumer demand for our products and services and has adversely and materially affected our business, financial results and financial condition. The Company's future financial results and liquidity could be impacted by delays in payments of outstanding accounts receivable amounts beyond normal payment terms, travel supplier and restaurant insolvencies, governmental restrictions and mandates. The extent and duration of the impact of the COVID-19 pandemic on our business, financial results and financial condition is highly uncertain and difficult to predict, as the duration and severity of the pandemic is uncertain and cannot be predicted. We expect the pandemic and its effects to continue to have a significant adverse impact on our business for the duration of the pandemic. Furthermore, economies worldwide have also been disrupted by the COVID-19 pandemic, and such economic disruption could have a material adverse effect on our business as consumers reduce their discretionary spending.

Declines or disruptions in the travel industry have had a material adverse impact on the Company's business, financial results and financial condition. Many jurisdictions have adopted laws, regulations or decrees intended to address the COVID-19 pandemic, including those implementing travel restrictions, social mobility and distancing requirements and/or restricting access to city centers or popular tourist destinations or limiting accommodation offerings in surrounding areas. Many airlines have also suspended or limited flights. As the COVID-19 pandemic continues to develop, governments, corporations and other authorities may continue to implement restrictions or policies that adversely impact travel, or reinstate similar restrictions or policies, where previously lifted. Increased and/or prolonged restrictions and regulations such as these could continue to negatively impact our business, financial results and financial condition and could cause the market price of our common stock to decline.

If we are unable to continue to attract a significant amount of visitors to our websites and mobile apps, to cost-effectively convert these visitors into revenue-generating consumers and to continue to engage consumers, our business, financial results and financial condition could be harmed. Our traffic and user engagement could be adversely affected by a number of factors including, but not limited to, inability to provide quality content, inventory or supply to our consumers; declines or inefficiencies in traffic acquisition and reduced awareness of our brands. Certain of our competitors have advertising campaigns expressly designed to drive traffic directly to their websites, and these campaigns may negatively impact traffic to our site. There can be no assurances that we will continue to provide content and products in a manner that meets rapidly changing demand. Any failure to obtain and manage content and products in a cost-effective manner that will engage consumers, or any failure to provide content and products that are perceived as useful, reliable and trustworthy, could adversely affect user experiences and their repeat behavior, reduce traffic to our websites and negatively impact our business and financial performance.

We rely on internet search engines and application marketplaces to drive traffic to our platform, certain providers of which offer products and services that compete directly with ours. If links to our websites and apps are not displayed prominently, traffic to our platform could decline and our business would be negatively affected. The number of consumers we attract to our platform is due in large part to how and where information from, and links to, our websites are displayed on search engine results pages, or SERPs. The display, including rankings, of search results can be affected by a number of factors, many of which are not in our control. Search engines frequently change the logic that determines the placement and display of the results of a user's search, such that the purchased or algorithmic placement of links to our websites can be negatively affected. A search engine could alter its search algorithms or results causing our websites to place lower in search query results. For example, Google, a significant source of traffic to our websites, frequently promotes its own competing products in its search results, which has negatively impacted placement of references to our company and our websites on the SERP. If a major search engine changes its algorithms in a manner that negatively affects the search engine ranking of our websites or those of our travel partners, or if competitive dynamics impact the cost or effectiveness of SEO or SEM in a negative manner, our business and financial performance would be adversely affected. Furthermore, our failure to successfully manage our SEO and SEM strategies and/or other traffic acquisition strategies could result in a substantial decrease in traffic to our websites, as well as increased costs to the extent we replace free traffic with paid traffic.

We also rely on application marketplaces, or app stores such as Apple's App Store and Google's Play, to drive downloads of our apps. In the future, Apple, Google or other marketplace operators may make changes that make access to our products more difficult or may limit our access to information that would restrict our ability to provide the best user experience. For example, Google has entered various aspects of the online travel market, including by establishing a flight metasearch product and hotel metasearch product as well as reservation functionality. Our apps may receive unfavorable treatment compared to the promotion and placement of competing apps, such as the order in which they appear within marketplaces. In addition, Apple has announced new features that limit who has access to consumer data, including location information. Similarly, if problems arise in our relationships with providers of application marketplaces, traffic to our website and our user growth could be harmed.

We derive a substantial portion of our revenue from advertising and any significant reduction in spending by advertisers on our platforms could harm our business. Our ability to grow advertising revenue with our existing or new travel partners is dependent in large part on our ability to provide value to them relative to other alternatives. Our ability to provide value to our travel partners depends on a number of factors, including, but not limited to, the following:

- Our ability to increase or maintain user engagement;
- Our ability to increase or maintain the quantity and quality of ads shown to consumers;
- The development of technologies that can block the display of our ads or our ad measurement tools;
- The effectiveness of our advertising and the extent to which it generates sales leads, customers, bookings or financial results on a cost-effective basis;
- The competitiveness of our products, traffic quality, perception of our platform, and availability and accuracy of analytics and measurement solutions to demonstrate our value; and
- Adverse government actions or legal developments relating to advertising, including limitations on our ability to deliver targeted advertising.

Any of these or other factors could result in a reduction in demand for our ads, which may reduce the prices we receive for our ads, or cause marketers to stop advertising with us altogether, any of which would negatively affect our revenue and financial results.

Click-based advertising revenue accounts for the majority of our advertising revenue. Our pricing for click-based advertising depends, in part, on competition between advertisers. If our large advertisers become less competitive with each other, merge with each other or with our competitors, focus more on per-click profit than on traffic volume, or are able to reduce CPCs, this could have an adverse impact on our advertising revenue which would, in turn, have an adverse effect on our business and financial results.

We rely on a relatively small number of significant travel partners and any reduction in spending by or loss of these partners could seriously harm our business. For the year ended December 31, 2020, our two most significant travel partners, Expedia and Booking (and their subsidiaries), accounted for a combined 25% of total revenue. If any of our significant travel partners were to cease or significantly curtail advertising on our websites, we could experience a rapid decline in our revenue over a relatively short period of time which would have a material impact on our business.

Our business depends on strong brands and any failure to maintain, protect or enhance our brands could hurt our ability to retain and expand our base of consumers and partners, the frequency with which consumers utilize our products and services and our ability to attract travel partners. Our ability to maintain and protect our brands depends, in part, on our ability to maintain consumer trust in our products and services and in the quality, integrity, reliability of usefulness of the content and other information found on our platform. If consumers do not view the content on our website to be useful and reliable, they may seek other sources to obtain the information they are looking for and may not return to our platform as often or at all. We dedicate significant resources to protecting the quality of our content, primarily through our content guidelines, computer algorithms and human moderators that are focused on identifying and removing inappropriate, unreliable or deceptive content.

Media, legal, or regulatory scrutiny of our user content, advertising practices, and other issues may adversely affect our reputation and brand. Negative publicity about our company, including our content, technology and business practices, could diminish our reputation and confidence in our brand, thereby negatively affecting the use of our products and our financial performance. For example, in the past, certain media outlets have alleged that we have improperly filtered or screened reviews, that we have not properly verified reviews, or that we manipulate reviews, ranking and ratings in favor of our advertisers. We expend significant resources to ensure the integrity of our reviews and to ensure that the most relevant reviews are available to our consumers; we do not establish rankings and ratings in favor of our advertisers. Regulatory inquiries or investigations require management time and attention and could result in further negative publicity, regardless of their merits or ultimate outcomes.

In addition, unfavorable publicity regarding, for example, our practices relating to privacy and data protection could adversely affect our reputation with our consumers and our travel partners. Such negative publicity also could have an adverse effect on the size, engagement, and loyalty of our user base and result in decreased revenue.

Consumer adoption and use of mobile devices creates new challenges. If we are unable to offer compelling products on such devices or continue to operate effectively on these platforms, our business may be adversely affected. Widespread adoption of mobile devices has driven substantial online traffic and commerce to mobile platforms and we anticipate that use of these devices will continue to grow. Our websites and apps, when utilized on mobile phone devices, have historically monetized at a significantly lower rate than desktops and advertising opportunities are more limited on these devices. Additionally, consumer purchasing patterns differ on these devices. For example, accommodation reservations made on a mobile device are generally for shorter lengths of stay and are not made as far in advance. We expect that the ways in which consumers engage with our platform will continue to change over time as consumers increasingly engage via alternative devices.

It is important for us to develop and maintain effective platforms to drive adoption and user engagement by providing consumers with an appealing, easy-to-use experience. As new devices and platforms are continually being released, it is difficult to predict the problems we may encounter in adapting our products and services and we may need to devote significant resources to the creation, support and maintenance of competitive new products. If we are unable to continue to rapidly innovate and create appealing, user-friendly and differentiated offerings and efficiently and effectively advertise on these platforms, we could lose market share and our business, future growth and financial results could be adversely affected.

Our success will also depend on the interoperability of our products with a range of technologies, systems, networks and standards and our ability to create, maintain and develop relationships with key participants in related industries, some of which may be our competitors. For example, Google's Android, and Apple's iPhone are the leading smartphones in the world and our products need to synergistically function on their respective operating systems in order to create a positive user experience on those devices. Yet, Apple has announced new privacy features that limit the amount of information we can access about our users operating on the Apple iPhone operating system.

We may not be successful in developing products that operate effectively with these technologies, systems, networks and standards or in creating, maintaining and developing relationships with key participants in related industries. If we experience difficulties or increased costs in integrating our products into alternative devices or if manufacturers do not include our products in their devices, make changes that degrade the functionality of our products, give preferential treatment to competitive products or prevent us from delivering advertising, our user growth and financial results may be harmed.

Declines or disruptions in the economy in general and travel industry, in particular, could adversely affect our businesses, financial results and the market price of our common stock. Sales of travel services tend to decline or grow more slowly during economic downturns when consumers engage in less discretionary spending, are concerned about unemployment or economic weakness, have reduced access to credit or experience other concerns that reduce their ability or willingness to travel. The global economy may be adversely impacted by events beyond our control including actual or threatened terrorism, regional hostilities or instability, natural disasters, political instability and health concerns (including epidemics or pandemics), significant increases in energy costs, tightening of credit markets and declines in consumer confidence. The uncertainty of macro-economic factors and their impact on consumer behavior makes it more difficult to forecast industry and consumer trends and the timing and degree of their impact on our markets and business, which in turn could adversely affect our ability to effectively manage our business.

We have significant operations in both the U.K. and the E.U. and those operations are highly integrated across the U.K. and the E.U. and are highly dependent on the free flow of labor and goods in those regions. Although the U.K. ceased to be a member of the E.U. on January 31, 2020, and the U.K. and E.U. have come to some agreements on the terms of the departure, there remains some uncertainty about the future relationship between the U.K. and the E.U. The ongoing uncertainty could negatively impact our partner and customer relationships as well as consumer confidence and spending in the U.K. Since the U.K. regulatory environment continues to evolve, we are unable to predict the effect Brexit and U.K. and E.U. relations will have on our business and results of operations.

Economic downturn and adverse market conditions may also negatively impact our travel partners, our travel partners' access to capital, cost of capital and ability to meet liquidity needs. These challenges faced in a prolonged economic downturn or deterioration in the travel industry could adversely impact our business, financial results and financial condition. The extent and duration of such impacts remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time.

We operate in an increasingly competitive global environment and our failure to compete effectively could reduce our market share and harm our financial performance. We compete with different types of companies in the various markets and geographies where we operate, including large and small companies in the travel space as well as broader service providers. We face competition for content, consumers, advertisers, online travel search and price comparison services and online reservations. We compete globally with both online and offline, established and emerging, providers of travel, lodging, experiences and restaurant reservation and related services. Current and new competitors can launch new services at a relatively low cost. More specifically:

- In our Hotels, Media & Platform segment, we face competition from the following businesses: OTAs (including Expedia and Booking); hotel metasearch providers (including trivago, Kayak, HotelsCombined, and Trip.com Group Limited); large online search, social media, and marketplace platforms and companies (including Google, Facebook, Bing, Yahoo, Baidu, Alibaba, Airbnb, and Amazon); and traditional offline travel agencies; and global hotel chains seeking to promote direct bookings.
- We also face competition from different companies with respect to our Experiences & Dining segment. Our Experiences offering competes with online travel agencies, such as Airbnb, Booking, GetYourGuide and Klook; traditional travel agencies; online travel service providers; and wholesalers, among others. Our Dining offering competes with other online restaurant reservation services, such as Google and OpenTable.

There has been a proliferation of new channels through which service providers can offer accommodations, experiences and restaurant reservations. Metasearch services may lower the cost for new companies to enter the market by providing a distribution channel without the cost of promoting the new entrant's brand to drive consumers directly to its website. Some of our competitors offer a variety of online services and, in some cases, are willing to make little or no profit on a transaction, or offer travel services at a loss, in order to gain market share. Many of our competitors have significantly greater financial, technical, marketing and other resources and have more expertise in developing online commerce and facilitating internet traffic as well as larger client bases. They also have the ability to leverage other aspects of their business to enable them to compete more effectively.

In addition, Google and other large, established companies with substantial resources and expertise have launched travel or travel-related search, metasearch and/or reservation booking services and may create additional inroads into online travel. Many of our competitors continue to expand their voice and artificial intelligence capabilities, which may provide them with a competitive advantage in travel.

We compete with certain companies that we also do business with, including certain of our travel partners and related parties. The consolidation of our competitors and travel partners may affect our relative competitiveness and our travel partner relationships. Competition and consolidation could result in higher traffic acquisition costs, reduced margins on our advertising services, loss of market share, reduced customer traffic to our websites and reduced advertising by travel companies on our websites.

We rely on information technology to operate our business and remain competitive, and any failure to adapt to technological developments or industry trends could harm our businesses. Our future success depends on our ability to continuously improve and upgrade our systems and infrastructure to meet rapidly evolving consumer trends and demands while at the same time maintaining the reliability and integrity of our systems and infrastructure. We may not be able to maintain or replace our existing systems or introduce new technologies and systems as quickly as we would like or in a cost-effective manner. We may not be successful, or as successful as our competitors, in developing technologies and systems that operate effectively across multiple devices and platforms in a way that is appealing to our consumers. The emergence of alternative or new devices and the emergence of niche competitors who may be able to optimize products, services or strategies for such platforms will require additional investment in technology. New developments in other areas could also make it easier for competitors to enter our markets due to lower up-front technology costs.

If we do not continue to innovate and provide products, services and features that are useful to consumers, we may not remain competitive, and our business and financial performance could suffer. Our competitors are continually developing innovations in services and features. As a result, we are continually working to improve the user experience on our platform in order to engage our consumers and drive user traffic and conversion rates for our travel partners. We have invested, and expect to continue to invest, significant resources in developing and marketing these innovations. We can give no assurances that the changes we make will yield the benefits we expect and will not have unintended or adverse impacts. If we are unable to continue offering innovative products and services and quality features that consumers want to use, existing consumers may become dissatisfied and use competitors' offerings and we may be unable to attract additional consumers, which could adversely affect our business and financial performance.

Our dedication to making the consumer experience our highest priority may cause us to prioritize rapid innovation and consumer experience over short-term financial results. We strive to create the best experience for our consumers. We believe that in doing so we will increase our traffic conversion (i.e., visitors converting into clicks and/or bookings), revenue and financial performance. We have taken actions in the past, and may continue to take actions in the future, that have the effect of reducing our short-term financial results if we believe the actions benefit the overall consumer experience. These decisions may not produce the long-term benefits we expect, new or enhanced products may fail to engage consumers and/or we may be unsuccessful in our efforts to monetize these initiatives, in which case our relationships with consumers and travel partners, and our business and financial performance could be harmed.

We are dependent upon the quality of traffic in our network to provide value to our travel partners, and any failure in our ability to deliver quality traffic and/or the metrics to demonstrate the value of the traffic could have a material and adverse impact on the value of our websites to our travel partners and adversely affect our revenue. We use technology and processes to monitor the quality of the internet traffic that we deliver to our travel partners and have identified metrics to demonstrate the quality of that traffic and identify low quality clicks such as non-human processes, including robots, spiders, the mechanical automation of clicking and other types of invalid clicks or click fraud. Even with such monitoring in place, there is a risk that a certain amount of low-quality traffic will be delivered to such online advertisers. Such low-quality or invalid traffic may be detrimental to our relationships with travel partners and could adversely affect our advertising pricing and revenue.

We rely on assumptions and estimates and data to calculate certain of our key metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. Certain metrics are key to our business; as both the industry in which we operate and our businesses continue to evolve, so too might the metrics by which we evaluate our businesses. While the calculation of the metrics we use is based on what we believe to be reasonable estimates, our internal tools are not independently verified by a third party and have a number of limitations; furthermore, our methodologies for tracking these metrics may change over time. For example, a single person may have multiple accounts or browse the internet on multiple browsers or devices, some consumers may restrict our ability to accurately identify them across visits, some mobile apps automatically contact our servers for regular updates with no user action, and we are not always able to capture user information on all of our platforms. As such, the calculations of our unique users may not accurately reflect the number of people actually visiting our platforms. If the internal tools we use to track these metrics under-count or over-count performance or contain algorithm or other technical errors, the data we report may not be accurate. We continue to improve upon our tools and methodologies to capture data; however, the improvement of our tools and methodologies could cause inconsistency between current data and previously reported data, which could confuse investors or lead to questions about the integrity of our data. Finally, we may, in the future, identify new or other metrics that enable us to more accurately evaluate our business. Accordingly, investors should not place undue reliance on these metrics.

We rely on the performance of highly skilled personnel and if we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel our business would be harmed. In particular, the contributions of Stephen Kaufer, our co-founder, Chief Executive Officer and President, the contributions of key senior management and the contributions of software engineers and other technology professionals are critical to our overall management and the success of our business. We cannot ensure that we will be able to retain the services of our existing key personnel and the loss of one or more of our key personnel could seriously harm our business. We do not maintain any key person life insurance policies.

During 2020, our headcount was reduced by nearly 1,600 employees. This reduction in workforce results in the loss of institutional knowledge, relationships, or expertise for critical roles. This reduction could also have a negative impact on employee morale and productivity, make it more difficult to retain valuable key employees, divert attention from operating our business, create personnel capacity constraints and hamper our ability to grow, develop innovative products and compete, any of which could impede our ability to operate or meet strategic objectives. As travel recovers from the COVID-19 pandemic, we may need to replace some or all of those roles with qualified individuals, which is typically a time-consuming process. We compete with companies that have far greater financial resources than we do as well as companies that promise short-term growth opportunities and/or other benefits. If we do not succeed in attracting well-qualified employees or retaining or motivating existing employees, our business would be adversely affected.

Acquisitions, investments, significant commercial arrangements and/or new business strategies could present new challenges and risks and disrupt our ongoing business. We have acquired, invested in and/or entered into significant commercial arrangements with a number of businesses in the past and our future growth may depend, in part, on future acquisitions, investments, commercial arrangements and/or changes in business strategies. Such endeavors may involve significant risks and uncertainties, including, but not limited to, the following:

- Costs incurred to identify, pursue and fund these endeavors that may or may not be successful and may limit other potential uses of cash;
- Amortization expenses related to acquired intangible assets and other adverse accounting consequences;
- Diversion of management’s attention or other resources from our existing business;
- Difficulties and expenses in integrating the operations, products, technology or personnel;
- Difficulties in implementing and retaining uniform standards, controls, procedures, policies and information systems;
- Assumption of debt and liabilities, including costs associated with litigation, cybersecurity risks, and other claims;
- Failure of any such strategy or target to achieve anticipated objectives, revenues or earnings;
- Limited management or operational control and heightened reputational risk with respect to minority investments;
- Entrance into markets in which we have no prior experience; and
- Adverse market reaction to the transaction.

We have invested, and may in the future invest, in privately-held companies. Such investments are inherently risky and our ability to liquidate any such investments is typically difficult. Valuations of such privately-held companies are inherently complex and uncertain due to the lack of liquid market for the companies’ securities. We cannot assure you that these investments will be successful or that such endeavors will result in the realization of the synergies, cost savings and innovation that may be possible within a reasonable period of time, if at all. We could lose the full amount of our investments; any impairment of our investments could have a material adverse effect on our financial results.

Risks Related to Legal and Regulatory Matters

We are a global company that operates in many different jurisdictions inside and outside the U.S. and these operations expose us to additional risks. Many regions have different economic conditions, languages, currencies, legislation, regulatory environments, levels of political stability, levels of consumer expectations, and use of the internet for commerce. We are subject to risks typical of global businesses, including, but not limited to, the following:

- Compliance with additional laws and regulations, including but not limited to, laws and regulations regarding data privacy, labor and employment, advertising, anti-competition and tax;
- Diminished ability to legally enforce contractual rights;
- Increased risk and limits on enforceability of intellectual property rights;
- Restrictions on repatriation of cash and on investments in operations;
- Difficulties in managing staff and operations due to distance, time zones, language and cultural differences;
- Uncertainty regarding liability for services, content and intellectual property rights;
- Economic or political instability or laws involving economic or trade prohibitions or sanctions; and
- Threatened or actual acts of terrorism.

Our strategy includes continued expansion in existing markets and potentially new markets. In addition to the risks mentioned above, international markets have strong local competitors with established brands and travel service providers or relationships that may make expansion in certain markets difficult and costly and take more time than anticipated. In some markets, legal and other regulatory requirements may prohibit or limit participation by foreign businesses, such as by making foreign ownership or management of internet or travel-related businesses illegal or difficult or may make direct participation in those markets uneconomic, which could make our entry or expansion in those markets difficult or impossible, require that we work with a local partner or result in higher operating costs. If we are unsuccessful in expanding in existing and potentially new markets and effectively managing that expansion, our business and financial results could be adversely affected.

We are regularly subject to claims, lawsuits, government investigations, and other proceedings which may result in adverse outcomes and, regardless of the outcome, result in legal costs, diversion of management resources, injunctions or damage awards, and other negative results. It is possible that a resolution of one or more such proceedings could result in substantial damages, fines or penalties that could adversely affect our business, financial results or financial position. These proceedings could also result in reputational harm, criminal sanctions or consent decrees, the release of confidential information or orders preventing us from offering certain features, functionalities, products, or services, requiring a change in our business practices. Any of these consequences could adversely affect our business and financial results.

A failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties may adversely affect our business or financial results. Our business and financial results could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to us and our business, including, but not limited to, those relating to internet and online commerce, internet advertising, consumer protection, intermediary liability and data security and privacy. These laws continue to evolve. For example, there is, and will likely continue to be, an increasing number of laws and regulations pertaining to internet and online commerce and liability for information retrieved from or transmitted over the internet. In addition, the growth and development of online commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, data privacy and industry-specific laws and regulations. Further, our Rentals business has been and continues to be subject to regulatory developments globally that affect the rental industry, such as (i) statutes or ordinances that prohibit or limit property owners and managers from renting certain properties on a short-term basis, (ii) fair housing or other laws governing whether and how properties may be rented, and (iii) homeowners, condominium and neighborhood associations adopting or considering adopting rules that prohibit or restrict property owners and managers from short-term rentals. Operating in this dynamic regulatory environment requires significant management attention and financial resources. The failure of our businesses to comply with these laws and regulations could result in fines and/or proceedings against us by governmental agencies, regulatory authorities, courts and/or consumers, which, if material, could adversely affect our business, financial condition and financial results.

The promulgation of new laws, rules and regulations, or new interpretations of existing laws, rules and regulations, could require us to change certain aspects of our business, operations and relationships to ensure compliance, which could decrease demand for services, reduce revenues, increase costs and/or subject the Company to additional liabilities. For example, many jurisdictions have adopted, and many jurisdictions are considering adopting, privacy rights and consumer protections for their residents, which legislation will continue to change the landscape for the use and protection of data and could increase the cost and complexity of delivering our services. Unfavorable changes could limit marketing methods and capabilities, decrease demand for products and services, impede development of new products, require significant management time, increase costs and/or subject us to additional liabilities. Violations of these laws and regulations could result in penalties, criminal sanctions and/or negative publicity against us, our officers or our employees and/or restrictions on the conduct of our business.

We cannot be sure that our intellectual property is protected from copying or use by others. Our websites rely on content as well as proprietary brands and technology. We protect our content, brands and technology by relying on a combination of trademarks, copyrights, trade secrets, and confidentiality agreements. Even with these precautions, it may be possible for a party to copy or obtain and use our content, brands or technology without authorization or to independently develop similar content, brands or technology. Any misappropriation or violation of our rights could have a material adverse effect on our business.

Effective intellectual property protection is expensive to develop and maintain and may not be available in every jurisdiction in which our services are available. Policing unauthorized use of our intellectual property is difficult and expensive; in certain jurisdictions, we may be unable to protect our intellectual property adequately against unauthorized third-party copying or use. We cannot be sure that the steps we have taken will prevent misappropriation or infringement of our intellectual property. Furthermore, we may need to go to court or other tribunals or administrative bodies in order to enforce our rights, to protect our trade secrets or to determine the validity and scope of the rights of others. These proceedings might result in substantial costs and diversion of resources and management attention. Our failure to protect our intellectual property in a cost-efficient or effective manner could have a material adverse effect on our business.

We currently license and incorporate into our websites technologies and content from third parties. As we continue to introduce new services that incorporate new technologies and content, we may be required to license additional technology or content. We cannot be sure that such technology or content will be available on commercially reasonable terms, if at all.

Risks Related to Data Security and Privacy

Our processing, storage and use of personal information and other data subjects us to additional laws and regulations and failure to comply with those laws and regulations could give rise to liabilities. The security of data when engaging in electronic commerce is essential to maintaining consumer and service provider confidence in our services. We are subject to a variety of laws in the U.S. and abroad regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other existing laws. The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. In addition, practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet have recently come under increased public scrutiny.

Implementing and complying with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise affect our operations. Any failure or perceived failure by us to comply with our privacy policies, privacy-related obligations to consumers or other third parties, or privacy-related legal obligations, may result in governmental enforcement actions that could harm our reputation and cause our consumers and travel partners to lose trust in us, any of which could have an adverse effect on our business, brand, market share and financial results.

We are subject to risks associated with processing credit card and other payment transactions and failure to manage those risks may subject us to fines, penalties and additional costs and could have a negative impact on our business. We accept payments from consumers and travel partners using a variety of methods, including credit, debit and invoicing. We are subject to regulations and compliance requirements, including obligations to implement enhanced authentication processes. We rely on third parties to provide certain payment methods and payment processing services and our business could be disrupted if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. We are also subject to a number of other laws and regulations relating to payments, money laundering, international money transfers and privacy and information security. These laws, regulations and/or requirements result in significant costs and, yet, we may still be susceptible to fraudulent activity. If we fail to comply with these rules or requirements or if our data security systems are breached or compromised, we may be liable for card issuing banks' costs, subject to fines, penalties and higher transaction fees, and/or lose our ability to accept credit and debit card payments, process electronic funds transfers, or facilitate other types of online payments. In addition, for certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability.

System security issues, data protection breaches, cyberattacks and system outage issues could disrupt our operations or services provided to our consumers, and any such disruption could damage our reputation and adversely affect our business, financial results and share price. Our reputation and ability to attract, retain and service our consumers and travel partners is dependent upon the reliable performance and security of our computer systems and those of third parties we utilize in our operations. Significant security issues, data breaches, cyberattacks and outages, interruptions or delays, in our systems or third party systems upon which we rely, could impair our ability to display content or process transactions and significantly harm our business. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our consumers or our travel partners, could expose us, our consumers and travel partners to a risk of loss or misuse of this information, damage our brand and reputation or otherwise harm our business and financial performance and could result in government enforcement actions and litigation and potential liability for us. The costs of enhancing infrastructure to attain improved stability and redundancy may be time consuming and expensive and may require resources and expertise that are difficult to obtain. In addition, to the extent that we do experience a data breach, remediation may be costly and we may not have adequate insurance to cover such costs.

Computer programmers and hackers also may be able to develop and deploy viruses, worms, ransomware and other malicious software programs that attack our products or otherwise exploit any vulnerabilities in our systems, or attempt to fraudulently induce our employees, consumers, or others to disclose passwords or other sensitive information or unwittingly provide access to our systems or data. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of the system. We may need to expend significant resources to protect against security breaches or to investigate and address problems caused by cyber or other security problems. Failure to adequately protect against attacks or intrusions, whether for our own systems or systems of vendors, could expose us to security breaches that could have an adverse impact on our financial performance.

Much of our business is conducted with third party partners and vendors. A security breach at such third party could be perceived by consumers as a security breach of our systems and could result in negative publicity or reputational damage, expose us to risk of loss or litigation and subject us to regulatory penalties and sanctions. In addition, such incidents may also result in a decline in our user base or engagement levels.

Media coverage of data breaches and public exposure of consumer data rights has increased, in part because of the rise of enforcement actions, investigations and lawsuits. Similarly, the increase in privacy activist groups is likely to give rise to further scrutiny, investigative actions and publicity. Security breaches could result in negative publicity, damage to reputation, exposure to risk of loss and possible liability due to regulatory penalties and sanctions. As this focus and attention on privacy and data protection increases, we also risk exposure to potential liabilities and costs resulting from the compliance with, or any failure to comply with, applicable legal requirements, conflicts among these legal requirements or differences in approaches to privacy and security. Security breaches could also cause travelers and consumers to lose confidence in our data security, which would have a negative effect on the value of our brand.

Evolving regulations, guidance and practices on the use of "cookies" and similar technology could negatively impact the way we do business. Cookies, or text files stored on consumers’ web browsers, are common tools used by thousands of websites and apps, including ours, to store or gather information, improve site security, improve the customer experience, market to consumers and increase conversion on their websites. Many countries have adopted data protection laws and regulations governing the use of cookies and other similar tracking technologies by websites and app developers. Such regulations could limit our ability to serve certain customers in the manner we currently do, including with respect to retargeting or personalized advertising, impair our ability to improve and optimize performance on our websites, negatively affect a consumer's experience using our websites and negatively impact our business. Equally, privacy has been the impetus behind a move towards a cookie-less online ecosystem which poses a potential risk to our online behavioral advertising strategy. For example, Apple and Google Chrome have announced new privacy features that may limit our ability to use cookies and similar technology to improve the consumer experience.

Risks Related to Financial Matters

We have indebtedness which could adversely affect our business and financial condition. With respect to the Senior Notes, we are subject to risks relating to our existing or potential indebtedness that include:

- Requirement to dedicate a portion of our cash flow to principal and interest payments, thereby reducing the availability of cash to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- Difficulties to optimally capitalize and manage the cash flow for our businesses;
- Possible competitive disadvantage compared to our competitors that have less debt;
- Limitations on our ability to borrow additional funds on acceptable terms or at all; and
- Exposure to increased interest rates to the extent our outstanding debt is subject to variable rates of interest.

Failure to comply with the various covenants contained in our Credit Agreement and the Indenture could have a material adverse effect on our business. The various covenants contained in the Credit Agreement and Indenture include those that limit our ability to, among other things:

- Incur indebtedness;
- Pay dividends on, redeem or repurchase our capital stock;
- Effect share repurchases;
- Enter into secured financing arrangements;
- Enter into sale and leaseback transactions; and
- Enter into unrelated businesses.

These covenants may limit our ability to optimally operate our business. Any failure to comply with the restrictions of our 2015 Credit Facility or our Senior Notes may result in an event of default under the agreements governing such debt instruments and such default may allow the creditors to accelerate the debt incurred thereunder. In addition, lenders under the 2015 Credit Facility may be able to terminate any commitments they had made to supply us with further funds.

We may have future capital needs and may not be able to obtain additional financing on acceptable terms. Pursuant to the 2015 Credit Facility, we agreed to pledge substantially all of our assets, including the equity interests of our subsidiaries. This agreement also includes restrictive covenants that may limit our ability to secure additional financing in the future on favorable terms, if at all. Our ability to secure additional financing will also depend upon our future operating performance, which is subject to then prevailing general economic and credit market conditions, and financial, business and other factors, many of which are beyond our control.

Our financial results are difficult to forecast; they have fluctuated in the past and will likely fluctuate in the future. Our financial results in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control, including:

- Our ability to maintain and grow our consumer base and to increase user engagement;
- Increases in marketing, sales and other expenses that we will incur to grow and expand our operations and to remain competitive;
- Fluctuations in the marketing spend of our travel partners due to seasonality, global or regional events or other factors;
- User behavior or product changes that may reduce traffic to features or products that we successfully monetize;
- System failure or outages, which would prevent us from serving ads for any period of time;
- Breaches of security or privacy and the costs associated with any such breaches and remediation;
- Fees paid to third parties for content or promotion of our products and services;
- Adverse litigation judgments, settlement or other litigation related costs;
- Changes in the legislative or regulatory environment or engagement by regulators;
- Changes in tax laws, which may significantly affect our tax rates and taxes;
- Tax obligations that may arise from resolutions of tax examinations that may materially differ from the amounts we have anticipated;
- Fluctuations in currency exchange rates and changes in the proportion of our revenue and expenses denominated in foreign currencies;
- Changes in U.S. GAAP; and
- Changes in global business and macroeconomic conditions.

As a result, you should not rely upon our quarterly financial results as indicators of future performance.

If we are unable to successfully maintain effective internal control over financial reporting, investors may lose confidence in our reported financial information and our business and share price may be adversely impacted. As a public company, we are required to maintain internal control over financial reporting and our management is required to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year. If we are not successful in maintaining effective internal control over financial reporting, there could be inaccuracies or omissions in the financial information we file with the SEC. Additionally, even if there are no inaccuracies or omissions, we could be required to publicly disclose our management's conclusion that our internal control over financial reporting or disclosure controls and procedures are not effective. These events could cause investors to lose confidence in our reported financial information, result in increased costs to remediate any deficiencies, attract regulatory scrutiny or lawsuits that could be costly to resolve and distract management's attention, limit our ability to access the capital markets, adversely impact our stock price, or cause our stock to be delisted from Nasdaq or any other securities exchange on which we are then listed.

Risks Related to Tax Matters

Our effective income tax rate is impacted by a number of factors that could have a material impact on our financial results and could increase the volatility of those results. Due to the global nature of our business, we are subject to income taxes in the U.S. and other foreign jurisdictions. In the event we incur taxable income in certain jurisdictions but incur losses in other jurisdictions, we generally cannot offset the income from one jurisdiction with the loss from another. This lack of flexibility could affect our effective income tax rate. Furthermore, significant judgment is required to calculate our worldwide provision for income taxes and depends on our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain.

Our future income tax rates could be affected by a number of matters outside of our control, including but not limited to changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets or accounting for share-based compensation. If our effective income tax rates were to increase, our financial results and cash flows would be adversely affected.

Application of U.S. state and local or international tax laws, changes in tax laws or tax rulings, or the examination of our tax positions, could materially affect our financial position and results of operations. As an international business, we are subject to income taxes and non-income-based taxes in the U.S. and various other international jurisdictions. Tax laws are subject to change as new laws are passed and new interpretations of the laws are issued or applied. Due to economic and political conditions, tax rates and tax regimes may be subject to significant change and the tax benefits that we intend to eventually derive could be undermined due to changing tax laws. Governments are increasingly focused on ways to increase tax revenues, which has contributed to more aggressive positions taken by tax authorities and an increase in tax legislation. Any such additional taxes or other assessments may be in excess of our current tax provisions or may require us to modify our business practices in order to reduce our exposure to additional taxes going forward, any of which could have a material adverse effect on our business, results of operations and financial condition. Any changes to international tax laws or any additional reporting requirements may increase the complexity and costs associated with tax compliance and adversely affect our cash flows and results of operations

The Organization for Economic Cooperation and Development ("OECD") has been working on a Base Erosion and Profit Shifting Project and has issued various reports, guidelines, policy notes, and proposals that if adopted could result in an overhaul of the international taxation system under which our current tax obligations are determined. In response, several countries have introduced unilateral digital service tax initiatives which impose new types of non-income taxes, including taxes based on a percentage of revenue. During the year ended December 31, 2020 and 2019, we recorded $2 million and $3 million, respectively, of digital service tax to general and administrative expense on our consolidated statement of operations; however, we continue to assess the financial impact of new laws relating to digital services and taxation.

We are routinely under audit by federal, state and foreign taxing authorities. The ultimate outcome of these examinations (including the IRS audit described below) cannot be predicted with certainty but could be materially different from our income tax provisions and accruals and could have a material effect on our results of operations or cash flows in the period or periods for which that determination is made. Should the IRS or other taxing authorities assess additional taxes as a result of examinations, we may be required to record charges to our results of operations, which could harm our operating results and financial condition.

Changes in the tax treatment of companies engaged in e-commerce may adversely affect the commercial use of our sites and our financial results. Tax authorities at the international, federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in e-commerce and it is possible that various jurisdictions may attempt to levy additional or new sales, income or other taxes relating to our activities. For example, Congress is considering various approaches to legislation that would require companies engaged in e-commerce to collect sales tax on internet revenue and a growing number of U.S. states and certain foreign jurisdictions have adopted or are considering proposals to impose obligations on remote sellers and online marketplaces to collect taxes on their behalf. Additionally, the U.S. Supreme Court's ruling in South Dakota v. Wayfair Inc., in which a Court reversed longstanding precedent that remote sellers are not required to collect state and local sales taxes, may have an adverse impact on our business. Also, as described in more detail above, certain U.S. states and countries in which we do business have enacted or proposed digital services tax initiatives. New or revised international, federal, state or local tax regulations or court decisions may subject us or our customers to additional sales, occupancy, income and other taxes. We cannot predict the effect of these and other attempts to impose sales, income or other taxes on e-commerce; however, new or revised taxes and, in particular, sales taxes, occupancy taxes, value added taxes ("VAT"), and similar taxes would likely increase the cost of doing business online and decrease the attractiveness of selling products and services over the Internet. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Any of these events could have a material adverse effect on our business, financial results and financial condition.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, occupancy, VAT or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our operating results. We do not collect and remit sales and use, occupancy, VAT or similar taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable or legally required. Several states and other taxing jurisdictions have presented or threatened us with assessments, alleging that we are required to collect and remit certain taxes there. While we do not believe that we are subject to such taxes and intend to vigorously defend our position in these cases, we cannot be sure of the outcome of our discussions and/or appeals with these states. In the event of an adverse outcome, we could face assessments, plus any additional interest and penalties. We also expect additional jurisdictions may make similar assessments or pass similar new laws in the future, and any of the jurisdictions where we have sales may apply more rigorous enforcement efforts or take more aggressive positions in the future that could result in greater tax liability allegations. Such tax assessments, penalties and interest or future requirements may materially adversely affect our business, financial condition and operating results.

We continue to be subject to significant potential tax liabilities in connection with the Spin-Off. Under the Tax Sharing Agreement between us and Expedia entered into in connection with the Spin-Off, we are generally required to indemnify Expedia for any taxes resulting from the Spin-Off (and any related interest, penalties, legal and professional fees, and all costs and damages associated with related stockholder litigation or controversies). We continue to be responsible for potential tax liabilities in connection with consolidated income tax returns filed with Expedia prior to or in connection with the Spin-Off. By virtue of previously filed consolidated tax returns with Expedia, we are currently under IRS audit for the 2009, 2010, and short-period 2011 tax years and, in connection with that audit, have received Notices of Proposed Adjustment from the IRS which would result in an increase in our worldwide income tax expense. We have requested competent authority assistance under the Mutual Agreement Procedure ("MAP") for tax years 2009 through 2011. We expect the competent authorities to present a resolution for the 2009 through 2011 tax years in the near future. Upon receipt, we will assess the resolution provided by the competent authorities as well as its impact on our existing income tax reserves for all open subsequent years. The outcome of these matters or any other audits could subject us to significant tax liabilities.

We are subject to fluctuation in foreign currency exchange rates. We conduct a significant portion of our business outside the U.S. but report our results in U.S. dollars. As a result, we face exposure to movements in foreign currency exchange rates including, but not limited to, re-measurement of gains and losses from changes in the value of foreign denominated assets and liabilities; translation gains and losses on foreign subsidiary financial results that are translated into U.S. dollars upon consolidation; and planning risk related to changes in exchange rates between the time we prepare our annual and quarterly forecasts and when actual results occur. For example, in the event that one or more European countries were to replace the Euro with another currency, our sales into such countries, or into Europe generally, would likely be adversely affected until stable exchange rates are established. Accordingly, fluctuations in foreign currency exchange rates, such as the strengthening of the U.S. dollar against the Euro or the British pound, could adversely affect our net revenue growth in future periods.

In the event of severe volatility in exchange rates, the impact of these exposures can increase and the impact on results of operations can be more pronounced. In addition, the current environment and the increasingly global nature of our business have made hedging these exposures more complex. We hedge certain short-term foreign currency exposures with the purchase of forward exchange contracts. These forward exchange contracts only help mitigate the impact of changes in foreign currency rates that occur during the term of the related contract period and carry risks of counter-party failure. There can be no assurance that our forward exchange contracts will have their intended effects.

Risks Related to Ownership of our Common Stock

Liberty Tripadvisor Holdings, Inc. currently is a controlling stockholder. Liberty Tripadvisor Holdings, Inc., or LTRIP, effectively controls the outcome of all matters submitted to a vote or for the consent of our stockholders (other than with respect to the election by the holders of our common stock of 25% of the members of our Board of Directors and matters as to which Delaware law requires separate class votes). Our Chairman, Gregory Maffei, and Directors Greg O'Hara and Albert Rosenthaler, also serve as officers and directors of LTRIP. LTRIP may have interests that differ from those of our other stockholders and may vote in a way with which our other stockholders may not agree or that may be adverse to other stockholders' interests. LTRIP is not restricted from investing in other businesses related to our business. LTRIP's control of us, as well as the provisions of our organizational documents and Delaware law, may discourage or prevent a change of control that might otherwise be beneficial, which may reduce the market price of our common stock.

The market price and trading volume of our common stock has experienced, and could continue to experience in the future, substantial volatility. The market price of our common stock is affected by a number of factors, including:

- Quarterly variations in our or our competitors' results of operations;
- Changes in earnings estimates or recommendations by securities analysts;
- Failure to meet market expectations;
- The announcement of new products or product enhancements by us or our competitors;
- Repurchases of our common stock;
- Developments in our industry, including changes in governmental regulations; and
- General market conditions and other factors.

In the past, the stock market has experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations and general economic, political and market conditions, such as recessions, interest rate changes or foreign currency exchange fluctuations, may negatively impact the market price of our common stock regardless of our actual operating performance.

We are currently relying on the "controlled company" exemption under Nasdaq Stock Market Listing Rules, pursuant to which "controlled companies" are exempt from certain corporate governance requirements otherwise applicable under Nasdaq listing rules. The Nasdaq Stock Market Listing Rules exempt "controlled companies," or companies of which more than 50% of the voting power is held by an individual, a group or another company, from certain corporate governance requirements. We currently rely on the controlled company exemption for certain of the above requirements, including the requirement that director nominees be selected or recommended to the Board of Directors by a majority of its independent directors or by a nominating committee that is composed entirely of independent directors. Accordingly, our stockholders will not be afforded the same protections generally as stockholders of other Nasdaq-listed companies with respect to corporate governance for so long as we rely on these exemptions from the corporate governance requirements.

We do not pay regular quarterly or annual cash dividends on our stock. Any determination to pay dividends is at the discretion of our Board of Directors and will depend on our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions and other factors deemed relevant by our Board of Directors. Therefore, investors should not rely on regular quarterly or annual dividend income from shares of our common stock and investors should not rely on special dividends with any regularity or at all.

Future sales of shares of our common stock in the public market, or the perception that such sales may occur, may depress our stock price. Sales of substantial amounts of our common stock in the public market, particularly sales by our directors, officers, employees and significant stockholders, or the perception that these sales might occur, could depress the market price of our common stock and could impact our ability to raise capital through the sale of additional securities. In addition, certain stockholders have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

Anti-takeover provisions in our organizational documents and Delaware law may discourage or prevent a change of control, even if an acquisition would be beneficial to our stockholders, which could affect our stock price adversely and prevent attempts by our stockholders to replace or remove our current management.

These provisions include:

- Authorization and issuance of Class B common stock that entitles holders to ten votes per share;
- Authorization of the issuance of preferred stock which can be created and issued by the Board of Directors without prior stockholder approval, with rights senior to those of our common stock;
- Prohibition of our stockholders to fill board vacancies or call special stockholder meetings; and
- Limitations on who may call special meetings of stockholders.

These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our Board of Directors or initiate actions that are opposed by our then-current Board of Directors, including a merger, tender offer or proxy contest involving our company. Any delay or prevention of a change of control transaction or changes in our Board of Directors could cause the market price of our common stock to decline.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2020, we do not own any real estate. We lease approximately 280,000 square feet of office space for our corporate headquarters in Needham, Massachusetts, or Headquarters Lease. Our Headquarters Lease, has an expiration date of December 2030, with an option to extend the lease term for two consecutive terms of five years each. We also lease an aggregate of approximately 485,000 square feet of office space in approximately 35 other locations across North America, Europe, Asia Pacific and South America, in cities such as New York, London, Sydney, Barcelona, Buenos Aires and Paris, primarily for our sales offices, subsidiary headquarters, and international management teams, pursuant to leases with various expiration dates. We believe that our current facilities are adequate for our current operations and that additional leased space can be obtained on reasonable terms if needed.

Item 3. Legal Proceedings

Refer to "Note 13: *Commitments and Contingencies*" in the notes to the consolidated financial statements in Part II, Item 8 on this Annual Report on Form 10-K, for further information on our legal proceedings. For an additional discussion of certain risks associated with legal proceedings, see "Risk Factors" in Part I, Item 1A on this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

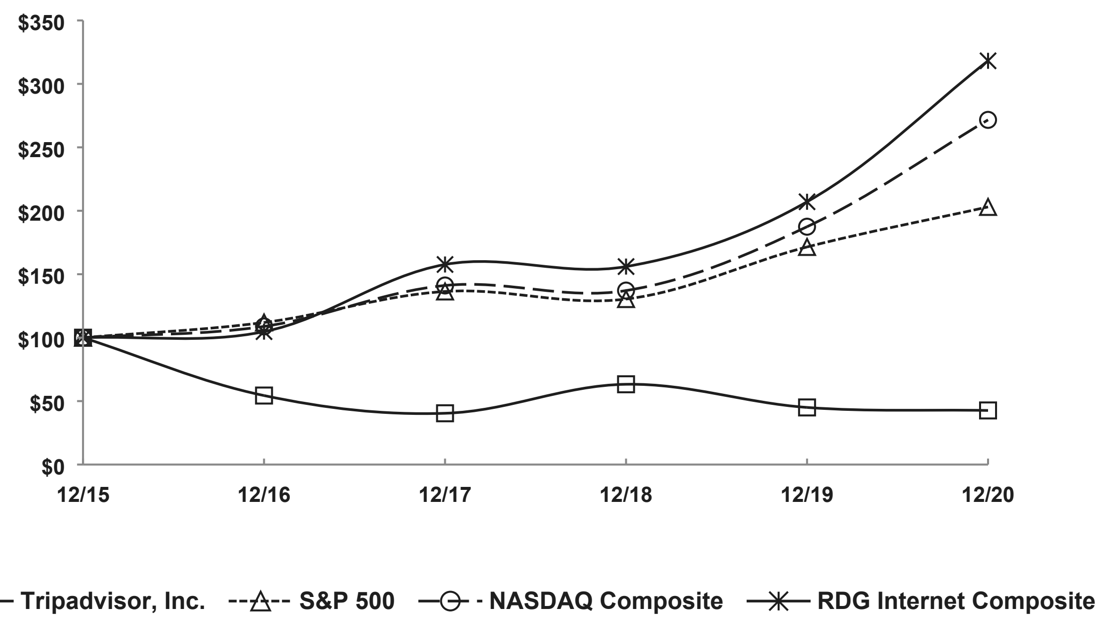
Our common stock is quoted on NASDAQ under the ticker symbol "TRIP." Our Class B common stock is not listed and there is no established public trading market for that security. As of February 12, 2021, all of our Class B common stock was held by LTRIP.

Performance Comparison Graph

The following graph provides a comparison of the total stockholder return from December 31, 2015 to December 31, 2020, of an investment of $100 in cash on December 31, 2015 for Tripadvisor, Inc. common stock and an investment of $100 in cash on December 31, 2015 for (i) the Standard and Poor's 500 Index (the "S&P 500 Index"), (ii) the NASDAQ Composite Index, and (iii) the Research Data Group ("RDG") Internet Composite Index. The RDG Internet Composite Index is an index of stocks representing the internet industry, including internet software and service companies and e-commerce companies. The stock price performance shown on the graph below is not necessarily indicative of future price performance. Data for the S&P 500 Index, the NASDAQ Composite Index, and the RDG Internet Composite Index assume reinvestment of dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Tripadvisor, Inc., the S&P 500 Index,
the NASDAQ Composite Index and the RDG Internet Composite Index



*$100 invested on 12/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

This performance comparison graph is not "soliciting material," is not deemed filed with the SEC and is not deemed to be incorporated by reference into any filing of Tripadvisor, Inc. under the Securities Act or any filing under the Exchange Act.

Holders of Record

As of February 12, 2021, there were 122,029,254 outstanding shares of our common stock held by 2,027 stockholders of record, and 12,799,999 outstanding shares of our Class B common stock held by one stockholder of record: LTRIP.

Dividends

While the Company did pay a special cash dividend of $3.50 per share to stockholders, or approximately $488 million in the aggregate, on December 4, 2019, we did not declare or pay any dividends during the years ended December 31, 2020 or 2018. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend on our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions and other factors deemed relevant by our Board of Directors. In addition, our ability to pay dividends was also limited by the terms of our Credit Agreement and our Indenture. Therefore, investors should not rely on regular quarterly or annual dividend income from shares of our common stock and investors should not rely on special dividends with any regularity, or at all. Investors should rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize future gains on their investments.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required under this item is incorporated herein by reference to our 2021 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Unregistered Sales of Equity Securities

During the quarter ended December 31, 2020, we did not issue or sell any shares of our common stock, Class B common stock or other equity securities pursuant to unregistered transactions in reliance upon an exemption from the registration requirements of the Securities Act.

Issuer Purchases of Equity Securities

During the quarter ended December 31, 2020, we did not repurchase any shares of our common stock under our existing share repurchase program. As of December 31, 2020, we had $75 million remaining available to repurchase shares of our common stock under our previously authorized share repurchase program.

While the Board of Directors has not suspended or terminated the share repurchase program, the terms of our Credit Agreement limit the Company from engaging in share repurchases and the terms of our Indenture impose certain limitations and restrictions on share repurchases. Refer to "Note 10: *Debt*" in the notes to the consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information about our Credit Agreement and our Indenture.

Item 6. Selected Financial Data

This item is no longer required as we have elected to early adopt the changes to Item 301 of Regulation S-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying consolidated financial statements and the notes in Item 8 on this Annual Report on Form 10-K.

Overview

Tripadvisor is a leading online travel company and our mission is to help people around the world plan, book and experience the perfect trip. We operate a global travel guidance platform that connects the world's largest audience of prospective travelers with travel partners through rich content, price comparison tools, and online reservation and related services for destinations, accommodations, travel activities and experiences, and restaurants.

Under our flagship brand, Tripadvisor, we launched www.Tripadvisor.com in the U.S. in 2000. Since then, we have launched localized versions of the Tripadvisor website in 48 markets and 28 languages worldwide. As of December 31, 2020, Tripadvisor featured 884 million reviews and opinions on 7.9 million hotels and other accommodations, restaurants, experiences, airlines and cruises.

In addition to the flagship Tripadvisor brand, we own and operate a portfolio of online travel brands and businesses, operating under various websites, connected by the common goal of providing consumers the most comprehensive travel-planning and trip-taking resources in the travel industry. For information on our portfolio of brands and our business model, see the discussion set forth in Part I, Item 1. "Business", under the captions "Overview" and "Our Business Model."

Our reporting structure includes the following reportable segments: (1) Hotels, Media & Platform; and (2) Experiences & Dining. For further information on our segments, including the principal revenue streams within these segments, refer to "Note 4: *Revenue Recognition*" and "Note 20: *Segment and Geographic Information*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K.

Executive Financial Summary

Tripadvisor is the world's largest travel guidance platform, as measured by monthly unique users. As a result, Tripadvisor represents an attractive platform for travel partners – including hotel chains, independent hoteliers, OTAs, destination marketing organizations, and other travel-related and non-travel related product and service providers – who seek to market and sell their products and services to a global audience. Tripadvisor's platform and product offerings enable consumers to discover, research and price shop a variety of travel products, including hotels, flights, cruises, cars, vacation rental properties, tours, travel activities and experiences, and restaurants; and book a number of these travel experiences either directly on our websites or mobile apps, or on our travel partners' websites or mobile apps.

Business Trends

The online travel industry in which we operate is large and also highly dynamic and competitive. Our overall strategy is to deliver more value to consumers and travel partners in order to generate more monetization on our platform. While we operate with a long-term growth focus, our specific growth objectives and resource allocation strategies can differ in both duration and magnitude within our segments. We describe these dynamics, as well as the current trends affecting our overall business and reportable segments, key drivers of our financial results, and uncertainties that may impact our ability to execute on our objectives and strategies, below.

COVID-19

The COVID-19 pandemic has caused a significant negative impact on the travel, hospitality, restaurant, and leisure industry and consequently adversely and materially affected our business, results of operations, liquidity and financial condition during the year ended December 31, 2020. Among other impacts, COVID-19 has negatively impacted global consumer demand and consumers' ability to travel, thereby resulting in many of our travel partners operating at significantly reduced service levels.

Commencing in late February 2020 and progressively worsening through March 2020, we experienced a significant decline in user demand for our products and services, concurrent with intensifying concerns about COVID-19 on a global basis, in conjunction with widespread travel restrictions imposed by governments and businesses. The adverse impact to our business from COVID-19 intensified in the second half of March, driven by the pandemic's proliferation and increased governmental restrictions and mandates globally that additionally impacted the travel, hospitality, restaurant, and leisure industry and further dampened consumer demand for our products and services. In the second half of March and throughout April, significant year-over-year revenue declines generally stabilized across the Company's segments and products, which generally continued throughout the second quarter of 2020, and modestly improved during the third quarter of 2020. Our consolidated revenue for the year ended December 31, 2020, was approximately 40% of the prior year's comparable period. In the second half of 2020, revenue averaged approximately 35% of the prior year's comparable period, while revenue performance in the months of November and December was approximately 33% of the prior year's comparable periods. This trend compares favorably to the trends observed in months of April 2020 and May 2020, where revenue for those months was approximately 10% of the prior year's comparable periods. In addition, traffic trends on our websites have improved since the significant declines seen in the second half of March and throughout April 2020. In the second half of 2020, monthly unique users on Tripadvisor websites averaged approximately 67% of the prior year's comparable periods, while in April and May of 2020, monthly unique users on Tripadvisor websites were approximately 33% and 45% of the prior year's comparable periods, respectively. While our revenue and traffic trends generally improved since April and May 2020, these trends began to flatten out in September 2020. Beginning in the fourth quarter of 2020, governments again, particularly in Europe, began to impose new restrictions to mitigate the spread of the virus, which negatively impacted these recent trends, as monthly unique users on Tripadvisor websites during the fourth quarter of 2020 declined to approximately 60% of the prior year's comparable period, in comparison to approximately 70% of the prior year's comparable period, during the third quarter of 2020.

We have also incurred significant and unanticipated cancellations by travelers related to future travel, accommodations and tour bookings, which had been reserved by travelers in the pre-COVID-19 timeframe and included a significant number of bookings recorded as deferred revenue on our consolidated balance sheet as of December 31, 2019. During the course of 2020, we have worked with travelers and travel partners to address cancellations, re-bookings, and in certain cases we have provided our travel partners extended payment terms, discounts and other incentives.

While we have seen varying degrees of containment of the virus in certain countries and some signs of travel recovery during points in time during 2020, the degree of containment and the recovery in travel has varied region-to-region globally, as well as state-to-state in the U.S. Most notably, a resurgence of COVID-19 has occurred again, after a period of decline, during the fourth quarter of 2020 and the beginning of the first quarter of 2021, followed by the reinstatement of government restrictions and mandates in certain geographies globally and the identification of new variants of the virus. There remains uncertainty around when remaining or reinstated restrictions will be lifted, where additional restrictions may be initiated, or where restrictions that have been previously lifted may be reinstated due to resurgence of the virus, nor is it clear when the short or long-term changes to consumer usage patterns on our platform or travel behavior patterns when travel bans and other government restrictions and mandates are fully lifted, or the timing of widespread distribution and administration of the vaccine globally. We believe the travel industry and our business will continue to be materially and adversely affected while such travel restrictions remain in place and COVID-19 continues to proliferate. Although we cannot predict with certainty the full impact of the COVID-19 pandemic on our full year 2021 financial results, we currently expect that our first quarter 2021 fiscal year financial results will continue to be negatively impacted by the pandemic to a material degree.

In addition, the ultimate extent of the COVID-19 pandemic's impact on travel, regional and global markets, and overall economic activity remains difficult to predict. Therefore, the ultimate extent and duration of the impact of COVID-19 on our business, results of operations, liquidity and financial condition remains largely uncertain and is dependent on future developments that cannot be accurately predicted at this time, such as the continued resurgence and severity of the virus, continued transmission rate of COVID-19, the extent and effectiveness of containment actions taken, the timing or extent of widespread distribution and administration of the vaccine, mobility and travel restrictions, and the impact of these and other factors on consumer travel behavior.

In response to the impact of COVID-19, we have taken several steps to further strengthen our financial position and balance sheet and maintain financial liquidity and flexibility during 2020, including, but not limited to, restructuring activities, reducing our ongoing operating expenses and headcount, additional borrowings of debt, and amendments to our 2015 Credit Facility, all of which are described in more detail below.

Liquidity

During the first quarter of 2020, we borrowed $700 million under the 2015 Credit Facility as a precautionary measure to reinforce our liquidity position and preserve financial flexibility in light of uncertainty in the global markets resulting from the COVID-19 pandemic. We repaid these borrowings during the three months ended September 30, 2020.

In May 2020, we amended our 2015 Credit Facility to, among other things, suspend the leverage ratio covenant on this facility beginning in the second quarter of 2020 and ending prior to September 30, 2021 or such earlier date as elected by the Company (such period, the "Leverage Covenant Holiday"), add a minimum liquidity covenant to be applicable during the Leverage Covenant Holiday, secure the obligations under the agreement, as well as downsize the capacity of the facility to $1.0 billion from $1.2 billion. In December 2020, we again amended the 2015 Credit Facility to, among other things, continue the suspension of the requirement for quarterly testing of compliance under the leverage ratio covenant until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed $200 million, and (b) the election of the Company (the "Covenant Changeover Date"), at which time the leverage ratio covenant will be reinstated. At this time, we also downsized the capacity to $500 million from $1.0 billion and extended the maturity date from May 12, 2022 to May 12, 2024. We believe this additional flexibility will be important given our continued limited ability to predict our future financial performance due to the uncertainty associated with COVID-19 as well as consumer behavior and restrictive measures put in place in response to COVID-19.

In addition, in July 2020, the Company completed the sale of $500 million aggregate principal amount of Senior Notes in a private offering. The Indenture pursuant to which the Senior Notes were issued provides, among other things, that interest will be payable on the Senior Notes at 7.000% per annum, on January 15 and July 15 of each year, beginning on January 15, 2021, until their maturity date of July 15, 2025. The Company used the net proceeds received of $490 million, net of debt issuances costs, to repay a portion of our 2015 Credit Facility borrowings.

Refer to "Note 10: *Debt"* in the notes to the consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information about our 2015 Credit Facility and Senior Notes.

Cost Reduction Measures

During the first quarter of 2020, the Company instituted a cost reduction initiative to preserve cash flows, including targeted workforce reduction measures largely in the Experiences & Dining segment and optimizing and reducing brand advertising as the Company pivots to leverage newer mediums we believe will be more effective than our historically television-focused campaign.

During the latter part of the first quarter of 2020, and in response to the COVID-19 pandemic, the Company instituted additional cost reduction measures, including the elimination of the majority of discretionary spending, business travel, non-critical vendor relationships, brand advertising, cessation of nearly all new hiring and contingent staff, reduction of targeted employee benefits and the furloughing of over 100 employees. On April 28, 2020, management approved and the Company announced an additional cost reduction initiative in response to the continued economic and financial impacts to the Company as a result of the COVID -19 pandemic, which included the following:

- Enacting a workforce reduction eliminating more than 900 employees;

- Furloughing additional employees bringing the total furloughed employees during March and April 2020 to approximately 850 employees, primarily in our European operations at The Fork; and
- Making targeted reductions of the Company's office lease portfolio, primarily either through subleasing or allowing property leases to expire.

By the end of the third quarter of 2020, a majority of the Company's previously furloughed employees had returned to their jobs; however, during the fourth quarter of 2020, the Company again furloughed approximately 400 employees, primarily in our Europeans operations of The Fork. This action taken by the Company was a direct result of the reinstatement of government restrictions related to restaurants in various countries within Europe in response to the resurgence of COVID-19 in those markets.

During the year ended December 31, 2020, the Company incurred total pre-tax restructuring and other related reorganization costs of approximately $41 million as a result of these measures, all of which were paid by the Company as of December 31, 2020.

CARES Act and Other Governmental Relief

In March 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act is an emergency economic stimulus package in response to the COVID-19 pandemic, which includes numerous income tax provisions, some of which are effective retroactively. We anticipate that we will benefit from certain of these provisions, and have accordingly recorded income tax benefits of $23 million during year ended December 31, 2020.

In addition, certain other governments have passed legislation to help businesses during the COVID-19 pandemic through loans, wage subsidies, tax relief or other financial aid. Some of these governments have extended or are considering extending these programs. The Company has participated in several of these programs, including the CARES Act in the U.S., the United Kingdom's job retention scheme, as well as other certain jurisdictions' programs. During the year ended December 31, 2020, we recognized government grants and other assistance benefits of $12 million, as a reduction of personnel and overhead costs in the consolidated statement of operations.

For further details of the income tax and other benefits recorded by the Company under the CARES Act and other governmental relief programs, refer to "Note 1: *Organization and Business Description*" and "Note 12: *Income Taxes*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K.

Hotels, Media & Platform Segment

In our Hotels, Media & Platform segment our strategic objective is to preserve profit and drive increased customer engagement and monetization on the Tripadvisor platform. We seek to achieve this by delivering consumers compelling products and holistic user experience as well as by offering travel partners a diverse set of advertising opportunities.

For consumers, we test and implement product enhancements that deliver a more engaging and comprehensive hotel shopping experience. This includes providing rich, immersive content – reviews, photos, videos and ratings, among other contributions – as well as increasing the number of travel partners and properties as well as the available hotel supply on our platform. We believe providing consumers tools to discover, research, price shop and book a comprehensive selection of accommodations helps increase brand awareness and brand loyalty and, over time, can result in deeper consumer engagement, more qualified leads delivered to travel partners and greater monetization on our platform.

We seek to monetize our influence through hotel-related product improvements, supply and marketing efforts and customer advertising opportunities. Historically, we have generated a significant amount of hotel shoppers from search engines, such as Google. A hotel shopper is a visitor to our sites that views either a listing of hotels in a city or a specific hotel page. Our key ongoing objective related to traffic acquisition is to attract or acquire hotel shoppers at or above our desired marketing return on investment targets. Over the long-term, we are focused on driving a greater percentage of our traffic from direct traffic sources, which comes with little to no traffic acquisition costs.

Our business, including the Hotels, Media & Platform segment, has been adversely and materially impacted by the COVID-19 pandemic, which was the primary and material driver of this segment's unfavorable results during the year ended December 31, 2020 as noted in the "COVID-19" discussion above. During the third quarter of 2020, our Hotels, Media & Platform segment demonstrated modest month-over-month performance improvements; however, beginning in the fourth quarter of 2020, governments again, particularly in Europe, began to impose restrictions to mitigate the spread of the virus, which negatively impacted this recent trend, particularly in our European business. In addition, most notably in the pre-Covid time period, the Company experienced revenue headwinds in our SEO marketing channel, which we believe has been impacted by search engines (primarily Google) increasing the prominence of their own hotel products in search results and we expect this trend may continue.

We believe deepening consumer engagement on our platform will enable us to more significantly monetize our influence and eventually grow Hotels, Media & Platform segment revenue. For example, in Tripadvisor-branded display and platform revenue, we enable travel partners to amplify their brand, generate brand impressions, and potentially drive qualified leads and bookings for their businesses. Historically, we have limited both the type and number of display-based advertising opportunities we make available to travel partners, particularly on mobile phone, which, in turn, has limited display-based advertising revenue growth. However, we continue to work on initiatives to better leverage our audience, content, data, travel influence and platform breadth to open up new media advertising opportunities through a more modern, high-powered advertising suite spanning native, video and programmatic solutions. We intend to broaden our solution to a larger set of advertising travel endemic and non-travel endemic advertising partners, including industries such as airlines and finance.

In addition, we have historically and will continue to focus on initiatives to increase our traffic quality and deepen customer engagement on our platform, including driving membership growth, increasing personalization, and innovating our mobile app experience. We believe improving the user experience on our platform will lead to higher monetization over time. Further, we believe there remains an opportunity to continue to grow our member base, as well as to deepen member engagement by making membership more valued, building communities and leveraging our content to further personalize trip-planning features. As an example, during December 2020, we introduced direct-to-consumer initiatives, which included a beta-launch of an annual subscription-based membership that offers discounts to consumers for hotels and experiences, and also a travel concierge service that connects travelers with a curated community of expert trip designers in local travel destinations.

Experiences & Dining Segment

Our Experiences & Dining offerings contribute to the comprehensive user experience we deliver, which we believe helps to increase awareness of, loyalty to, and engagement with our products, drive more bookings to Experiences & Dining partners and generate greater revenue and increased profitability on our platform. Given the significant market opportunities in these large categories, we expect to continue to invest in building these offerings to drive consumer engagement, bookings and revenue growth for the long-term.

During the year ended December 31, 2020, our Experiences & Dining segment's financial results were adversely and materially impacted by the COVID-19 pandemic. Restaurants across European markets saw restrictions ease during the second quarter of 2020, which was met with an increase in consumer demand. As a result, in the month of September 2020, TheFork business unit, primarily based in Europe, had largely regained the revenue level of the prior year's comparable period; however, beginning in the fourth quarter of 2020, governments again, particularly in Europe, imposed new restrictions to try to mitigate the resurgence of the virus, which negatively and materially impacted this recent trend.

Throughout the pandemic, we have explored new initiatives to delight and engage consumers. For example, we began offering virtual tours to our consumers, as well as the beta-launch of an annual subscription-based membership, as discussed above, which offers consumers discounts on experience bookings. This is in addition to other recent initiatives, such as the recent rollout of a new payment option in late 2019, which enables consumers to reserve certain experience activities and defer payment until a date no later than two days before the experience date.

In December 2019, we acquired U.K.-based Bookatable, which offers an online restaurant reservation and booking platform. This further strengthened our position in certain of our existing European markets as well as expands us into new countries for our Dining offering, such as the U.K., Germany, Austria, Finland and Norway. TheFork's online restaurant booking platform, including Bookatable, had approximately 76,000 total bookable restaurants as of December 31, 2020.

Other

Other is a combination of our Rentals, Flights & Car, and Cruise businesses and is not considered a reportable segment. Profits and revenues have declined during the year ended December 31, 2020, primarily due to the COVID-19 pandemic, similar to our other business units, and to a lesser extent, due to the sale of our SmarterTravel business in the second quarter of 2020. We continue to operate these businesses opportunistically as they complement our overall strategic objectives to deliver more value to consumers and travel partners.

Consolidated Results of Operations

A discussion regarding our financial condition and results of operations for fiscal year 2020 compared to fiscal year 2019 is presented below. A discussion regarding our financial condition and results of operations for fiscal year 2019 compared to fiscal year 2018 can be found in Part II, Item 7. *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 19, 2020.

Results of Operations
Selected Financial Data
(in millions, except per share amounts and percentages)

	Year ended December 31,			% Change	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Revenue	$ 604	$ 1,560	$ 1,615	(61)%	(3)%
Costs and expenses:					
Cost of revenue	55	94	86	(41)%	9%
Selling and marketing	316	672	778	(53)%	(14)%
Technology and content	220	293	275	(25)%	7%
General and administrative	173	187	177	(7)%	6%
Depreciation and amortization	125	126	116	(1)%	9%
Impairment of goodwill	3	—	—	n.m.	n.m.
Restructuring and other related reorganization costs	41	1	—	n.m.	n.m.
Total costs and expenses:	933	1,373	1,432	(32)%	(4)%
Operating income (loss)	(329)	187	183	n.m.	2%
Other income (expense):					
Interest expense	(35)	(7)	(12)	400%	(42)%
Interest income	3	17	7	(82)%	143%
Other income (expense), net	(8)	(3)	(5)	167%	(40)%
Total other income (expense), net	(40)	7	(10)	n.m.	n.m.
Income (loss) before income taxes	(369)	194	173	n.m.	12%
(Provision) benefit for income taxes	80	(68)	(60)	n.m.	13%
Net income (loss)	$ (289)	$ 126	$ 113	n.m.	12%
Other financial data:					
Adjusted EBITDA (1)	$ (51)	$ 438	$ 422	n.m.	4%

n.m. = *not meaningful*
(1) See "Adjusted EBITDA" discussion below for more information.

Revenue and Segment Information

	Year ended December 31,			% Change	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Revenue by Segment:		(in millions)			
Hotels, Media & Platform	$ 361	$ 939	$ 1,001	(62)%	(6)%
Experiences & Dining	186	456	372	(59)%	23%
Other	57	165	242	(65)%	(32)%
Total revenue	$ 604	$ 1,560	$ 1,615	(61)%	(3)%
Adjusted EBITDA by Segment:					
Hotels, Media & Platform	$ 13	$ 378	$ 329	(97)%	15%
Experiences & Dining	(79)	5	48	n.m.	(90)%
Other	15	55	45	(73)%	22%
Total Adjusted EBITDA	$ (51)	$ 438	$ 422	n.m.	4%
Adjusted EBITDA Margin by Segment (1):					
Hotels, Media & Platform	4%	40%	33%		
Experiences & Dining	(42%)	1%	13%		
Other	26%	33%	19%		

n.m. = *not meaningful*

(1) "Adjusted EBITDA Margin by Segment" is defined as Adjusted EBITDA by segment divided by revenue by segment.

Hotels, Media & Platform Segment

Hotels, Media & Platform segment revenue decreased by $578 million during the year ended December 31, 2020, when compared to the same period in 2019, primarily due to the impacts of COVID-19 as discussed above.

Adjusted EBITDA in our Hotels, Media & Platform segment decreased $365 million, during the year ended December 31, 2020 when compared to the same period in 2019. This was primarily due to a decrease in revenue, partially offset by reductions in television advertising costs, direct selling and marketing expenses related to SEM, and other online paid traffic acquisition costs in response to a decline in consumer demand related to COVID-19 and, to a lesser extent, a reduction in personnel costs as a result of workforce reductions.

The following is a detailed discussion of the revenue sources within our Hotels, Media & Platform segment:

	Year ended December 31,			% Change	
	2020	2019	2018	2020 vs 2019	2019 vs 2018
Hotels, Media & Platform:		(in millions)			
Tripadvisor-branded hotels	$ 292	$ 779	$ 848	(63%)	(8%)
Tripadvisor-branded display and platform	69	160	153	(57%)	5%
Total Hotels, Media & Platform revenue	$ 361	$ 939	$ 1,001	(62%)	(6%)

Tripadvisor-branded Hotels Revenue

Tripadvisor-branded hotels revenue primarily includes hotel auction revenue and, to a lesser extent, hotel B2B revenue, which includes click-based revenue generated from hotel sponsored placement advertising that enable hotels to enhance their visibility on Tripadvisor hotel pages, and subscription-based advertising services that we offer to travel partners. For the years ended December 31, 2020, 2019, and 2018, 81%, 83%, and 85%, respectively, of our total Hotels, Media & Platform segment revenue was derived from Tripadvisor-branded hotels revenue. Tripadvisor-branded hotels revenue decreased $487 million or 63% during the year ended December 31, 2020 when compared to the same period in 2019. This decrease was primarily driven by reduced consumer demand as a result of COVID-19, concurrent with widespread travel restrictions and service limitations on our travel partners imposed by local and federal governments at various stages during the course of the year in response to the pandemic.

Tripadvisor-branded Display and Platform Revenue

For the years ended December 31, 2020, 2019, and 2018, 19%, 17%, and 15%, respectively, of our total Hotels, Media & Platform segment revenue was derived from Tripadvisor-branded display and platform revenue, which consists of revenue from display-based advertising across all our websites. Tripadvisor-branded display and platform revenue decreased $91 million or 57% during the year ended December 31, 2020, when compared to the same period in 2019, primarily driven by a decrease in marketing spend from our advertisers due to lack of consumer demand resulting from the impact of COVID-19.

Experiences & Dining Segment

For the years ended December 31, 2020, 2019, and 2018, our Experiences & Dining segment revenue accounted for 31%, 29% and 23%, respectively, of total consolidated revenue. Experiences & Dining segment revenue decreased by $270 million or 59% during the year ended December 31, 2020, when compared to the same period in 2019. Revenue growth in this segment was negatively impacted by a significant reduction in consumer demand as a result of COVID-19, concurrent with many jurisdictions globally adopting laws, rules, regulations or decrees intended to address COVID-19, including implementing various travel restrictions, "shelter in place" or “social distancing” mandates, or restricting access to city centers or popular tourist destinations, restaurants and limiting access to experience offerings in surrounding areas at various stages during the course of the year. Restaurants across many European markets saw restrictions ease during the second quarter of 2020, which was met with an increase in consumer demand. As a result, in the month of September 2020, TheFork business unit had largely regained its revenue level of the prior year’s comparable period; however, beginning in the fourth quarter of 2020, governments again, particularly in Europe, began to impose new restrictions to try to mitigate the spread of the virus, which negatively impacted this recent trend. The negative impact of COVID-19 to this segment’s revenue, was partially offset by incremental revenue of approximately $31 million during the year ended December 31, 2020, related to our December 2019 acquisitions of Bookatable and SinglePlatform.

Experiences & Dining segment Adjusted EBITDA decreased by $84 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to the decrease in revenue noted above, partially offset by reduced selling and marketing expenses related to SEM and other online paid traffic acquisition costs in response to reduced consumer demand and lack of, or reduced, availability of dine-in restaurants, experiences and tours, at various stages during the course of the year as a result of COVID-19 and, to a lesser extent, decreased direct costs related to credit card payments and other transaction costs directly related to reduced revenue, and a reduction in personnel costs as a result of workforce reductions.

Other

Other revenue, which includes Rentals revenue, in addition to primarily click-based advertising and display-based advertising revenue from our Flights, Cars, and Cruises offerings on Tripadvisor websites, decreased by $108 million or 65% during the year ended December 31, 2020, when compared to the same period in 2019, primarily due to decreased consumer demand, similar to our other businesses, as a result of COVID-19, and subsequent widespread global travel restrictions and service limitations on travel partners imposed by local and federal governments at various stages during the course of the year, and reduced travel partner spend in response to COVID-19 and, to a lesser extent, the sale of our SmarterTravel business during the second quarter of 2020.

Adjusted EBITDA in Other decreased $40 million or 73% during the year ended December 31, 2020, when compared to the same period in 2019, primarily due to the decrease in revenue, partially offset by a reduction in selling and marketing expenses related to SEM and other online paid traffic acquisition costs in response to a decline in consumer demand related to COVID-19, a reduction in personnel costs as a result of workforce reductions and, to a lesser extent, the sale of our SmarterTravel business during the second quarter of 2020.

Consolidated Expenses

Cost of Revenue

Cost of revenue consists of expenses that are directly related or closely correlated to revenue generation, including direct costs, such as credit card and other booking transaction payment fees, data center costs, costs associated with prepaid tour tickets, ad serving fees, flight search fees, and other transaction costs. In addition, cost of revenue includes personnel and overhead expenses, including salaries, benefits, stock-based compensation and bonuses for certain customer support personnel who are directly involved in revenue generation.

	Year ended December 31,			% Change	
	2020	2019 (in millions)	2018	2020 vs 2019	2019 vs 2018
Direct costs	$ 34	$ 71	$ 67	(52%)	6%
Personnel and overhead	21	23	19	(9%)	21%
Total cost of revenue	$ 55	$ 94	$ 86	(41%)	9%
% of revenue	9.1%	6.0%	5.3%		

Cost of revenue decreased $39 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to decreased direct costs from credit card payment and other transaction costs in our Experiences & Dining segment in correlation with the reduction in revenue related to COVID-19.

Selling and Marketing

Selling and marketing expenses primarily consist of direct costs, including traffic generation costs from SEM and other online traffic acquisition costs, syndication costs and affiliate marketing commissions, social media costs, brand advertising (including television and other offline advertising), promotions and public relations. In addition, our sales and marketing expenses consist of indirect costs such as personnel and overhead expenses, including salaries, commissions, benefits, stock-based compensation, and bonuses for sales, sales support, customer support and marketing employees.

	Year ended December 31,			% Change	
	2020	2019	2018	2020 vs 2019	2019 vs 2018
		(in millions)			
Direct costs	$ 128	$ 433	$ 553	(70%)	(22%)
Personnel and overhead	188	239	225	(21%)	6%
Total selling and marketing	$ 316	$ 672	$ 778	(53%)	(14%)
% of revenue	52.3%	43.1%	48.2%		

Direct selling and marketing costs decreased $305 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to a decrease in SEM and other online traffic acquisition costs across all our segments and businesses and, to a lesser extent, a decrease in television advertising costs in our Hotels, Media & Platform segment, driven by cost reduction measures primarily in response to the financial impact to the Company and decline in consumer demand caused by COVID-19.

Personnel and overhead costs decreased $51 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily as a result of a reduction in headcount related to our cost-reduction measures in response to COVID-19 across our business. In addition, during the year ended December 31, 2020, we recognized $6 million, as a reduction in personnel costs related to government grants and other assistance benefits received as COVID-19 relief from various governments.

Technology and Content

Technology and content expenses consist primarily of personnel and overhead expenses, including salaries and benefits, stock-based compensation expense, and bonuses for salaried employees and contractors engaged in the design, development, testing, content support, and maintenance of our websites and mobile apps. Other costs include licensing, maintenance expense, computer supplies, telecom costs, content translation and localization costs, and consulting costs.

	Year ended December 31,			% Change	
	2020	2019	2018	2020 vs 2019	2019 vs 2018
		(in millions)			
Personnel and overhead	$ 194	$ 260	$ 246	(25%)	6%
Other	26	33	29	(21%)	14%
Total technology and content	$ 220	$ 293	$ 275	(25%)	7%
% of revenue	36.4%	18.8%	17.0%		

Technology and content costs decreased $73 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to decreased personnel and overhead costs across our business as a result of a reduction in headcount driven by cost-reduction measures in response to COVID-19. In addition, during the year ended December 31, 2020, we recognized $4 million, as a reduction in personnel costs related to government grants and other assistance benefits received as COVID-19 relief from various governments.

General and Administrative

General and administrative expenses consist primarily of personnel and related overhead costs, including personnel engaged in leadership, finance, legal, and human resources, as well as stock-based compensation expense for those same personnel. General and administrative costs also include professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense, non-income taxes, such as sales, use and other non-income related taxes.

	Year ended December 31,			% Change	
	2020	2019	2018	2020 vs 2019	2019 vs 2018
		(in millions)			
Personnel and overhead	$ 119	$ 135	$ 129	(12%)	5%
Professional service fees and other	54	52	48	4%	8%
Total general and administrative	$ 173	$ 187	$ 177	(7%)	6%
% of revenue	28.6%	12.0%	11.0%		

General and administrative costs decreased $14 million during the year ended December 31, 2020 when compared to the same period in 2019. Personnel and overhead costs decreased $16 million during the year ended December 31, 2020, when compared to the same period in 2019, primarily driven by a reduction in headcount related to our cost-reduction measures across our business in response to COVID-19. In addition, during the year ended December 31, 2020, we recognized $2 million, as a reduction in personnel costs related to government grants and other assistance benefits received as COVID-19 relief from various governments. Professional service fees and other increased $2 million during the year ended December 31, 2020, when compared to the same period in 2019, primarily due to an increase in bad debt expense across our business as a result of COVID-19 impact on our customers, partially offset by a decrease in consulting and legal costs.

Depreciation and amortization

Depreciation expense consists of depreciation on computer equipment, leasehold improvements, furniture, office equipment and other assets, and amortization of capitalized software and website development costs and right-of-use ("ROU") assets related to our finance lease. Amortization consists of the amortization of definite-lived intangibles purchased in business acquisitions.

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
Depreciation	$ 99	$ 93	$ 82
Amortization of intangible assets	26	33	34
Total depreciation and amortization	$ 125	$ 126	$ 116
% of revenue	20.7%	8.1%	7.2%

Depreciation and amortization decreased $1 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to the completion of amortization related to certain intangible assets from business acquisitions in previous years, partially offset by increased depreciation related to capitalized software and website development costs.

Impairment of Goodwill

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
Impairment of goodwill	$ 3	$ —	$ —
% of revenue	0.5%	0.0%	0.0%

The Company recorded a goodwill impairment charge of $3 million related to our Tripadvisor China reporting unit in the third quarter of 2020. Refer to "Note 8: *Goodwill and Intangible Assets, Net"* in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

Restructuring and other related reorganization costs

Restructuring and other related reorganization costs consist primarily of employee severance and related benefits.

	Year ended December 31,		
	2020	**2019**	**2018**
		(in millions)	
Restructuring and other related reorganization costs	$ 41	$ 1	$ —
% of revenue	6.8%	0.0%	0.0%

The Company incurred pre-tax restructuring and other related reorganization costs of $41 million during the year ended December 31, 2020. These costs consist of employee severance and related benefits. In response to COVID-19, and during the second quarter of 2020, the Company committed to restructuring actions intended to reinforce its financial position, reduce its cost structure, and improve operational efficiencies, resulting in headcount reductions, for which we recognized $32 million in restructuring and other related reorganization costs. In addition, we engaged in a smaller scale restructuring action in the first quarter of 2020 to reduce our cost structure and improve our operational efficiencies, which resulted in headcount reductions for which we recognized $9 million in restructuring and other related reorganization costs.

Interest Expense

Interest expense primarily consists of interest incurred, commitment fees, and debt issuance cost amortization related to our 2015 Credit Facility and Senior Notes, as well as interest on finance leases.

	Year ended December 31,		
	2020	**2019**	**2018**
		(in millions)	
Interest expense	$ (35)	$ (7)	$ (12)

Interest expense increased $28 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to the issuance of our Senior Notes in July 2020 and higher average outstanding borrowings from our 2015 Credit Facility during 2020. Refer to "Note 10: *Debt*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

Interest Income

Interest income primarily consists of interest earned from bank deposits available on demand, money market funds, term deposits and marketable securities, including amortization of discounts and premiums on our marketable securities.

	Year ended December 31,		
	2020	**2019**	**2018**
		(in millions)	
Interest income	$ 3	$ 17	$ 7

Interest income decreased $14 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to both a reduction in average interest rates earned on our investments and lower average invested funds by the Company during 2020.

Other Income (Expense), Net

Other income (expense), net generally consists of net foreign exchange gains and losses, forward contract gains and losses, earnings/(losses) from equity method investments, gain/(loss) and impairments on non-marketable investments, gain/loss on sale/disposal of businesses, and other non-operating income (expenses).

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
Other income (expense), net	$ (8)	$ (3)	$ (5)

Other expense, net increased $5 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to a loss on sale of business of $6 million, an allowance for credit losses of $3 million on a long-term note receivable and $3 million of net losses on our equity method investment; partially offset by net foreign currency transaction gains as a result of the fluctuation of foreign exchange rates during 2020. Refer to "Note 18: *Other Income (Expense), Net*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for additional information.

(Provision) Benefit for Income Taxes

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
(Provision) benefit for income taxes	$ 80	$ (68)	$ (60)
Effective tax rate	21.7%	35.1%	34.7%

We had an income tax benefit of $80 million for the year ended December 31, 2020. The decrease in our income tax expense during the year ended December 31, 2020, when compared to the same period in 2019, was primarily due to significant pretax losses incurred the year ended December 31, 2020, and an income tax benefit of $23 million during the year ended December 31, 2020 from the tax rate differential in tax years applicable to U.S. loss carryforwards that became eligible for carryback under the CARES Act, offset by foreign valuation allowances and an increase in the recognition of stock-based compensation shortfalls related to the decline in the Company's common stock price during the year ended December 31, 2020. Refer to "Note 12: *Income Taxes*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

Net income (loss)

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
Net income (loss)	$ (289)	$ 126	$ 113
Net income (loss) margin	(47.8%)	8.1%	7.0%

Net income decreased $415 million during the year ended December 31, 2020, when compared to the same period in 2019, primarily due to a decrease in revenue primarily related to the negative impact on the Company's business related to COVID-19, as described above in "*Revenue and Segment Information*", partially offset by a decrease in total costs and expenses, primarily as a result of cost reduction measures initiated by the Company in response to COVID-19, as described above in "*Consolidated Expenses*".

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we also disclose Adjusted EBITDA, which is a non-GAAP financial measure. A "non-GAAP financial measure" refers to a numerical measure of a company's historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company's financial statements.

Adjusted EBITDA is also our segment profit measure and a key measure used by our management and board of directors to understand and evaluate the financial performance of our business and on which internal budgets and forecasts are based and approved. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons and better enables management and investors to compare financial results between periods as these costs may vary independent of ongoing core business performance. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. We define Adjusted EBITDA as net income (loss) plus: (1) (provision) benefit for income taxes; (2) other income (expense), net; (3) depreciation and amortization; (4) stock-based compensation and other stock-settled obligations; (5) goodwill, intangible asset, and long-lived asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) other non-recurring expenses and income.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results reported in accordance with GAAP. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income and our other GAAP results.

Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not consider the potentially dilutive impact of stock-based compensation or other stock-settled obligations;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect certain income and expenses not directly tied to the ongoing core operations of our business, such as legal reserves and settlements, restructuring and other related reorganization costs;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

The following table presents a reconciliation of Adjusted EBITDA to Net Income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented:

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
Net income (loss)	**$ (289)**	**$ 126**	**$ 113**
Add: (Benefit) provision for income taxes	(80)	68	60
Add: Other expense (income), net	40	(7)	10
Add: Restructuring and other related reorganization costs	41	1	—
Add: Impairment of goodwill	3	—	—
Add: Legal reserves and settlements	—	—	5
Add: Stock-based compensation	109	124	118
Add: Depreciation and amortization	125	126	116
Adjusted EBITDA	$ (51)	$ 438	$ 422

Liquidity and Capital Resources

For a discussion of our liquidity and capital resources as of and our cash flow activities for the fiscal year ended December 31, 2018, see Part II, Item 7. *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 19, 2020.

Our principal source of liquidity is cash flow generated from operations and our existing cash and cash equivalents balance. Our liquidity needs can also be met through drawdowns under our 2015 Credit Facility. As of December 31, 2020 and 2019, we had $418 million and $319 million, respectively, of cash and cash equivalents, and $497 million of available borrowing capacity under our 2015 Credit Facility as of December 31, 2020. As of December 31, 2020, approximately $91 million of our cash and cash equivalents were held by our international subsidiaries outside of the U.S., of which approximately 30% was located in the U.K. As of December 31, 2020, the significant majority of our cash was denominated in U.S. dollars. The Company had $500 million in long-term debt as of December 31, 2020, as a result of the issuance of its Senior Notes in July 2020, as discussed below.

As of December 31, 2020, we had $ 494 million of cumulative undistributed earnings in foreign subsidiaries. As a result of the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"), foreign earnings may now generally be repatriated back to the U.S. without incurring U.S. federal income tax. Historically, we had asserted our intention to indefinitely reinvest the cumulative undistributed earnings of our foreign subsidiaries. In response to increased cash requirements in the U.S. related to our declaration of a special cash dividend and other strategic initiatives during the fourth quarter of 2019, we determined that we no longer considered all of our foreign earnings to be indefinitely reinvested. As of December 31, 2020, $376 million of our cumulative undistributed foreign earnings were no longer considered to be indefinitely reinvested. During the year ended December 31, 2020, we recorded a deferred tax liability of $1 million for the U.S. state income tax and foreign withholding tax liabilities on the cumulative undistributed foreign earnings that we no longer consider indefinitely reinvested. We intend to indefinitely reinvest $118 million of these foreign earnings in our non-US subsidiaries, which determination of any related unrecognized deferred income tax liability is not practicable. Refer to "Note 12: *Income Taxes*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

2015 Credit Facility

As of December 31, 2020, we are party to a credit agreement with a group of lenders, initially entered in June 2015 (as amended, the "Credit Agreement"), which, among other things, provides for a $500 million revolving credit facility (the "2015 Credit Facility") with a maturity date of May 12, 2024.

The 2015 Credit Facility requires us to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control. Borrowings under the 2015 Credit

Facility generally bear interest, at the Company's option, at a rate per annum equal to either (i) the Eurocurrency Borrowing rate, or the adjusted LIBO rate for the interest period in effect for such borrowing; plus an applicable margin ranging from 1.25% to 2.00% ("Eurocurrency Spread"), based on the Company's leverage ratio; or (ii) the Alternate Base Rate ("ABR") Borrowing, which is the greatest of (a) the Prime Rate in effect on such day, (b) the New York Fed Bank Rate in effect on such day plus 1/2 of 1.00% per annum and (c) the Adjusted LIBO Rate (or LIBO rate multiplied by the Statutory Reserve Rate) for an interest period of one month plus 1.00%; in addition to an applicable margin ranging from 0.25% to 1.00% ("ABR Spread"), based on the Company's leverage ratio.

However, in May 2020, we amended our 2015 Credit Facility to, among other things, suspend the leverage ratio covenant on this facility beginning in the second quarter of 2020 and ending prior to September 30, 2021 or such earlier date as elected by the Company, and add a minimum liquidity covenant to be applicable during the Leverage Covenant Holiday, secure the obligations under the agreement, as well as downsize the capacity of the facility to $1.0 billion from $1.2 billion. In December 2020, we again amended the 2015 Credit Facility to, among other things, continue the suspension of the requirement for quarterly testing of compliance with the leverage ratio covenant until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed $200 million, and (b) the election of the Company. The Company also downsized the facility's borrowing capacity to $500 million from $1.0 billion and extended the maturity date of the facility from May 12, 2022 to May 12, 2024. These amendments also limit the Company from making certain payments and distributions, including share repurchases and dividends, during the Leverage Covenant Holiday. During the Leverage Covenant Holiday, any future borrowings under the 2015 Credit Facility will bear interest at LIBOR plus a 2.25% margin with a LIBOR floor of 1% per annum. We are also required to pay a quarterly commitment fee, at an applicable rate of 0.5%, on the daily unused portion of the revolving credit facility for each fiscal quarter during the Leverage Covenant Holiday.

As of December 31, 2020 and 2019, respectively, we were in compliance with our covenants under the 2015 Credit Facility. While there can be no assurance that we will be able to meet the leverage ratio covenant after the Leverage Covenant Holiday expires, based on our current projections, we do not believe there is a material risk we will not remain in compliance throughout the next twelve months.

During the first quarter of 2020, the Company borrowed $700 million under the 2015 Credit Facility. These funds were drawn down as a precautionary measure to reinforce our liquidity position and preserve financial flexibility in light of uncertainty in the global markets resulting from the COVID-19 pandemic. The Company repaid these borrowings in full during the three months ended September 30, 2020.

Senior Notes

In July 2020, the Company completed the sale of $500 million in Senior Notes. The Senior Notes provide, among other things, that interest will be payable on the Senior Notes on January 15 and July 15 of each year, beginning on January 15, 2021, at an interest rate of 7.000% per annum, until their maturity date of July 15, 2025. In July 2020, the Company used the net proceeds from the Senior Notes, or $490 million, net of approximately $10 million in debt issuances costs, to repay a portion of our outstanding borrowings under our 2015 Credit Facility. The Senior Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by certain domestic subsidiaries. The Senior Notes are not a registered security and there are no plans to register our Senior Notes as a security in the future. As a result, Rule 3-10 of Regulation S-X promulgated by the SEC is not applicable and no separate financial statements are required for the guarantor subsidiaries.

For additional information on our 2015 Credit Facility and its amendments during 2020, and our Senior Notes, refer to "Note 10: *Debt*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K.

Chinese Credit Facilities

We were party to a $30 million, one-year revolving credit facility with Bank of America as of December 31, 2019. The Company terminated this credit facility in June 2020. We had no outstanding borrowings under this credit facility at the time of termination or as of December 31, 2019.

Significant uses of capital

On January 31, 2018, our Board of Directors authorized the repurchase of up to $250 million of our shares of common stock under a share repurchase program authorized by our Board of Directors. This share repurchase program has no expiration date but may be suspended or terminated by the Board of Directors at any time. During the year ended December 31, 2018, we repurchased 2,582,198 shares of the Company's outstanding common stock at an aggregate cost of $100 million under the share repurchase program.

On November 1, 2019, our Board of Directors authorized the repurchase of an additional $100 million in shares of our common stock under our existing share repurchase program, which increased the amount available to the Company under this share repurchase program to $250 million. During the year ended December 31, 2019, we repurchased 2,059,846 shares of the Company's outstanding common stock at an aggregate cost of $60 million under the share repurchase program.

During the year ended December 31, 2020, we repurchased 4,707,450 shares of our outstanding common stock at an aggregate cost of $115 million under the share repurchase program. As of December 31, 2020, we had $75 million remaining available to repurchase shares of our common stock under this share repurchase program. The terms of our Credit Agreement were amended to limit the Company from share repurchases during the Leverage Covenant Holiday and the terms of the Indenture related to the Senior Notes impose certain limitations and restrictions on share repurchases.

On November 1, 2019, our Board of Directors declared a special cash dividend of $3.50 per share, or approximately $488 million in the aggregate. The dividend was payable on December 4, 2019 to stockholders of record on November 20, 2019. We funded this special cash dividend with available cash primarily from the U.S. and to a lesser extent from a foreign subsidiary, with any related income tax impact not material. During 2019, we paid $110 million, net of cash acquired, in connection with the following Dining acquisitions: (1) SinglePlatform, a leading online content management and syndication platform company based in the U.S., (2) BookaTable, an online restaurant reservation and booking platform company based in the U.K.; and (3) Restorando, an online restaurant reservation and booking platform company based in Argentina.

Our business typically experiences seasonal fluctuations that affect the timing of our annual cash flows related to working capital. In our Experiences business and our Rentals free-to-list model, we generally receive cash from travelers at the time of booking and we record these amounts, net of commissions, on our consolidated balance sheet as deferred merchant payables. We pay the suppliers, or the property rental owners and experience providers, after the travelers' use. Therefore, we generally receive cash from the traveler prior to paying the supplier and this operating cycle represents a source or use of cash to us. During the first half of the year Experiences and Rentals bookings typically exceed the amount of completed tour-taking and stays, resulting in higher cash flow related to working capital, while during the second half of the year, particularly in the third quarter, this pattern reverses and cash flows from these transactions are typically negative. However, this trend was impacted during the year ended December 31, 2020, as cash outflows to suppliers related to deferred merchant payables significantly exceeded cash received from travelers, primarily reflecting the decline in consumer demand for our products and increased cancellations of reservations due to COVID-19, most notably occurring during the first half of 2020 when we typically generate significant positive cash flow. The ultimate extent and longevity of the COVID-19 pandemic and its impact on travel, regional and global markets, and overall economic activity in currently affected countries or globally is unknown and impossible to predict with certainty, as such the impacts on our business and cash flows are uncertain at this point in time. Other factors may also impact typical seasonal fluctuations, which include further significant shifts in our business mix or adverse economic conditions unrelated to COVID-19 that could result in future seasonal patterns that are different from historical trends. In addition, new or different payment options offered to our customers could impact the timing of cash flows. For example, we introduced a new payment feature in late 2019, which allows our Experiences customers the option to reserve certain experience activities and defer payment until a date no later than two days before the experience date; as a result, this payment option may affect the timing of our future cash flows.

As discussed in "Note 12: *Income Taxes*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K, we have received Notices of Proposed Adjustments issued by the IRS for tax years 2009 through 2016, as of December 31, 2020. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries, and would result in an increase to our worldwide income tax expense in an estimated range of $95 million to $105 million, exclusive of interest expense, at the close of the audit if the IRS prevails. We have disputed these proposed adjustments and intend to continue to defend our position. Although the ultimate timing for resolution of this is uncertain, future payments may negatively impact our operating cash flows.

The CARES Act, enacted in March 2020, made tax law changes to provide financial relief to companies as a result of the business impacts of COVID-19. Key income tax provisions of the CARES Act include changes in net operating loss (“NOL”) carryback and carryforward rules, increase of the net interest expense deduction limit, and immediate write-off of qualified improvement property. The CARES Act allows us to carryback our U.S. federal NOL incurred in 2020, generating an expected tax refund of $48 million, which we have recorded in income taxes receivable on our consolidated balance sheet as of December 31, 2020. This tax refund is expected to be received during 2021.

We believe that our available cash and cash equivalents will be sufficient to fund our foreseeable working capital requirements, capital expenditures, existing business growth initiatives, debt obligations, lease commitments, and other financial commitments through at least the next twelve months. Our future capital requirements may also include capital needs for acquisitions and/or other expenditures in support of our business strategy, and may potentially reduce our cash balance and/or increase our borrowings under our 2015 Credit Facility or to seek other financing alternatives.

In addition, our capital requirements may increase due to the impact of COVID-19, which has already resulted in reduced revenues and operating cash flows for the Company, and the extent and duration to which it may continue to impact the Company’s business and the travel industry is unclear. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic, we will continue to evaluate the nature and extent of the impact to our liquidity and capital requirements, and therefore our capital structure.

Our cash flows from operating, investing and financing activities, as reflected in our consolidated statements of cash flows, are summarized in the following table:

	Year ended December 31,		
	2020	**2019**	**2018**
		(in millions)	
Net cash provided by (used in):			
Operating activities	$ (194)	$ 424	$ 405
Investing activities	(56)	(176)	(49)
Financing activities	341	(580)	(358)

During the year ended December 31, 2020, our primary use of cash was in operations, financing activities (including repurchases of our outstanding common stock at an aggregate cost of $115 million under our existing share repurchase program and payment of withholding taxes on net share settlements of our equity awards of $21 million), and investing activities (including capital expenditures of $55 million). This use of cash was funded primarily with cash on hand and cash equivalents, and financing activities, which includes $490 million in proceeds from the issuance of our Senior Notes, net of financing costs.

For the year ended December 31, 2020, net cash used in operating activities increased by $618 million when compared to the same period in 2019, primarily due to a decrease in net income of $415 million and increase in use of working capital of $209 million, driven by working capital outflows primarily due to booking cancellations and payments to travel suppliers related to deferred merchant payables for completed experiences, tours and rentals in pre-COVID-19 time period, which significantly exceeded cash received as of December 31, 2020 from consumers for prepaid experiences, tours and rentals as a result of a decline in consumer demand due to COVID-19, as well as an income tax benefit recorded in 2020, that did not occur in 2019. This was partially offset by an increase in cash received from trade receivables, as cash collected primarily from customer invoices from services provided in the pre-COVID-19 time period, significantly exceeded uncollected invoices as of December 31, 2020 for services provided to customers as a result of a decline in consumer demand due to COVID-19 and, to a lesser extent, a decrease of income tax payments.

For the year ended December 31, 2020, net cash used in investing activities decreased by $120 million when compared to the same period in 2019, due to $110 million in cash used for business acquisitions in 2019, which did not reoccur in 2020, and a decrease in capital expenditures of $28 million, partially offset by an increase in net cash generated from the purchases, sales and maturities of marketable securities of $17 million.

For the year ended December 31, 2020, net cash provided by financing activities increased by $921 million when compared to the same period in 2019, primarily due to proceeds from the issuance of our Senior Notes of $490 million, net of financing costs, a payment of a special cash dividend to stockholders of $488 million in 2019, which did not reoccur in 2020, and a decrease in payment of withholding taxes on net share settlements of equity awards of $8 million during the year ended December 31, 2020, partially offset by a net increase in share repurchases of our common stock under our share repurchase program of $55 million during the year ended December 31, 2020.

The following table summarizes our material contractual obligations and commercial commitments as of December 31, 2020:

		By Period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
			(in millions)		
Senior Notes (1)	$ 500	$ —	$ —	$ 500	$ —
Expected interest payments on Senior Notes (2)	161	35	71	55	—
Finance lease obligations, including imputed interest (3)	96	10	20	20	46
Operating lease obligations, including imputed interest (4)	72	25	34	11	2
Expected commitment fee payments on 2015 Credit Facility (5)	9	3	5	1	—
Long-term income taxes payable	3	—	—	3	—
Purchase obligations (6)	19	8	9	1	1
Total (7)(8)	$ 860	$ 81	$ 139	$ 591	$ 49

(1) Represents outstanding debt on our Senior Notes due July 2025. Refer to "Note 10: *Debt*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

(2) Expected interest payments on our Senior Notes are based on a fixed interest rate of 7.0%, as of December 31, 2020. Refer to "Note 10: *Debt*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

(3) Estimated future lease payments for our Headquarters Lease in Needham, Massachusetts. Refer to "Note 7: *Leases*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

(4) Estimated future lease payments for our operating leases, primarily for office space, with non-cancelable lease terms. These amounts exclude expected rental income under non-cancelable subleases. Refer to "Note 7: *Leases*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

(5) Expected commitment fee payments are based on the daily unused portion of the 2015 Credit Facility, issued letters of credit, and the effective commitment fee rate as of December 31, 2020; however, these variables could change significantly in the future. Refer to "Note 10: *Debt*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information.

(6) Estimated purchase obligations that are fixed and determinable, primarily related to telecommunication contracts, with various expiration dates through approximately June 2029. These contracts have non-cancelable terms or are cancelable only upon payment of significant penalty.

(7) Excluded from the table was $178 million of unrecognized tax benefits, including interest, which is included in other long-term liabilities on our consolidated balance sheet as of December 31, 2020, for which we cannot make a reasonably reliable estimate of the amount and period of payment. We anticipate that the liability for unrecognized tax benefits could decrease by up to $4 million within the next twelve months due to the settlement of examinations of issues with tax authorities. Refer to "Note 12: *Income Taxes"* in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further discussion.

(8) Excluded from the table was $3 million of undrawn standby letters of credit, primarily as security deposits for certain property leases as of December 31, 2020.

As of December 31, 2020, other than the items discussed above, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have, or are reasonably likely to have, a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Office Lease Commitments

As of December 31, 2020, we leased approximately 280,000 square feet of office space for our corporate headquarters in Needham, Massachusetts. Our Headquarters Lease, has an expiration date of December 2030, with an option to extend the lease term for two consecutive terms of five years each. We account for our Headquarters Lease as a finance lease as of December 31, 2020.

In addition to our Headquarters Lease, we also have contractual obligations in the form of operating leases for our office space, in which we lease an aggregate of approximately 485,000 square feet of office space at approximately 35 other locations across North America, Europe, Asia Pacific and South America, in cities such as New York, London, Sydney, Barcelona, Buenos Aires, and Paris, primarily for our sales offices, subsidiary headquarters, and international management teams, pursuant to leases with various expiration dates, with the latest expiring in June 2027.

Contingencies

In the ordinary course of business, we are party to regulatory and legal matters, including threats thereof, arising out of or in connection with our operations. These matters may involve claims involving patent and other intellectual property rights (including alleged infringement of third-party intellectual property rights), tax matters (including value-added, excise, transient occupancy and accommodation taxes), regulatory compliance (including competition, consumer matters and data privacy), defamation and reputational claims. Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated statements of operations. We provide disclosures in the notes to the consolidated financial statements for loss contingencies that do not meet both of these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the consolidated financial statements. We base accruals on the best information available at the time which can be highly subjective. Although occasional adverse decisions or settlements may occur, we do not believe that the final disposition of any of these matters will have a material adverse effect on our business. However, the final outcome of these matters could vary significantly from our estimates. Finally, there may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us.

We are also under audit by the IRS and various other domestic and foreign tax authorities with regards to income tax matters. We have reserved for potential adjustments to our provision for income taxes that may result from examinations by, or any negotiated agreements with, these tax authorities. Although we believe our tax estimates are reasonable, the final determination of audits could be materially different from our historical income tax provisions and accruals. The results of an audit could have a material effect on our financial position, results of operations, or cash flows in the period for which that determination is made.

By virtue of consolidated income tax returns previously filed with Expedia, we are currently under an IRS audit for the 2009, 2010 and short-period 2011 tax years. We are separately under examination by the IRS for the short-period 2011, 2012 through 2016, and 2018 tax years, under an employment tax audit by the IRS for the 2015 through 2017 tax years, and have various ongoing audits for foreign and state income tax returns. These audits include questioning of the timing and the amount of income and deductions and the allocation of income among various tax jurisdictions. These examinations may lead to proposed or ordinary course adjustments to our taxes. We are no longer subject to tax examinations by tax authorities for years prior to 2009. As of December 31, 2020, no material assessments have resulted, except as noted below regarding our 2009, 2010, and 2011 IRS audit with Expedia and our 2012 through 2016 standalone IRS audit.

In January 2017 and April 2019, as part of the IRS audit of Expedia, we received Notices of Proposed Adjustment from the IRS for the 2009, 2010, and 2011 tax years. Subsequently, in September 2019, as part of Tripadvisor's standalone audit, we received Notices of Proposed Adjustment from the IRS for the 2012 and 2013 tax years, and in August 2020, we received Notices of Proposed Adjustments from the IRS for the 2014, 2015 and 2016 tax years. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries, and would result in an increase to our worldwide income tax expense in an estimated range of $95 million to $105 million at the close of the audit if the IRS prevails. The estimated range takes into consideration competent authority relief and transition tax regulations, and is exclusive of deferred tax consequences and interest expense, which would be significant. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable. In addition to the risk of additional tax for 2009 through 2016 transactions, if the IRS were to seek transfer pricing adjustments of a similar nature for transactions in subsequent years, we would be subject to significant additional tax liabilities. We have requested competent authority assistance under the Mutual Agreement Procedure ("MAP") for tax years 2009 through 2013. We expect the competent authorities to present a resolution for the 2009 through 2011 tax years in the near future. Upon receipt, we will assess the resolution provided by the competent authorities as well as its impact on our existing income tax reserves for all subsequent years which remain open.

In January 2021, we received an issue closure notice relating to adjustments for 2012 through 2016 tax years from HM Revenue & Customs ("HMRC"). These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries and would result in an increase to our worldwide income tax expense in an estimated range of $45 million to $55 million, exclusive of interest expense, at the close of the audit if HMRC prevails. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable.

The OECD has been working on a Base Erosion and Profit Shifting Project, and issued the Action 1 report in 2015 to address the tax challenges arising from digitalization. Since then, the OECD/G20 Inclusive Framework has issued various guidelines, policy notes, and proposals that if adopted could result in an overhaul of the international taxation system under which our current tax obligations are determined. As the OECD/G20 Inclusive Framework drives toward a consensus long-term solution, several countries have introduced unilateral digital service tax initiatives which impose new types of non-income taxes, including taxes based on a percentage of revenue. The Company is monitoring certain U.S. states and countries in which we do business, such as France, Italy, Spain, and the U.K., which have enacted or proposed similar taxes that will be applicable or are likely to be applicable going forward. During the year ended December 31, 2020 and 2019, we recorded $2 million and $3 million, respectively, of digital service tax to general and administrative expense on our consolidated statement of operations; however, we continue to assess the financial impact of new laws relating to digital services and taxation. Further, as additional U.S. states and countries introduce unilateral measures we will continue to monitor developments and determine the financial impact of these initiatives to the Company.

As a result of the 2017 Tax Act, foreign earnings may now generally be repatriated back to the U.S. without incurring U.S. federal income tax. Historically, we have asserted our intention to indefinitely reinvest the cumulative undistributed earnings of our foreign subsidiaries. In response to increased cash requirements in the U.S. related to our declaration of a special cash dividend and other strategic initiatives during the fourth quarter of 2019, we determined that we no longer consider all of these foreign earnings to be indefinitely reinvested. As of December 31, 2020, $376 million of our cumulative undistributed foreign earnings were no longer considered to be indefinitely reinvested. During the year ended December 31, 2020, we recorded a deferred tax liability of $1 million for the U.S. state income tax and foreign withholding tax liabilities on the cumulative undistributed foreign earnings that we no longer consider indefinitely reinvested. We intend to indefinitely reinvest $118 million of these foreign earnings in our non-US subsidiaries, which determination of any related unrecognized deferred income tax liability is not practicable. Refer to "Note 12: *Income Taxes*" in the notes to our consolidated financial statements in Item 8 on this

Annual Report on Form 10-K for further information on potential tax contingencies, including current audits by the IRS and various other domestic and foreign tax authorities, and other income tax and non-income tax matters.

Certain Relationships and Related Party Transactions

For information on our related party transactions, refer to "Note 19: *Related Party Transactions*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements and accompanying notes in accordance with GAAP. Preparation of the consolidated financial statements and accompanying notes requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as revenue and expenses during the periods reported. Management bases its estimates on historical experience, when applicable and other assumptions that it believes are reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions.

There are certain critical policies and estimates that we believe require that management use significant judgment and estimates in applying those policies in the preparation of our consolidated financial statements. We consider an accounting estimate to be critical if:

- It requires us to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time we were making the estimate; and/or
- Changes in the estimate or different estimates that we could have selected may have had a material impact on our financial condition or results of operations.

Refer to "Note 2: *Significant Accounting Policies*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for an overview of our significant accounting policies and new accounting pronouncements that we have adopted or that we plan to adopt that have had or may have an impact on our financial statements.

A discussion of information about the nature and rationale for our critical accounting estimates is below:

Recognition and Recoverability of Goodwill, Definite-Lived Intangibles, and Other Long-Term Assets

We account for acquired businesses using the acquisition method of accounting which requires that the tangible assets and identifiable intangible assets acquired and assumed liabilities be recorded at the date of acquisition at their respective fair values. Any excess purchase price over the estimated fair value of the net tangible and intangible assets acquired is allocated to goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include but are not limited to future expected cash flows from customer and supplier relationships, acquired technology and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Valuations are performed by management or third party valuation specialists under management's supervision, where appropriate.

We subsequently assess goodwill, which is not amortized, for impairment annually during the fourth quarter, or more frequently, if events and circumstances indicate impairment may have occurred. We test goodwill for impairment at the reporting unit level. Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination as of the acquisition date. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach. Once goodwill has been allocated to the reporting units, it no longer retains its identification with a particular acquisition and becomes identified with the reporting unit in its entirety. Accordingly, the fair value of the reporting unit as a whole is available to support the recoverability of its goodwill.

The Company has the option to qualitatively assess whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. In the evaluation of goodwill for impairment, we generally first perform a qualitative assessment to determine whether it is more likely than not (i.e., a likelihood of more than 50%) that the estimated fair value of the reporting unit is less than the carrying amount. Periodically, we may choose to forgo the initial qualitative assessment and proceed directly to a quantitative analysis to assist in our annual evaluation. When assessing goodwill for impairment, our decision to perform a qualitative impairment assessment for an individual reporting unit in a given year is influenced by a number of factors, including, but not limited to, the size of the reporting unit's goodwill, the significance of the excess of the reporting unit's estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments from the date of acquisition to establish an updated baseline quantitative analysis, and other performance and market indicators. During a qualitative assessment, if we determine that it is not more likely than not that the implied fair value of the goodwill is less than its carrying amount, no further testing is necessary. If, however, we determine that it is more likely than not that the implied fair value of the goodwill is less than its carrying amount, we then perform a quantitative assessment and compare the estimated fair value of the reporting unit to the carrying value. If the carrying value of a reporting unit exceeds its estimated fair value, the goodwill impairment is measured using the difference between the carrying value and the fair value of the reporting unit; however, any loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit.

In determining the estimated fair values of reporting units in a quantitative goodwill impairment test, we generally use a blend of the following recognized valuation methods: the income approach (discounted cash flows model) and the market valuation approach, which we believe compensates for the inherent risks of using either model on a stand-alone basis. The discounted cash flows model indicates the fair value of the reporting units based on the present value of the cash flows that we expect the reporting units to generate in the future. Our significant estimates in the discounted cash flows model include: weighted average cost of capital; long-term rate of growth and profitability of the reporting unit; income tax rates and working capital effects. The market valuation approach indicates the fair value of the business based on a comparison to comparable publicly traded firms in similar lines of business and other precedent transactions. Our significant estimates in the market approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment and assessing comparable revenue and/or income multiples in estimating the fair value of the reporting units. Valuations are performed by management or third party valuation specialists under management's supervision, where appropriate. We believe that the estimated fair values assigned to our reporting units in impairment tests are based on reasonable assumptions that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates. The use of different assumptions, estimates or judgments could trigger the need for an impairment charge, or materially increase or decrease the amount of any such impairment charge.

The Company reorganized its reporting units pursuant to an internal restructuring during the second quarter of 2020. Following the internal restructuring changes, our legacy Dining and Flights/Cruises/Car reporting units were reorganized into four new distinct reporting units: (1) TheFork, (2) Tripadvisor Restaurants, (3) Flights & Car, and (4) Cruises, for the purposes of goodwill impairment testing. As a result, we first performed a qualitative assessment on our historical Dining and Flights/Cruise/Car reporting units prior to implementing the revised reporting unit structure and determined that it was more likely than not that the fair value of these reporting units was greater than the carrying value, which was consistent with our conclusion in the fourth quarter of 2019. We then performed a goodwill impairment test for each of the new reporting units using a quantitative assessment. We concluded the estimated fair values were in excess of the carrying values for each of the four new reporting units. We also performed sensitivity analyses, such as calculating estimated fair values using different rates for the weighted-average cost of capital and long-term rates of growth in the income approach and different revenue/income multiples in our market approach and the estimated fair values remained in excess of the carrying values. Therefore, no indications of impairment were identified as a result of these changes to our reporting units as of June 30, 2020. In addition, as a result of internal restructuring and the sale of its SmarterTravel business during the second quarter of 2020, our SmarterTravel reporting unit no longer exists. The sale of this business was not a significant disposition. This change in reporting units had no impact on the composition of our operating segments, or the information that the chief operating decision maker, or CODM, reviews to evaluate the financial performance of the Company's operating segments.

During the third quarter of 2020, the Company recognized a goodwill impairment charge of $3 million, which represented all of the goodwill allocated to our Tripadvisor China reporting unit. This impairment was driven by strategic operating decisions made by the Company in the third quarter of 2020. Consequently, Tripadvisor China was no longer considered a reporting unit as of December 31, 2020.

During the Company's annual goodwill impairment test during the fourth quarter of 2020, a qualitative assessment was performed for all our reporting units. We determined that the fair value of all our remaining reporting units were in excess of their carrying values, and, accordingly, no further impairment charges were recorded during the year ended December 31, 2020.

Although our annual impairment testing did not result in any impairment indicators, due to the COVID-19 environment and our inability to predict the expected duration and ultimate severity of the impact of COVID-19, we believe our reporting units are at an elevated risk of impairment in future periods. We will continue to monitor our financial performance, stock price and other events and circumstances that may negatively impact the estimated fair values of our reporting units to determine if future impairment assessments may be necessary. A prolonged duration, and/or decline in the outlook for future revenue and cash flows or other factors, related to COVID-19 or other events, could result in a determination that a non-cash impairment adjustment is required, which could be material.

We periodically review the carrying amount of our definite-lived intangible assets and other long-term assets, including property and equipment and website and internal use software, to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, we assess the recoverability of the asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset of the group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group using appropriate valuation methodologies which would typically include an estimate of discounted cash flows, using an appropriate discount rate. Any impairment would be measured by the amount that the carrying values, of such asset groups, exceed their fair value and would be included in operating income on the consolidated statement of operations. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. We have not identified any circumstances that would warrant an impairment charge for any recorded definite-lived intangibles or other long term assets on our consolidated balance sheet at December 31, 2020 or 2019.

In addition, we hold investments in non-marketable equity investments of privately-held companies, which do not have a readily determinable fair value. Our policy is to measure these investments at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer such observable price changes may include instances where the investee issues equity securities to new investors, thus creating a new indicator of fair value, as an example. On a quarterly basis, we perform a qualitative assessment considering impairment indicators to evaluate whether these investments are impaired and also monitor for any observable price changes. When indicators of impairment exist, we prepare a quantitative assessment of the fair value of our equity investments, which may include using both the market and income approaches which require judgment and the use of estimates, including discount rates, investee revenues and costs, and available comparable market data of private and public companies, among others. Valuations of such privately-held companies are inherently complex and uncertain due to the lack of liquid market for the company's securities. In addition, such investments are inherently risky in that such companies are typically at an early stage of development, may have no or limited revenues, may not be or may never become profitable, may not be able to secure additional funding or their technologies, services or products may not be successfully developed or introduced into the market.

Income Taxes

We record income taxes under the asset and liability method. Deferred tax assets and liabilities reflect our estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book and tax purposes. We determine deferred income taxes based on the differences in accounting methods and timing between financial statement and income tax reporting. Accordingly, we determine the deferred tax asset or liability for each temporary difference based on the enacted income tax rates expected to be in effect when we realize the underlying items of income and expense. We consider all relevant factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income and the carryforward periods available to us for tax reporting purposes, as well as assessing available tax planning strategies. We may establish a valuation allowance to reduce deferred tax assets to the amount we believe is more likely than not to be realized. We classify deferred tax assets and liabilities as noncurrent on our consolidated balance sheet. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

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

Refer to "Note 12: *Income Taxes*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information on income taxes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Management

Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. We are exposed to market risks primarily due to our international operations, our ongoing investment and financial activities, as well as changes in economic conditions in all significant markets in which we operate as a result of the COVID-19 pandemic. The risk of loss can be assessed from the perspective of adverse changes in our future earnings, cash flows, fair values of our assets, and financial condition. Our exposure to market risk, at any point in time, may include risk, including to our 2015 Credit Facility and any related borrowings, Senior Notes, derivative instruments, cash and cash equivalents, short term and long term marketable securities, accounts receivable, intercompany receivables/payables, accounts payable and deferred merchant payables denominated in foreign currencies. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage and attempt to mitigate our exposure to such risks.

For a discussion of market conditions and impacts on our financials resulting from the COVID-19 pandemic, refer to Part I, Item 1A, "*Risk Factors*", Part II, Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" and "Note 1: *Organization* and *Business Description*" in the notes to our consolidated financial statements in Item 8, in this Annual Report on Form 10-K.

Interest Rates

Our primary exposure to changes in interest rates relates primarily to our cash, cash equivalents, investment portfolio, Senior Notes, and borrowings, if any, under our existing 2015 Credit Facility.

Changes in interest rates affect the amount of interest earned on our cash, cash equivalents, and marketable securities, and the fair value of those securities. Our interest income and expense is most sensitive to fluctuations in U.S. and LIBOR interest rates. We generally invest our excess cash in cash deposits at major global banks, money market funds, and marketable securities. Our investment policy and strategy are focused on preservation of capital and supporting our liquidity requirements. We invest in highly-rated securities, and our investment policy limits the amount of credit exposure to any one issuer. Our investment policy requires our investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss.

As of December 31, 2020 and 2019, respectively, we had no material outstanding cash equivalents or marketable securities in our investment portfolio, and no outstanding borrowings under our 2015 Credit Facility. In July 2020, we issued Senior Notes with a fixed rate of 7.0%. As a result, if market interest rates decline, our required payments will exceed those based on market rates. The fair value of our Senior Notes was approximately $542 million as of December 31, 2020, based on recently reported market transactions and prices for identical or similar financial instruments obtained from a third-party pricing source. A hypothetical 100 basis point increase or decrease in interest rates would decrease or increase the fair value of our Senior Notes by an estimated $8 million.

Refer to "Note 5: *Financial Instruments and Fair Value Measurements*" and "Note 10: *Debt*" in the notes to our consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further information on our cash and cash equivalents, investments and other financial instruments, Senior Notes, and our 2015 Credit Facility.

We currently do not hedge our interest rate risk; however, we are continually evaluating the interest rate market, and if we become increasingly exposed to potentially volatile movements in interest rates, and if these movements are material, this could cause us to adjust our financing strategy. We did not experience material changes in interest rate exposures or any material financial impact from adverse changes in interest rates for the years ended December 31, 2020, 2019 or 2018.

Foreign Currency Exchange Rates

We conduct business in certain international markets, largely in the Europe, including the U.K., and also in countries such as Singapore and Australia. Because we operate in international markets, we have exposure to different economic climates, political arenas, tax systems and regulations that could affect foreign currency exchange rates.

Some of our subsidiaries maintain their accounting records in their respective local currencies other than the U.S. dollar. Consequently, changes in foreign currency exchange rates may impact the translation of those subsidiary's financial statements into U.S. dollars. As a result, we face exposure to adverse movements in foreign currency exchange rates as the financial results of our non-U.S. dollar operations are translated from local currency, or functional currency, into U.S. dollars upon consolidation. If the U.S. dollar weakens against the functional currency, the translation of these foreign-currency-denominated balances will result in increased net assets, revenue, operating expenses, operating income and net income upon consolidation. Similarly, our net assets, revenue, operating expenses, operating income and net income will decrease upon consolidation if the U.S. dollar strengthens against the functional currency. The effect of foreign currency exchange on our business historically has varied from quarter to quarter and may continue to do so, potentially materially. In order to provide a meaningful assessment of the foreign currency exchange rate risk associated with our consolidated financial statements, we performed a sensitivity analysis. A hypothetical 10% decrease of the foreign currency exchange rates relative to the U.S. dollar, or strengthening of the U.S. dollar, would generate an estimated unrealized loss of approximately $38 million related to a decrease in our net assets as of December 31, 2020, which would initially be recorded to accumulated other comprehensive income (loss) on our consolidated balance sheet.

In addition, foreign currency exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in transactional gains and losses. We recognize these transactional gains and losses (primarily Euro and British pound currency transactions) in our consolidated statements of operations and have recorded a net foreign currency exchange gain of $4 million for the year ended December 31, 2020, and net losses of $3 million and $6 million for the years ended December 31, 2019 and 2018, respectively, in "other income (expense), net" on our consolidated statements of operations. Future transactional gains and losses are inherently difficult to predict as they are reliant on how the multiple currencies in which we transact fluctuate in relation to the U.S. dollar and other functional currencies, and the relative composition and denomination of monetary assets and liabilities each period.

We manage our exposure to foreign currency risk through internally established policies and procedures. To the extent practicable, we minimize our foreign currency exposures by maintaining natural hedges between our current assets and current liabilities in similarly denominated foreign currencies, as well as, using derivative financial instruments. We use foreign currency forward exchange contracts ("forward contracts") to manage certain short-term foreign currency risk to try and reduce the effects of fluctuating foreign currency exchange rates on our cash flows denominated in foreign currencies. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. Our objective is to hedge only those foreign currency exposures that can be confidently identified and quantified and that may result in significant impacts to our cash or the consolidated statement of operations. Our policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures.

The forward contracts which we have entered into to date, have principally addressed foreign currency exchange fluctuation risk between the Euro and the U.S. dollar. We account for these forward contacts, which have not been designated as hedges under GAAP to date, as either assets or liabilities and carry them at fair value. We had outstanding forward contracts as of December 31, 2020 and 2019, with a total net notional value of $3 million and $10 million, respectively. These forward contracts were not designated as hedges and had maturities of less than 90 days. We recognize gains and losses from our forward contracts in our consolidated statement of operations and have recorded a net gain of $1 million for both the years ended December 31, 2020 and 2019, respectively, and a net loss of $3 million for the year ended December 31, 2018, in "other income (expense), net" on our consolidated statements of operations. Refer to "Note 5: *Financial Instruments and Fair Value Measurements*" in the notes to the consolidated financial statements in Item 8 on this Annual Report on Form 10-K for further detail on our derivative instruments.

As we increase our operations in international markets, our exposure to potentially volatile movements in foreign currency exchange rates increases. The economic impact to us of foreign currency exchange rate movements is linked to variability in real growth, inflation, interest rates, governmental actions, and other factors. These changes, if material, could cause us to adjust our foreign currency risk strategies. For example, Brexit has caused significant volatility in currency exchange rates, especially between the U.S. dollar and the British pound. The U.K. ceased to be a member of the E.U. on January 31, 2020 and the U.K. and E.U. finalized the terms of the departure on December 24, 2020; however, certain decisions still need to be made on financial services, among others, and disputes may lead to tariffs being imposed on some goods in the future. Continued uncertainty regarding U.K. and E.U. relations may result in future currency exchange rate volatility which may impact our business and results of operations.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Tripadvisor, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Tripadvisor, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 19, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Sufficiency of audit evidence over revenue

As discussed in Notes 2 and 4 to the consolidated financial statements, and disclosed in the consolidated statements of operations, the Company had $604 million in revenue for the year ended December 31, 2020, of which $292 million was hotels related, $69 million was display and platform related, $186 million related to experiences and dining and $57 million of other revenue. Each of these categories of revenue has multiple revenue streams and the Company's processes and information technology (IT) systems differ between each revenue stream.

We identified the evaluation of sufficiency of audit evidence over revenue as a critical audit matter. This matter required especially subjective auditor judgment due to the number of revenue streams and the related IT applications utilized throughout the revenue recognition processes. Subjective auditor judgment was required to evaluate that relevant revenue data was captured and aggregated throughout these various IT applications. This matter also included determining the revenue streams over which procedures would be performed and evaluating the nature and extent of evidence obtained over each revenue stream, both of which included the involvement of IT professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over revenue. For each revenue stream where procedures were performed:

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to accurate recording of amounts.
- For certain revenue streams, we assessed the recorded revenue by selecting a sample of transactions and compared the amounts recognized for consistency with underlying documentation, including evidence of contracts with customers.
- For certain revenue streams, we assessed the recorded revenue by comparing the total cash received during the year to the revenue recognized, including evaluating the relevance and reliability of the inputs to the assessment.

We involved IT professionals with specialized skills and knowledge, who assisted in:

- Testing certain IT applications used by the Company in its revenue recognition processes.
- Testing the transfer of relevant revenue data between certain systems used in the revenue recognition processes.

We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Boston, Massachusetts
February 19, 2021

TRIPADVISOR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Year ended December 31,		
	2020	**2019**	**2018**
Revenue (Note 4)	$ 604	$ 1,560	$ 1,615
Costs and expenses:			
Cost of revenue (1)(2)	55	94	86
Selling and marketing (2)	316	672	778
Technology and content (2)	220	293	275
General and administrative (2)	173	187	177
Depreciation and amortization	125	126	116
Impairment of goodwill (Note 8)	3	—	—
Restructuring and other related reorganization costs (Note 9)	41	1	—
Total costs and expenses:	933	1,373	1,432
Operating income (loss)	(329)	187	183
Other income (expense):			
Interest expense	(35)	(7)	(12)
Interest income	3	17	7
Other income (expense), net (Note 18)	(8)	(3)	(5)
Total other income (expense), net	(40)	7	(10)
Income (loss) before income taxes	(369)	194	173
(Provision) benefit for income taxes (Note 12)	80	(68)	(60)
Net income (loss)	$ (289)	$ 126	$ 113
Earnings (loss) per share attributable to common stockholders (Note 17):			
Basic	$ (2.14)	$ 0.91	$ 0.82
Diluted	$ (2.14)	$ 0.89	$ 0.81
Weighted average common shares outstanding (Note 17):			
Basic	135	139	138
Diluted	135	141	140
(1) Excludes amortization expense as follows:			
Amortization of acquired technology included in amortization	$ 3	$ 10	$ 8
Amortization of website development costs included in depreciation	67	63	59
	$ 70	$ 73	$ 67
(2) Includes stock-based compensation expense as follows (Note 15):			
Cost of revenue	$ 1	$ 1	$ 1
Selling and marketing	$ 16	$ 23	$ 21
Technology and content	$ 44	$ 55	$ 51
General and administrative	$ 48	$ 45	$ 45

The accompanying notes are an integral part of these consolidated financial statements.

TRIPADVISOR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	Year ended December 31,		
	2020	**2019**	**2018**
Net income (loss)	$ (289)	$ 126	$ 113
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments, net of tax (1)	28	1	(20)
Reclassification adjustments included in net income (loss), net of tax	1	(2)	—
Total other comprehensive income (loss), net of tax	29	(1)	(20)
Comprehensive income (loss)	$ (260)	$ 125	$ 93

(1) Deferred income tax liabilities related to these amounts are not material. Prior to January 1, 2019, foreign currency translation adjustments excluded income taxes due to our intention to indefinitely reinvest the earnings of our foreign subsidiaries in those. Refer to “Note 12: *Income Taxes*” for further information.

The accompanying notes are an integral part of these consolidated financial statements.

TRIPADVISOR, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except number of shares and per share amounts)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents (Note 5)	$ 418	$ 319
Accounts receivable and contract assets, net of allowance for credit losses of $33 and $25, respectively (Note 2, Note 4)	83	183
Income taxes receivable (Note 12)	50	4
Prepaid expenses and other current assets	22	27
Total current assets	573	533
Property and equipment, net (Note 6)	240	270
Operating lease right-of-use assets (Note 7)	54	74
Intangible assets, net (Note 8)	86	110
Goodwill (Note 8)	862	840
Non-marketable investments (Note 5)	40	55
Deferred income taxes, net (Note 12)	10	7
Other long-term assets, net of allowance for credit losses of $5 and $0, respectively	104	95
TOTAL ASSETS	$ 1,969	$ 1,984
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 18	$ 11
Deferred merchant payables (Note 2)	36	159
Deferred revenue (Note 4)	28	62
Accrued expenses and other current liabilities (Note 9)	160	203
Total current liabilities	242	435
Long-term debt (Note 10)	491	—
Finance lease obligation, net of current portion (Note 7)	71	78
Operating lease liabilities, net of current portion (Note 7)	46	64
Deferred income taxes, net (Note 12)	10	8
Other long-term liabilities (Note 11)	223	238
Total Liabilities	1,083	823
Commitments and contingencies (Note 13)		
Stockholders' equity: (Note 16)		
Preferred stock, $0.001 par value	—	—
Authorized shares: 100,000,000		
Shares issued and outstanding: 0 and 0		
Common stock, $0.001 par value	—	—
Authorized shares: 1,600,000,000		
Shares issued: 140,775,221 and 138,698,307, respectively		
Shares outstanding: 121,930,607 and 124,581,773, respectively		
Class B common stock, $0.001 par value	—	—
Authorized shares: 400,000,000		
Shares issued and outstanding: 12,799,999 and 12,799,999, respectively		
Additional paid-in capital	1,253	1,150
Retained earnings	389	681
Accumulated other comprehensive income (loss)	(34)	(63)
Treasury stock-common stock, at cost, 18,844,614 and 14,116,534 shares, respectively	(722)	(607)
Total Stockholders' Equity	886	1,161
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,969	$ 1,984

The accompanying notes are an integral part of these consolidated financial statements.

TRIPADVISOR, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in millions, except number of shares and per share amounts)

	Common stock		Class B common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Total
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance as of December 31, 2017	**135,617,263**	**$ —**	**12,799,999**	**$ —**	**$ 926**	**$ 926**	**$ (42)**	**(9,474,490)**	**$ (447)**	**$ 1,363**
Net income (loss)						113				113
Cumulative effect adjustment from adoption of new accounting guidance						4				4
Other comprehensive income (loss)							(20)			(20)
Issuance of common stock related to exercise of options and vesting of RSUs	1,540,747	—			6					6
Repurchase of common stock (Note 16)								(2,582,198)	(100)	(100)
Withholding taxes on net share settlements of equity awards					(26)					(26)
Stock-based compensation (Note 15)					131					131
Balance as of December 31, 2018	**137,158,010**	**$ —**	**12,799,999**	**$ —**	**$ 1,037**	**$ 1,043**	**$ (62)**	**(12,056,688)**	**$ (547)**	**$ 1,471**
Net income (loss)						126				126
Cumulative effect adjustment from adoption of new accounting guidance						3				3
Other comprehensive income (loss), net of tax							(1)			(1)
Issuance of common stock related to exercise of options and vesting of RSUs	1,540,297	—			2					2
Repurchase of common stock (Note 16)								(2,059,846)	(60)	(60)
Cash dividends declared to stockholders (declared at $3.50 per share) (Note 16)						(488)				(488)
Common stock dividend equivalents awarded to holders of nonvested restricted stock units (Note 16)						(3)				(3)
Withholding taxes on net share settlements of equity awards					(29)					(29)
Stock-based compensation (Note 15)					140					140
Balance as of December 31, 2019	**138,698,307**	**$ —**	**12,799,999**	**$ —**	**$ 1,150**	**$ 681**	**$ (63)**	**(14,116,534)**	**$ (607)**	**$ 1,161**
Net income (loss)						(289)				(289)
Cumulative effect adjustment from adoption of new accounting guidance (Note 2)						(3)				(3)
Other comprehensive income (loss), net of tax							29			29
Issuance of common stock related to exercise of options and vesting of RSUs	2,076,914	—			—					—
Repurchase of common stock (Note 16)								(4,707,450)	(115)	(115)
Withholding taxes on net share settlements of equity awards					(21)					(21)
Stock-based compensation (Note 15)					124					124
Other								(20,630)	—	—
Balance as of December 31, 2020	**140,775,221**	**$ —**	**12,799,999**	**$ —**	**$ 1,253**	**$ 389**	**$ (34)**	**(18,844,614)**	**$ (722)**	**$ 886**

The accompanying notes are an integral part of these consolidated financial statements.

TRIPADVISOR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year ended December 31, 2020	2019	2018
Operating activities:			
Net income (loss)	$ (289)	$ 126	$ 113
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	125	126	116
Stock-based compensation expense (Note 15)	109	124	118
Deferred income tax expense (benefit) (Note 12)	(1)	6	(6)
Provision for expected credit losses (Note 2)	17	11	11
Impairment of goodwill (Note 8)	3	—	—
Loss on sale/disposal of business (Note 18)	6	—	—
Other, net	11	(3)	7
Changes in operating assets and liabilities, net of effects from acquisitions and other investments:			
Accounts receivable and contract assets, prepaid expenses and other assets	92	23	(8)
Accounts payable, accrued expenses and other liabilities	(28)	(1)	22
Deferred merchant payables	(124)	(3)	14
Income tax receivables/payables, net	(81)	17	13
Deferred revenue	(34)	(2)	5
Net cash provided by (used in) operating activities	(194)	424	405
Investing activities:			
Capital expenditures, including internal-use software and website development	(55)	(83)	(61)
Acquisitions and other investments, net of cash acquired (Note 3)	(4)	(110)	(24)
Purchases of marketable securities	—	(133)	(16)
Sales of marketable securities	—	80	59
Maturities of marketable securities	—	70	5
Other investing activities, net	3	—	(12)
Net cash provided by (used in) investing activities	(56)	(176)	(49)
Financing activities:			
Repurchase of common stock (Note 16)	(115)	(60)	(100)
Payment of common stock cash dividends to stockholders (Note 16)	—	(488)	—
Proceeds from 2015 credit facility (Note 10)	700	—	5
Payments of financing costs for amendments to 2015 credit facility (Note 10)	(7)	—	—
Payments to 2015 credit facility (Note 10)	(700)	—	(235)
Proceeds from issuance of Senior Notes (Note 10)	500	—	—
Payments of financing costs for the issuance of Senior Notes (Note 10)	(10)	—	—
Proceeds from Chinese credit facilities (Note 10)	—	—	2
Payments to Chinese credit facilities (Note 10)	—	—	(10)
Proceeds from exercise of stock options	—	2	6
Payment of withholding taxes on net share settlements of equity awards	(21)	(29)	(26)
Payments of finance lease obligation (Note 7)	(6)	(5)	—
Net cash provided by (used in) financing activities	341	(580)	(358)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8	(4)	(16)
Net increase (decrease) in cash, cash equivalents and restricted cash	99	(336)	(18)
Cash, cash equivalents and restricted cash at beginning of period	319	655	673
Cash, cash equivalents and restricted cash at end of period	$ 418	$ 319	$ 655
Supplemental disclosure of cash flow information:			
Cash paid during the period for income taxes, net of refunds	$ 3	$ 47	$ 53
Cash paid during the period for interest	$ 13	$ 6	$ 8
Supplemental disclosure of non-cash investing and financing activities:			
Stock-based compensation capitalized with internal-use software and website development costs (Note 15)	$ 15	$ 19	$ 13
Equity method investment acquired for non-cash consideration (Note 5)	$ —	$ 41	$ —

The accompanying notes are an integral part of these consolidated financial statements.

TRIPADVISOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND BUSINESS DESCRIPTION

We refer to Tripadvisor, Inc. and our wholly-owned subsidiaries as "Tripadvisor," "the Company," "us," "we" and "our" in these notes to the consolidated financial statements.

On December 20, 2011, Expedia Group, Inc. ("Expedia") completed a spin-off of Tripadvisor into a separate publicly traded Delaware corporation. We refer to this transaction as the "Spin-Off." Tripadvisor's common stock began trading on the NASDAQ as an independent public company on December 21, 2011, under the trading symbol "TRIP."

On December 11, 2012, Liberty Interactive Corporation, or Liberty, purchased an aggregate of approximately 4.8 million shares of common stock of Tripadvisor from Barry Diller, our former Chairman of the Board of Directors and Senior Executive, and certain of his affiliates. As a result, Liberty beneficially owned approximately 18.2 million shares of our common stock and 12.8 million shares of our Class B common stock.

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty was acquired by Liberty Tripadvisor Holdings, Inc., or LTRIP. Simultaneously, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. We refer to this transaction as the "Liberty Spin-Off". As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company holding 100% of Liberty's interest in Tripadvisor.

As a result of these transactions, and as of December 31, 2020, LTRIP beneficially owned approximately 18.2 million shares of our common stock and 12.8 million shares of our Class B common stock, which constitute 14.9% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 23.0% of the outstanding common stock. Because each share of Class B common stock is entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing 58.5% of our voting power.

Description of Business

Tripadvisor is a leading online travel company and our mission is to help people around the world plan, book and experience the perfect trip. We operate a global travel guidance platform that connects the world's largest audience of prospective travelers with travel partners through rich content, price comparison tools, and online reservation and related services for destinations, accommodations, travel activities and experiences, and restaurants.

Under our flagship brand, Tripadvisor, we launched www.Tripadvisor.com in the United States in 2000. Since then, we have launched localized versions of the Tripadvisor website in 48 markets and 28 languages worldwide. Tripadvisor features 884 million reviews and opinions on 7.9 million hotels and other accommodations, restaurants, experiences, airlines and cruises. In addition to the flagship Tripadvisor brand, we own and operate a portfolio of travel media brands and businesses, operating under various websites, including the following: www.bokun.io, www.cruisecritic.com, www.flipkey.com, www.thefork.com (including www.lafourchette.com, www.eltenedor.com, www.bookatable.co.uk, and www.delinski.com), www.helloreco.com, www.holidaylettings.co.uk, www.housetrip.com, www.jetsetter.com, www.niumba.com, www.seatguru.com, www.singleplatform.com, www.vacationhomerentals.com, and www.viator.com.

COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China, and on March 11, 2020 was declared a global pandemic. We continue to be subject to risks and uncertainties as a result of the COVID-19 pandemic. COVID-19 has caused material and adverse declines in consumer demand within the travel, hospitality, restaurant, and leisure industry. The pandemic's proliferation, concurrent with travel bans, varying levels of governmental restrictions and mandates globally to limit the spread of the virus, has dampened consumer demand for our products and services, and impacted consumer sentiment and discretionary spending patterns, all of which have adversely and materially impacted our results of operations, liquidity and financial condition during the year ended December 31, 2020. In addition, given the volatility in global markets and economies and the financial difficulties faced by many of our travel suppliers and restaurant customers, we have materially increased our provision for expected credit losses (also referred to as provision for bad debt or provision for uncollectible accounts) on our accounts receivables (see "Note 2: *Significant Accounting Policies*" and "Note 4: *Revenue Recognition*" for further information). Moreover, we may continue to incur, higher than normal cash outlays to refund consumers for cancellations of prepaid bookings (see "Note 4: *Revenue Recognition*" for further information). Any increase in our provision for expected credit losses and cash outlays to consumers would also have a corresponding adverse effect on our results of operations and related cash flows.

While we have seen varying degrees of containment of the virus in certain countries and some signs of travel recovery, the degree of containment and the recovery in travel has varied region-to-region globally, as well as state-to-state in the U.S., and there have been instances where cases of COVID-19 have started to increase again after a period of decline, as well as the identification of new variants of the virus. We do not have visibility into when remaining bans will be lifted, where additional bans may be initiated, or where bans that have been previously lifted will be reinstated due to resurgence of the virus, nor do we have forward-looking visibility into the short or long-term changes to consumer usage patterns on our platform or travel behavior patterns when travel bans and other government restrictions and mandates are fully lifted. Therefore, the ultimate extent of the impact of the COVID-19 pandemic on our business, results of operations, liquidity and financial condition remains highly uncertain and difficult to predict, as the response to the pandemic continues to be ongoing and shifting, and the ultimate duration and severity of the pandemic remains uncertain and unpredictable. However, we continue to believe the travel, hospitality, restaurant, and leisure industry, and consequently our business, will continue to be adversely and materially affected while the pandemic continues to proliferate and travel bans and other government restrictions and mandates continue to remain in place or be reinstated, all of which negatively impact consumer demand, sentiment and discretionary spending patterns.

Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic to varying degrees, and it is possible that it could result in a protracted local and/or global economic recession. Such economic disruption could also have a material adverse effect on our business as consumers reduce their discretionary spending. Policymakers around the globe have responded with fiscal policy actions to support certain areas of the travel industry and economy as a whole. The continued magnitude and ultimate overall effectiveness of these actions remain uncertain.

In response to the impact of COVID-19, we have taken several steps to further strengthen our financial position and balance sheet, and maintain financial liquidity and flexibility, including but not limited to, restructuring activities, primarily by significantly reducing our ongoing operating expenses and headcount, borrowing $700 million from our 2015 Credit Facility in the first quarter of 2020 (subsequently repaid during the third quarter of 2020), amendments to our 2015 Credit Facility, which includes short-term financial covenant relief and extension of the maturity date from May 12, 2022 to May 12, 2024, and raising additional financing through the issuance of $500 million in Senior Notes by the Company in July 2020, all of which are described in more detail in "Note 9: *Accrued Expenses and Other Current Liabilities*" and "Note 10: *Debt*".

In March 2020, the U.S. government enacted the CARES Act, an emergency economic stimulus package in response to the COVID-19 pandemic, which includes numerous income tax provisions, some of which are effective retroactively. As a result of the CARES Act, we have recorded an income tax benefit of $23 million during the year ended December 31, 2020. For further details of income tax benefits recorded by us under the CARES Act, refer to "Note 12: *Income Taxes*".

In addition, certain other governments have passed legislation to help businesses during the COVID-19 pandemic through loans, wage subsidies, tax relief or other financial aid. Some of these governments have extended or are considering extending these programs. We have participated in several of these programs, including the CARES Act in the U.S., the United Kingdom's job retention scheme, as well as other certain jurisdictions' programs. In addition, in certain countries, such as within the European Union, Singapore, Australia, and other jurisdictions, we are also participating in programs where government assistance is in the form of wage subsidies and reductions in wage-related employer taxes paid by us. During the year ended December 31, 2020, we recognized government grants and other assistance benefits of $12 million, of which $10 million in cash has been received as of December 31, 2020. These amounts are recorded as a reduction of personnel and overhead costs in the consolidated statements of operations. As of December 31, 2020, we have recorded a receivable of $2 million, included in prepaid expenses and other current assets on our consolidated balance sheet, for payments expected to be received in 2021, related to qualified payroll tax credits under the CARES Act.

Seasonality

Consumers' travel expenditures have historically followed a seasonal pattern. Correspondingly, travel partners' advertising investments, and therefore our revenue and profits, have also historically followed a seasonal pattern. Our financial performance tends to be seasonally highest in the second and third quarters of a given year, which includes the seasonal peak in consumer demand, traveler hotel and rental stays, and travel activities and experiences taken, compared to the first and fourth quarters, which represent seasonal low points. However, due to the impact of COVID-19 on our business, we did not experience our typical seasonal pattern for revenue and profit during the year ended December 31, 2020. In addition, cash outflows to travel suppliers related to deferred merchant payables significantly exceeded cash received from travelers during the year ended December 31, 2020, primarily reflecting the decline in consumer demand for our products and an increase in reservation cancellations related to COVID-19. These factors contributed significantly to unfavorable working capital trends and material negative operating cash flow during the year ended December 31, 2020, most notably occurring during the first half of 2020 when we typically generate significant positive cash flow. It is difficult to forecast the seasonality for fiscal year 2021, given the uncertainty related to the ultimate extent and duration of the economic and consumer impact from COVID-19, the widespread availability and distribution of the vaccine, and the shape and timing of a recovery. In addition, significant shifts in our business mix or adverse economic conditions could result in future seasonal patterns that are different from historical trends.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include Tripadvisor, our wholly-owned subsidiaries, and entities we control, or in which we have a variable interest and are the primary beneficiary of expected cash profits or losses. All inter-company accounts and transactions have been eliminated in consolidation. Additionally, certain prior period amounts have been reclassified for comparability with the current period presentation. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). We believe that the assumptions underlying our consolidated financial statements are reasonable. However, these consolidated financial statements do not present our future financial position, the results of our future operations and cash flows.

One of our subsidiaries that operates in China has variable interests in affiliated entities in China in order to comply with Chinese laws and regulations, which restrict foreign investment in internet content provision businesses. Although we do not own the capital stock of these Chinese affiliates, we consolidate their results as we are the primary beneficiary of the cash losses or profits of these variable interest affiliates and have the power to direct the activity of these affiliates. Our variable interest entities' financial results were not material for all periods presented. Investments in entities in which we do not have a controlling financial interest are accounted for under the equity method, the fair value option, as available-for-sale securities or at cost adjusted for observable price changes and impairments, as appropriate.

Accounting Estimates

We use estimates and assumptions in the preparation of our consolidated financial statements in accordance with GAAP. Our estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our consolidated financial statements. These estimates and assumptions also affect the reported amount of net income or loss during any period. Our actual financial results could differ significantly from these estimates. The significant estimates underlying our consolidated financial statements include: (i) recognition and recoverability of goodwill, definite-lived intangibles and other long-lived assets; and (ii) accounting for income taxes.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business disruptions and continue to adversely and materially impact our results of operations. As a result, some of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

Revenue Recognition

Refer to "Note 4: *Revenue Recognition"* for a discussion about our revenue recognition policies and other financial disclosures.

Cost of Revenue

Cost of revenue consists of expenses that are directly related or closely correlated to revenue generation, including direct costs, such as credit card and other booking transaction payment fees, data center costs, costs associated with prepaid tour tickets, ad serving fees, flight search fees, and other transaction costs. In addition, cost of revenue includes personnel and overhead expenses, including salaries, benefits, stock-based compensation and bonuses for certain customer support personnel who are directly involved in revenue generation.

Selling and Marketing

Selling and marketing expenses primarily consist of direct costs, including traffic generation costs from SEM and other online traffic acquisition costs, syndication costs and affiliate marketing commissions, social media costs, brand advertising (including television and other offline advertising), promotions and public relations. In addition, our sales and marketing expenses consist of indirect costs such as personnel and overhead expenses, including salaries, commissions, benefits, stock-based compensation, and bonuses for sales, sales support, customer support and marketing employees.

Advertising costs

We incur advertising costs, consisting of online advertising expense, primarily SEM and other online traffic costs, and offline advertising costs, including television, to promote our brands. We expense the costs associated with communicating the advertisements in the period in which the advertisement takes place. We expense the production costs associated with advertisements in the period in which the advertisement first takes place. For the years ended December 31, 2020, 2019 and 2018, we recorded advertising expense of $118 million, $423 million, and $544 million, respectively, in selling and marketing expense on our consolidated statements of operations. We include prepaid advertising expenses in prepaid expenses and other current assets on our consolidated balance sheet, which were not material as of December 31, 2020 and 2019.

Technology and Content

Technology and content expenses consist primarily of personnel and overhead expenses, including salaries and benefits, stock-based compensation expense, and bonuses for salaried employees and contractors engaged in the design, development, testing, content support, and maintenance of our websites and mobile apps. Other costs include licensing, maintenance expense, computer supplies, telecom costs, content translation and localization costs, and consulting costs.

General and Administrative

General and administrative expenses consist primarily of personnel and related overhead costs, including personnel engaged in leadership, finance, legal, and human resources, as well as stock-based compensation expense for those same personnel. General and administrative costs also include professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense, non-income taxes, such as sales, use and other non-income related taxes.

Stock-Based Compensation

Stock Options. Our employee stock options generally consist of service based awards. The exercise price is equal to the market price of the underlying shares of our common stock at the date of grant. In this regard, when granting stock option awards, our practice is to determine the applicable grant date and to specify that the exercise price shall be the closing price of our common stock on the date of grant. Our stock options generally have a term of ten years from the date of grant and typically vest equally over a four-year requisite service period. We amortize the grant-date fair value of our stock option grants as stock-based compensation expense over the vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

The estimated grant-date fair value of stock options is calculated using a Black-Scholes Merton option-pricing model ("Black-Scholes model"). The Black-Scholes model incorporates assumptions to fair value stock-based awards, which includes the risk-free rate of return, expected volatility, expected term, and expected dividend yield. Our risk-free interest rate is based on the rates currently available on zero-coupon U.S. Treasury issues, in effect at the time of the grant, whose remaining maturity period most closely approximates the stock option's expected term assumption. Our expected volatility is calculated by equally weighting the historical volatility and implied volatility on our own common stock. Historical volatility is determined using actual daily price observations of our common stock price over a period equivalent to or approximate to the expected term of our stock option grants to date. Implied volatility represents the volatility calculated from the observed prices of our actively traded options on our common stock. When measuring implied volatility for a specific employee stock option grant we use traded contracts with six month maturities or more and exercise prices approximately equal to the exercise price of the specific option grant. We estimate our expected term using historical exercise behavior and expected post-vest termination data. Our expected dividend yield is zero as we have not historically paid regular cash dividends on our common stock and do not expect to pay regular cash dividends for the foreseeable future.

Restricted Stock Units. Restricted stock units ("RSUs") are stock awards that are granted to employees entitling the holder to shares of our common stock as the award vests. RSUs are measured at fair value based on the quoted price of our common stock at the date of grant. We amortize the fair value of RSUs as stock-based compensation expense over the vesting term, which is typically over a four-year requisite service period on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

Performance-Based Awards. Performance-based stock options and RSUs vest upon achievement of certain company-based performance conditions and a requisite service period. On the date of grant, the fair value of a performance-based award is calculated using the same method as our service based stock options and RSUs described above. We then assess whether it is probable that the individual performance targets would be achieved. If assessed as probable, compensation expense will be recorded for these awards over the estimated performance period. At each reporting period, we will reassess the probability of achieving the performance targets and the performance period required to meet those targets. The estimation of whether the performance targets will be achieved and of the performance period required to achieve the targets requires judgment, and to the extent actual results or updated estimates differ from our current estimates, the cumulative effect on current and prior periods of those changes will be recorded in the period estimates are revised, or the change in estimate will be applied prospectively depending on whether the change affects the estimate of total compensation cost to be recognized or merely affects the period over which compensation cost is to be recognized. The ultimate number of shares issued and the related compensation expense recognized will be based on a comparison of the final performance metrics to the specified targets.

Market-Based Awards. We issue market-based performance RSUs, or MSUs, which vest upon achievement of specified levels of market conditions. The fair value of our MSUs is estimated at the date of grant using a Monte-Carlo simulation model. The probabilities of the actual number of market-based performance units expected to vest and resultant actual number of shares of common stock expected to be awarded are reflected in the grant date fair values; therefore, the compensation expense for these awards will be recognized assuming the requisite service period is rendered and are not adjusted based on the actual number of awards that ultimately vest.

Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive these awards, and subsequent events are not indicative of the reasonableness of our original estimates of fair value. The Company accounts for forfeitures in the period in which they occur, rather than estimate expected forfeitures.

Income Taxes

We record income taxes under the asset and liability method. Deferred tax assets and liabilities reflect our estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book and tax purposes. We determine deferred income taxes based on the differences in accounting methods and timing between financial statement and income tax reporting. Accordingly, we determine the deferred tax asset or liability for each temporary difference based on the enacted income tax rates expected to be in effect when we realize the underlying items of income and expense. We consider all relevant factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as assessing available tax planning strategies. We may establish a valuation allowance to reduce deferred tax assets to the amount we believe is more likely than not to be realized. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates. We classify deferred tax assets and liabilities as noncurrent on our consolidated balance sheet.

We record liabilities to address uncertain tax positions we have taken in previously filed tax returns or that we expect to take in a future tax return. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that our tax position, based on technical merits, will be sustained upon examination.

Cash, Cash Equivalents and Marketable Securities

Our cash consists of cash deposits held in global financial institutions. Our cash equivalents consist of highly liquid investments, generally including money market funds, term deposits, and marketable securities, with maturities of 90 days or less at the date of purchase.

For all periods presented, our restricted cash, which primarily consists of escrowed security deposits, was not material and is included in other long-term assets on our consolidated balance sheet.

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

Our marketable securities are classified and accounted for as available-for-sale, and therefore are carried at fair value, with unrealized gains and losses, net of taxes, reported in accumulated other comprehensive income (loss) as a component of stockholders' equity. Fair values are determined for each individual security in the investment portfolio. We determine the appropriate classification of our marketable securities at the time of purchase and reevaluate the designations at each balance sheet date. We invest in highly-rated securities, and our investment policy limits the amount of credit exposure to any one issuer, industry group and currency. The policy requires investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss and providing liquidity of investments sufficient to meet our operating and capital spending requirements and debt repayments. Realized gains and losses on the sale of marketable securities are determined by specific identification of each security's cost basis. We may sell certain of our marketable securities prior to their stated maturities for strategic reasons including, but not limited to, anticipation of credit deterioration, liquidity, and duration management. The weighted average maturity of our total invested cash shall not exceed 18 months, and no security shall have a final maturity date greater than three years, according to our investment policy.

We continually review our available for sale securities to determine whether their fair value is below their carrying value. If the fair value of an available for sale security is below their carrying value, and either we intend to sell the security or we will be required to sell before recovery, then the difference between fair value and carrying value is recognized as a loss in other income (expense), net on our consolidated statements of operations. If we do not intend to sell and we will not be required to sell before recovery, then we analyze whether a portion of the unrealized loss is the result of a credit loss. When a portion of the unrealized loss is the result of a credit loss, we recognize an allowance for credit losses on our consolidated balance sheet and a corresponding loss in other income (expense), net on our consolidated statements of operations. Any portion of the unrealized loss on the available for sale securities that is not attributable to a credit loss would be recognized as an unrealized loss in accumulated other comprehensive income (loss) within our consolidated statements of changes in stockholders' equity.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recognized when the right to consideration becomes unconditional and are recorded net of an allowance for credit losses. We record accounts receivable at the invoiced amount. Our customer invoices are generally due 30 days from the time of invoicing. Collateral is not required for accounts receivable. The Company historically recorded an allowance for doubtful accounts using the incurred loss model. Upon adoption of ASC 326 – *Financial Instruments – Credit Losses* ("ASC 326"), the Company transitioned to the "expected credit loss" methodology in estimating its allowance for credit losses, which the Company adopted on January 1, 2020. Refer to the *Recently Adopted Accounting Pronouncements* section below*,* for a detailed accounting discussion on the impact of this new guidance to our accounts receivable and allowance for credit losses, and our accounting policy.

The following table presents the changes in our allowance for credit losses for the periods presented:

	December 31, 2020	2019	2018
	(in millions)		
Allowance for doubtful accounts:			
Balance, beginning of period	$ 25	$ 21	$ 16
Provision charged to expense	17	11	11
Write-offs, net of recoveries and other adjustments	(9)	(7)	(6)
Balance, end of period	$ 33	$ 25	$ 21

Property and Equipment

We record property and equipment at cost, net of accumulated depreciation. We capitalize certain costs incurred during the application development stage related to the development of websites and internal use software when it is probable the project will be completed and the software will be used as intended. Capitalized costs include internal and external costs, if direct and incremental, and deemed by management to be significant. We expense costs related to the planning and post-implementation phases of software and website development as these costs are incurred. Maintenance and enhancement costs (including those costs in the post-implementation stages) are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the website or software resulting in added functionality, in which case the costs are capitalized.

We compute depreciation using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment, capitalized software and website development, office furniture and other equipment. We depreciate leasehold improvements using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

Leases

We lease office space in a number of countries around the world, generally under non-cancelable operating lease agreements. Our Headquarters Lease is our most significant office space lease and is accounted for as a finance lease under GAAP. The Company has also entered into data center and certain equipment leases, such as network equipment and other leases, which are not material to our consolidated financial statements. Refer to "Note 7: *Leases"* for a discussion of our lease accounting policy and other financial disclosures.

Non-Marketable Equity Investments

We account for non-marketable equity investments through which we exercise significant influence but do not have control over the investee under the equity method. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investment as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee. In the event we are unable to obtain accurate financial information from the investee in a timely manner, we record our share of earnings or losses of such equity investment on a lag.

Non-marketable equity investments that are not accounted for under the equity method and that do not have a readily determinable fair value are accounted for under the measurement alternative. Under the measurement alternative, the carrying value is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. Adjustments are determined primarily based on a market approach as of the transaction date. We classify our non-marketable equity investments as long-term assets on our consolidated balance sheet as those investments do not have stated contractual maturity dates.

On a quarterly basis, we perform a qualitative assessment considering impairment indicators to evaluate whether these investments are impaired. Qualitative factors considered include industry and market conditions, financial performance, business prospects, and other relevant events and factors. When indicators of impairment exist, we prepare a quantitative assessment of the fair value of our equity investments, which may include using both the market and income approaches which require judgment and the use of estimates, including discount rates, investee revenues and costs, and available comparable market data of private and public companies, among others. When our assessment indicates that an impairment exists, we measure our non-marketable equity investments at fair value.

Valuations of such privately-held companies are inherently complex and uncertain due to the lack of liquid market for the company's securities. In addition, such investments are inherently risky in that such companies are typically at an early stage of development, may have no or limited revenues, may not be or may never become profitable, may not be able to secure additional funding or their technologies, services or products may not be successfully developed or introduced into the market.

Business Combinations

We account for acquired businesses using the acquisition method of accounting which requires that the tangible assets and identifiable intangible assets acquired and assumed liabilities be recorded at the date of acquisition at their respective fair values. Any excess purchase price over the estimated fair value of the net tangible and intangible assets acquired is allocated to goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets may include but are not limited to future expected cash flows from customer and supplier relationships, acquired technology and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Valuations are performed by management or third party valuation specialists under management's supervision, where appropriate. Any changes to provisional amounts identified during the measurement period, calculated as if the accounting had been completed as of the acquisition date, are recognized in the consolidated financial statements in the reporting period in which the adjustment amounts are determined.

Goodwill and Intangible Assets

Goodwill

We assess goodwill, which is not amortized, for impairment annually during the fourth quarter, or more frequently, if events and circumstances indicate impairment may have occurred. We test goodwill for impairment at the reporting unit level. Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination as of the acquisition date. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach. Once goodwill has been allocated to the reporting units, it no longer retains its identification with a particular acquisition and becomes identified with the reporting unit in its entirety. Accordingly, the fair value of the reporting unit as a whole is available to support the recoverability of its goodwill.

The Company has the option to qualitatively assess whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. In the evaluation of goodwill for impairment, we generally first perform a qualitative assessment to determine whether it is more likely than not (i.e., a likelihood of more than 50%) that the estimated fair value of the reporting unit is less than the carrying amount. Periodically, we may choose to forgo the initial qualitative assessment and proceed directly to a quantitative analysis to assist in our annual evaluation. When assessing goodwill for impairment, our decision to perform a qualitative impairment assessment for an individual reporting unit in a given year is influenced by a number of factors, including, but not limited to the size of the reporting unit's goodwill, the significance of the excess of the reporting unit's estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments from the date of acquisition to establish an updated baseline quantitative analysis, and other performance and market indicators. During a qualitative assessment, if we determine that it is not more likely than not that the implied fair value of the goodwill is less than its carrying amount, no further testing is necessary. If, however, we determine that it is more likely than not that the implied fair value of the goodwill is less than its carrying amount, we then perform a quantitative assessment and compare the estimated fair value of the reporting unit to the carrying value. If the carrying value of a reporting unit exceeds its estimated fair value, the goodwill impairment is measured using the difference between the carrying value and the fair value of the reporting unit; however, any loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit.

In determining the estimated fair values of reporting units in a quantitative goodwill impairment test, we generally use a blend, of the following recognized valuation methods: the income approach (discounted cash flows model) and the market valuation approach, which we believe compensates for the inherent risks of using either model on a stand-alone basis. The discounted cash flows model indicates the fair value of the reporting units based on the present value of the cash flows that we expect the reporting units to generate in the future. Our significant estimates in the discounted cash flows model include: weighted average cost of capital; long-term rate of growth and profitability of the reporting unit; income tax rates and working capital effects. The market valuation approach indicates the fair value of the business based on a comparison to comparable publicly traded firms in similar lines of business and other precedent transactions. Our significant estimates in the market approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment and assessing comparable revenue and/or income multiples in estimating the fair value of the reporting units. Valuations are performed by management or third party valuation specialists under management's supervision, where appropriate. We believe that the estimated fair values assigned to our reporting units in impairment tests are based on reasonable assumptions that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates. The use of different assumptions, estimates or judgments could trigger the need for an impairment charge, or materially increase or decrease the amount of any such impairment charge.

Intangible Assets

Intangible assets with estimable useful lives, or definite-lived intangibles, are carried at cost and are amortized on a straight-line basis over their estimated useful lives and reviewed for impairment upon certain triggering events. We routinely review the remaining estimated useful lives of definite-lived intangible assets. If we reduce the estimated useful life assumption, the remaining unamortized balance is amortized over the revised estimated useful life.

Intangible assets that have indefinite lives are not amortized and are tested for impairment annually during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Similar to the qualitative assessment for goodwill, we may assess qualitative factors to determine if it is more likely than not that the implied fair value of the indefinite-lived intangible asset is less than its carrying amount. If we determine that it is not more likely than not that the implied fair value of the indefinite-lived intangible asset is less than its carrying amount, no further testing is necessary. If, however, we determine that it is more likely than not that the implied fair value of the indefinite-lived intangible asset is less than its carrying amount, we compare the implied fair value of the indefinite-lived asset with its carrying amount. If the carrying amount of an individual indefinite-lived intangible asset exceeds its implied fair value, the individual asset is written down by an amount equal to such excess. The assessment of qualitative factors is optional and at our discretion. We may bypass the qualitative assessment for any indefinite-lived intangible asset in any period and resume performing the qualitative assessment in any subsequent period. We base our quantitative measurement of fair value of indefinite-lived intangible assets, using the relief-from-royalty method. This method assumes that the trade name and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate future revenues, the appropriate royalty rate and the weighted average cost of capital, however, such assumptions are inherently uncertain and actual results could differ from those estimates. The use of different assumptions, estimates or judgments could trigger the need for an impairment charge, or materially increase or decrease the amount of any such impairment charge.

Impairment of Long-Lived Assets

We periodically review the carrying amount of our definite-lived intangible assets and other long-term assets, including property and equipment and website and internal use software, to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, we assess the recoverability of the asset group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset of the group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group using appropriate valuation methodologies which would typically include an estimate of discounted cash flows, using an appropriate discount rate. Any impairment would be measured by the amount that the carrying values, of such asset groups, exceed their fair value and would be included in operating income on the consolidated statement of operations. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. We have not identified any circumstances that would warrant an impairment charge for any recorded definite-lived intangibles or other long term assets on our consolidated balance sheet at December 31, 2020 or 2019.

Deferred Merchant Payables

In our Experiences and Rentals free-to-list offerings, we generally receive cash from travelers at the time of booking and we record these amounts, net of our commissions, on our consolidated balance sheets as deferred merchant payables. We pay the suppliers, generally the third-party experience providers and vacation rental owners, after the travelers' use. Therefore, we receive cash from the traveler prior to paying the supplier and this operating cycle represents a working capital source or use of cash to us. Our deferred merchant payables balance was $36 million and $159 million at December 31, 2020 and 2019, respectively, on our consolidated balance sheets. Refer to

"Note 1: *Organization and Business Description*" and "Note 4: *Revenue Recognition*" for further discussion of the impact COVID-19 had on our deferred merchant payables balance in our consolidated financial statements.

Derivative Financial Instruments

We account for derivative instruments that do not qualify for hedge accounting as either assets or liabilities and carry them at fair value, with any subsequent adjustments to fair value recorded in other income (expense), net on our consolidated statements of operations. Monetary assets and liabilities denominated in a currency other than the functional currency of a given subsidiary are remeasured at spot rates in effect on the balance sheet date with the effects of changes in foreign currency exchange rates reported in other income (expense), net on our consolidated statements of operations. In certain circumstances, we enter into forward contracts to reduce, to the extent practical, our potential exposure to the effects of fluctuating foreign currency exchange rates on our cash flows denominated in foreign currencies. Accordingly, fair value changes in the forward contracts help mitigate the changes in the value of the remeasured assets and liabilities attributable to changes in foreign currency exchange rates, except to the extent of the spot-forward differences. These differences are not expected to be significant due to the short-term nature of the contracts, which to date, have typically had maturities at inception of 90 days or less. The net cash received or paid related to our derivative instruments are classified in other investing activities in our consolidated statements of cash flows. Counterparties to forward contracts consist of major international financial institutions. We monitor our positions and the credit ratings of the counterparties involved and, by policy limits, the amount of credit exposure to any one party. We do not use derivatives for trading or speculative purposes. We did not enter into any cash flow, fair value or net investment hedges as of December 31, 2020 or 2019. Refer to "Note 5: *Financial Instruments and Fair Value Measurements"* for additional information on derivatives.

Foreign Currency Translation and Transaction Gains and Losses

Our consolidated financial statements are reported in U.S. dollars. Certain of our subsidiaries outside of the U.S. use the related local currency as their functional currency and not the U.S. dollar. Therefore assets and liabilities of our foreign subsidiaries are translated at the spot rate in effect at the applicable reporting date, and the consolidated statements of operations are translated at the average exchange rates in effect during the applicable reporting period. The resulting unrealized cumulative translation adjustment is recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity on our consolidated balance sheet.

We also have subsidiaries that have transactions in currencies other than their functional currency. Transactions denominated in currencies other than the functional currency are recorded based on foreign currency exchange rates at the time such transactions arise. Subsequent changes in foreign currency exchange rates result in transaction gains and losses which are reflected in our consolidated statements of operations as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions. Accordingly, we have recorded a net foreign currency exchange gain of $5 million for the year ended December 31, 2020, and net losses of $2 million and $9 million for the years ended December 31, 2019 and 2018, respectively, in other income (expense), net on our consolidated statement of operations. These amounts also include transaction gains and losses, both realized and unrealized from forward contracts.

Fair Value Measurements and Disclosures

We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. We measure assets and liabilities at fair value based on the expected exit price, which is the amount that would be received on the sale of an asset or amount paid to transfer a liability, as the case may be, in an orderly transaction between market participants in the principal or most advantageous market in which we would transact. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability at the measurement date. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level. GAAP provides the following hierarchical levels of inputs used to measure fair value:

Level 1—Valuations are based on quoted market prices for identical assets and liabilities in active markets.

Level 2—Valuations are based on observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations are based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Debt Issuance Costs

We defer costs we incur to issue debt, which are presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability, and amortize these costs using the effective interest rate method to interest expense over the term of the debt. We also defer costs we incur to enter into or amend a revolving credit facility, which are presented in the balance sheet as a long-term asset, and amortize these costs using the effective interest rate method to interest expense over the term of the credit facility.

Certain Risks and Concentrations

In addition to the impact of COVID-19, which is discussed in "Note 1: *Organization and Business Description",* our business is subject to certain risks and concentrations, including a concentration related to dependence on our relationships with our customers. For the years ended December 31, 2020, 2019 and 2018 our two most significant travel partners, Expedia (and its subsidiaries) and Booking (and its subsidiaries), each accounted for 10% or more of our consolidated revenue and combined accounted for 25%, 33% and 37%, respectively, of our consolidated revenue, with nearly all of this revenue concentrated in our Hotels, Media & Platform segment. Refer to "Note 4: *Revenue Recognition"* and "Note 20: *Segment and Geographic Information"* for information regarding other concentrations related to geographic and product revenues.

Financial instruments, which potentially subject us to concentration of credit risk at any point in time, generally consist, at any point in time, primarily of cash and cash equivalents, corporate debt securities, forward contracts, and accounts receivable. We maintain some cash and cash equivalents balances with financial institutions that are in excess of Federal Deposit Insurance Corporation insurance limits. Our cash and cash equivalents are primarily composed of bank account balances with financial institutions primarily denominated in U.S. dollars, Euros, British pounds, and Australian dollars. We invest in highly-rated corporate debt securities, and our investment policy limits the amount of credit exposure to any one issuer, industry group and currency. Our credit risk related to corporate debt securities is also mitigated by the relatively short maturity period required by our investment policy. Forward contracts are transacted with major international financial institutions with high credit standings, which to date, have typically had maturities of less than 90 days. Our overall credit risk related to accounts receivable is mitigated by the relatively short collection period.

Contingent Liabilities

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

Treasury Stock

Shares of our common stock repurchased are recorded at cost as treasury stock and result in the reduction of stockholders' equity in our consolidated balance sheet. We may reissue these treasury shares. When treasury shares are reissued, we use the average cost method for determining the cost of reissued shares. If the issuance price is higher than the cost, the excess of the issuance price over the cost is credited to additional paid-in-capital. If the issuance price is lower than the cost, the difference is first charged against any credit balance in additional paid-in-capital from the previous issuances of treasury stock and any remaining balance is charged to retained earnings.

Earnings Per Share ("EPS")

Refer to "Note 17: *Earnings Per Share"* for a discussion as to how we compute Basic EPS and Diluted EPS.

Recently Adopted Accounting Pronouncements

Credit Losses

In June 2016, the FASB issued new accounting guidance which replaced the incurred loss impairment model with an expected loss methodology on the measurement of credit losses for financial assets measured at amortized cost, which includes accounts receivable, notes receivable, and available for sale securities. For financial assets measured at amortized cost, this new guidance requires an entity to: (1) estimate its lifetime expected credit losses upon recognition of the financial assets and establish an allowance to present the net amount expected to be collected; (2) recognize this allowance and changes in the allowance during subsequent periods through net income; and (3) consider relevant information about past events, current conditions and reasonable and supportable forecasts in assessing the lifetime expected credit losses. For available for sale securities, this new guidance made several targeted amendments to the existing other-than-temporary impairment model, including: (1) requiring disclosure of the allowance for credit losses; (2) allowing reversals of the previously recognized credit losses until the entity has the intent to sell, is more-likely-than-not required to sell the securities, or the maturity of the securities; (3) limiting impairment to the difference between the amortized cost basis and fair value; and (4) not allowing entities to consider the length of time that fair value has been less than amortized cost as a factor in evaluating whether a credit loss exists. In addition, ASC 326 made changes to the accounting for available for sale securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available for sale securities management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Company adopted ASC 326 on January 1, 2020, using a modified retrospective transition method for all financial assets measured at amortized cost, which requires a cumulative-effect adjustment of initial application, if any, to be recognized on the date of adoption. The cumulative-effect adjustment recorded by the Company on January 1, 2020 to retained earnings on its consolidated balance sheet was $3 million. Financial results for reporting periods beginning after January 1, 2020 are presented under the new guidance, while prior period amounts are not adjusted and continue to be reported in accordance with previous GAAP. Credit loss estimates on accounts receivable are recorded in general and administrative expenses on our consolidated statement of operations. Credit loss estimates on available for sale securities are recorded in interest expense on our consolidated statement of operations. The Company has updated its significant accounting policies as described below as of January 1, 2020.

Accounts Receivable and Allowance for Credit Losses. The Company historically recorded an allowance for doubtful accounts using the incurred loss model. Upon adoption of ASC 326, the Company transitioned to the "expected credit loss" methodology in estimating its allowance for credit losses.

We apply the "expected credit loss" methodology by first assessing our historical losses based on credit sales and then adding in an assessment of expected changes in the foreseeable future, whether positive or negative, to the Company's ability to collect its outstanding accounts receivables, or the expectation for future losses. The Company develops its expectation for future losses by assessing the profiles of its customers using their historical payment patterns, any known changes to those customers' ability to fulfill their payment obligations, and assessing broader economic conditions that may impact our customers' ability to pay their obligations. Where appropriate, the Company performs this analysis using a portfolio approach. Portfolios comprise customers with similar characteristics and payment history, and we have concluded that the aggregation of these customers into various portfolios does not produce a result that is materially different from considering the affected customers individually. Customers are assigned internal credit ratings, as determined by the Company, based on our collection profiles. Customers whose outstanding obligations are less likely to experience a credit loss are assigned a higher internal credit rating, and those customers whose outstanding obligations are more likely to experience a credit loss are assigned a lower credit rating. We recognize a greater credit loss allowance on the accounts receivable due from those customers in the lower credit tranche, as determined by the Company. When the Company becomes aware of facts and circumstances affecting an individual customer, it also takes that specific customer information into account as part of its calculation of expected credit losses.

The Company's exposure to credit losses may increase if our customers are adversely affected by changes in macroeconomic pressures or uncertainty associated with local or global economic recessions, including the economic impact to our customers associated with COVID-19, or other customer-specific factors.

Available for sale securities. The Company's investment portfolio at any point in time may contain investments, including, in U.S. treasury and U.S. government agency securities, taxable and tax-exempt municipal notes, corporate notes and bonds, commercial paper, non-U.S. government agency securities, term deposits, and money market funds. The Company segments its portfolio based on the underlying risk profiles of the securities and has a zero loss expectation for U.S. treasury and U.S. government agency securities. The Company regularly reviews the securities in an unrealized loss position and evaluates the expected credit loss risk by considering factors such as historical experience, market data, issuer-specific factors, and current economic conditions. As of December 31, 2020 and 2019, the Company had no available for sale securities.

As of December 31, 2020, there are no other newly issued accounting standards expected to have a material impact on the Company’s financial statements or disclosures.

NOTE 3: ACQUISITIONS AND OTHER INVESTMENTS

We had no material acquisitions during the year ended December 31, 2020. During the years ended December 31, 2019 and 2018, we acquired companies which were accounted for as purchases of businesses under the acquisition method, or GAAP. The fair value of purchase consideration has been allocated to tangible and identifiable intangible assets acquired and liabilities assumed, based on their respective fair values on the acquisition date, with the remaining amount recorded to goodwill. Acquired goodwill represents the premium we paid over the fair value of the net tangible and intangible assets acquired. We paid a premium in each of these transactions for a number of reasons, including expected operational synergies, the assembled workforces, and the future development initiatives of the assembled workforces. The results of each of these acquired businesses have been included in the consolidated financial statements beginning on the respective acquisition dates. Pro-forma results of operations for these acquisitions have not been presented as the financial impact to our consolidated financial statements, both individually and in aggregate, would not be materially different from historical results. Acquisition-related costs were expensed as incurred. For both the years ended December 31, 2020 and 2018, these costs were not material, and for the year ended December 31, 2019, these costs were $2 million and are included in general and administrative expenses on our consolidated statements of operations.

2019 Acquisition of Businesses and Other Investments

During the year ended December 31, 2019, we completed three acquisitions with a total purchase price consideration of $109 million for 100% ownership of the following: (1) SinglePlatform, a leading online content management and syndication platform company based in the U.S. acquired in December 2019, (2) BookaTable, an online restaurant reservation and booking platform company based in the U.K. acquired in December 2019; and (3) Restorando, an online restaurant reservation and booking platform company based in Argentina acquired in February 2019. We paid cash consideration of $107 million, net of $2 million of cash acquired.

The aggregate purchase price consideration was allocated to the fair value of assets acquired and liabilities assumed. The following summarizes the final purchase price allocation, in millions:

		Total
Goodwill (1)	$	88
Intangible assets (2)		26
Net tangible assets (liabilities) (3)		(5)
Total purchase price consideration (4)	$	109

(1) Goodwill of $53 million is not deductible for tax purposes.
(2) Identifiable definite-lived intangible assets acquired were comprised of trade names of $2 million with a weighted average life of 2 years, customer lists and supplier relationships of $10 million with a weighted average life of 8 years, subscriber relationships of $6 million with a weighted average life of approximately 3 years, and technology and other of $8 million with a weighted average life of approximately 6 years. The overall weighted-average life of the identifiable definite-lived intangible assets acquired in the purchase of these businesses was 6 years, and will be amortized on a straight-line basis over their estimated useful lives from acquisition date.
(3) Primarily includes cash acquired of $2 million, accounts receivable of $3 million, prepaid expenses and other current assets of $2 million and liabilities assumed of $10 million, including accounts payable, accrued expenses and other current liabilities, and deferred revenue, which reflect their respective fair values at acquisition.
(4) Subject to adjustment based on indemnification obligations for general representations and warranties of certain acquired company stockholders.

During the year ended December 31, 2019, we also invested $2 million in the equity securities of a privately-held company. Refer to "Note 5: *Financial Instruments and Fair Value Measurements"* for further disclosure on our non-marketable investments.

2018 Acquisition of Business

During the year ended December 31, 2018, we completed one acquisition for a purchase price and net cash consideration of $23 million.

The purchase price consideration was allocated to the fair value of assets acquired and liabilities assumed. The following summarizes the final purchase price allocation, in millions:

		Total
Goodwill (1)	$	11
Intangible assets (2)		14
Deferred tax liabilities, net		(2)
Total purchase price consideration (3)	$	23

(1) Goodwill is not deductible for tax purposes.
(2) Identifiable definite-lived intangible assets acquired were comprised of supplier relationships of $6 million with a weighted average life of 10 years and technology and other of $8 million with a weighted average life of approximately 6 years. The overall weighted-average life of the identifiable definite-lived intangible assets acquired in the purchase of this business was 8 years, and will be amortized on a straight-line basis over the estimated useful lives from acquisition date.
(3) Subject to adjustment based on indemnification obligations for general representations and warranties of certain acquired company stockholders.

NOTE 4: REVENUE RECOGNITION

We generate all of our revenue from contracts with customers. We recognize revenue when we satisfy a performance obligation by transferring control of the promised services to a customer in an amount that reflects the consideration that we expect to receive in exchange for those services. When we act as an agent in the transaction, we recognize revenue for only our commission on the arrangement. We determine revenue recognition through the following steps:

(1) Identification of the contract, or contracts, with a customer
(2) Identification of the performance obligations in the contract
(3) Determination of the transaction price
(4) Allocation of the transaction price to the performance obligations in the contract
(5) Recognition of revenue when, or as, we satisfy a performance obligation.

At contract inception, we assess the services promised in our contracts with customers and identify a performance obligation for each promise to transfer to the customer a service (or bundle of services) that is distinct. To identify the performance obligations, we consider all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. We have provided qualitative information about our performance obligations for our principal revenue streams discussed below. There was no significant revenue recognized in the years ended December 31, 2020, 2019 and 2018 related to performance obligations satisfied in prior periods, respectively. We have applied a practical expedient and do not disclose the value of unsatisfied performance obligations that have an original expected duration of less than one year, and we do not have any material unsatisfied performance obligations over one year. The value related to our remaining or partially satisfied performance obligations relates to subscription services that are satisfied over time or services that are recognized at a point in time, but not yet achieved. Our timing of services, invoicing and payments are discussed in more detail below and do not include a significant financing component. Our customer invoices are generally due 30 days from the time of invoicing.

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. Although the substantial majority of our contract costs have an amortization period of less than one year, we have determined contract costs arising from certain sales incentives have an amortization period in excess of one year given the high likelihood of contract renewal. Sales incentives are not paid upon renewal of these contracts and therefore are not commensurate with the initial sales incentive costs. As of both December 31, 2020 and 2019, there were $4 million of unamortized contract costs in other long-term assets on our consolidated balance sheet. We amortize these contract costs on a straight-line basis over the estimated customer life, which is based on historical customer retention rates. Amortization expense recorded to selling and marketing during both the years ended December 31, 2020 and 2019, were $1 million, and not material for the year ended December 31, 2018. We assess such assets for impairment when events or circumstances indicate that the carrying amount may not be recoverable.

The recognition of revenue may require the application of judgment related to the determination of the performance obligations, the timing of when the performance obligations are satisfied and other areas. The determination of our performance obligations does not require significant judgment given that we generally do not provide multiple services to a customer in a transaction, and the point in which control is transferred to the customer is readily determinable. In instances where we recognize revenue over time, we generally have either a subscription service that is recognized over time on a straight-line basis using the time-elapsed output method, or based on other output measures that provide a faithful depiction of the transfer of our services. When an estimate for cancellations is included in the transaction price, we base our estimate on historical cancellation rates and current trends. There have been no significant adjustments to our cancellation estimates and cancellation estimates are not significant. Taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue–producing transaction, that are collected by us from a customer, are reported on a net basis, or in other words excluded from revenue on our consolidated financial statements. The application of our revenue recognition policies and a description of our principal activities, organized by segment, from which we generate our revenue, are presented below.

Hotels, Media & Platform Segment

Tripadvisor-branded Hotels Revenue. Our largest source of Hotels, Media & Platform segment revenue is generated from click-based advertising on Tripadvisor-branded websites, which is primarily comprised of contextually-relevant booking links to our travel partners' websites. Our click-based travel partners are predominantly OTAs and hotels. Click-based advertising is generally priced on a cost-per-click, or "CPC", basis, with payments from travel partners determined by the number of travelers who click on a link multiplied by the CPC rate for each specific click. CPC rates are determined in a dynamic, competitive auction process, also known as hotel auction revenue, where our travel partner CPC bids for rates and availability to be listed on our site are submitted. When a CPC bid is submitted, the travel partner agrees to pay us the bid amount each time a traveler clicks on the link to that travel partner's websites. Bids can be submitted periodically – as often as daily – on a property-by-property basis. We record click-based advertising revenue as the click occurs and traveler leads are sent to the travel partner websites as our performance obligation is fulfilled at that time. Click-based revenue is generally billed to our travel partners on a monthly basis consistent with the timing of the service.

In addition, we offer subscription-based advertising to hotels, owners of B&Bs and other specialty lodging properties. Our performance obligation is generally to enable subscribers to advertise their businesses on our website, as well as to manage and promote their website URL, email address, phone number, special offers and other information related to their business. Subscription-based advertising services are predominantly sold for a flat fee for a contracted period of time of one year or less and revenue is recognized on a straight-line basis over the period of the subscription service as efforts are expended evenly throughout the contract period. Subscription-based advertising services are generally billed at the inception of the service. When prepayments are received, we recognize deferred revenue for the amount of prepayment in excess of revenue recognized until the performance obligation is satisfied.

We also generate revenue from our cost-per-action, or "CPA" model, which consists of contextually-relevant booking links to our travel partners' websites which are advertised on our platform. We earn a commission from our travel partners, based on a pre-determined contractual commission rate, for each traveler who clicks to and books a hotel reservation on the travel partners' website, which results in a traveler stay. CPA revenue is billable only upon the completion of each traveler's stay resulting from a hotel reservation. The travel partners provide the service to the travelers and we act as an agent under ASC 606 – *Revenue from Contracts with Customers* ("ASC 606"). Our performance obligation is complete at the time of the hotel reservation booking, and the commission earned is recognized upon booking, as we have no post-booking service obligations. We recognize this revenue net of an estimate of the impact of cancellations, which are not significant, using historical cancellation rates and current trends. Contract assets are recognized at the time of booking for commissions that are billable at the time of stay. To a lesser extent, we offer travel partners the opportunity to advertise and promote their business through hotel sponsored placements on our websites. This service is generally priced on a CPC basis, with payments from travel partners determined by the number of travelers who click on the sponsored link multiplied by the CPC rate for each specific click. CPC rates for hotel sponsored placements that our travel partners pay are generally based on bids submitted as part of an auction by our travel partners. When a CPC bid is submitted, the travel partner agrees to pay us the bid amount each time a traveler clicks on a link to our travel partner's websites. Bids can be submitted periodically – as often as daily – on a property-by-property basis. We record this click-based advertising revenue as the click occurs and traveler leads are sent to the travel partner as our performance obligation is fulfilled at that time. Hotel sponsored placements revenue is generally billed to our travel partners on a monthly basis consistent with the timing of the service.

Tripadvisor-branded Display and Platform Revenue. We offer travel partners the ability to promote their brands through display-based advertising placements on our websites across all of our segments and business units. Our display-based advertising clients are predominantly direct suppliers of hotels, airlines and cruises, as well as destination marketing organizations. We also sell display-based advertising to OTAs and other travel related businesses, as well as advertisers from non-travel categories. Display-based advertising is sold predominantly on a cost per thousand impressions, or CPM, basis. The performance obligation in our display-based advertising arrangements is to display a number of advertising impressions on our websites and we recognize revenue for impressions as they are delivered. Services are generally billed monthly. We have applied the practical expedient to measure progress toward completion, as we have the right to invoice the customer in an amount that directly corresponds with the value to the customer of our performance to date, which is measured based on impressions delivered.

Experiences & Dining Segment

We provide information and services that allow consumers to research and book tours, activities and experiences in popular travel destinations both through Viator, our dedicated Experiences offering, and on our Tripadvisor website and mobile apps. We also power travel tours, activities and experiences booking capabilities to consumers on affiliate partner websites, including some of the world's top airlines, hotel chains, and online and offline travel agencies. We work with local tour or travel activities/experiences operators ("the supplier") to provide consumers the ability to book tours, activities and experiences ("the activity") in popular destinations worldwide. We generate commissions for each booking transaction we facilitate through our online reservation system. We provide post-booking service to the customer until the time of the activity, which is the completion of the performance obligation. Revenue is recognized at the time that the activity occurs. We generally do not control the activity before the supplier provides it to our customer and therefore act as agent for nearly all of these transactions under ASC 606. We generally collect payment from the customer at the time of booking that includes both our commission revenue and the amount due to the supplier. Our commission revenue is recorded as deferred revenue until the activity occurs and revenue is recognized, and the amount due to the supplier is recorded as deferred merchant payables on our consolidated balance sheet until completion of the activity and payment is made to the supplier. To a lesser extent, we earn commissions from affiliate partners, which are third-party merchant partners who display and promote on their websites the supplier activities available on our platform to generate bookings. In these transactions, where we are not the merchant of record, we generally invoice and receive commissions directly from the third-party merchant partners. Our performance obligation is to allow the third-party merchant partners to display and promote on their website suppliers who utilize our platform and we earn a commission when consumers book and complete an activity. We do not control the service and act as an agent for these transactions under ASC 606. Our performance obligation is complete and revenue is recognized at the time of the booking, as we have no post-booking obligations. We recognize this revenue net of an estimate of the impact of cancellations, which is not material, using historical cancellation rates and current trends. Contract assets are recognized for commissions that are billable contingent upon completion of the activity.

We also provide information and services for consumers to research and book restaurant reservations in popular travel destinations through our dedicated online restaurant reservations offering, TheFork, and on our Tripadvisor-branded websites and mobile apps. We primarily generate transaction fees (or per seated diner fees) that are paid by our restaurant customers for diners seated primarily from bookings through TheFork's online reservation system. The transaction fee is recognized as revenue after the reservation is fulfilled, or as diners are seated by our restaurant customers. We invoice restaurants monthly for transaction fees. To a lesser extent, we also generate subscription fees for subscription-based advertising to restaurants, access to certain online reservation management services, marketing analytic tools, and menu syndication services provided by TheFork and Tripadvisor. As the performance obligation is to provide restaurants with access to these services over the subscription period, subscription fee revenue is recognized over the period of the subscription service on a straight-line basis as efforts are expended evenly throughout the contract period. Subscription fees are generally billable in advance of service. When prepayments are received, we recognize deferred revenue for the amount of prepayment in excess of revenue recognized until the performance obligation is satisfied. In addition, we also offer restaurant partners the opportunity to advertise and promote their business through restaurant media advertising placements on our website. This service is generally priced on a CPC basis, with payments from restaurant partners determined by the number of consumers who click on the sponsored link multiplied by the CPC rate for each specific click. CPC rates for media advertising placements that our restaurant partners pay are based on a pre-determined contractual rate. We record this click-based advertising revenue as the click occurs and diner leads are sent to the restaurant partner as our performance obligation is fulfilled at that time. Click-based revenue is generally billed to our restaurant partners on a monthly basis consistent with the timing of the service.

Other

We provide information and services that allow travelers to research and book vacation and short-term rental properties, including full homes, condominiums, villas, beach properties, cabins and cottages. Our Rentals offering generates revenue primarily by offering individual property owners and managers the ability to list their properties on our websites and mobile apps thereby connecting with travelers through a free-to-list, commission-based option or, to a lesser extent, by an annual subscription-based fee structure. These properties are listed on www.flipkey.com, www.holidaylettings.co.uk, www.housetrip.com, www.niumba.com, and www.vacationhomerentals.com, and on our Tripadvisor-branded websites and mobile apps. We earn commissions associated with rental transactions through our free-to-list model from both the traveler, and the property owner or manager. We provide post-booking service to the travelers, property owners and managers until the time the rental commences, which is the time the performance obligation is completed. Revenue from transaction fees is recognized at the time that the rental commences. We act as an agent, under ASC 606, in the transactions as we do not control any properties before the property owner provides the accommodation to the traveler and do not have inventory risk. We generally collect payment from the traveler at the time of booking, representing the amount due to the property owner or manager, as well as our commission. That portion of the payment representing our commission is recorded as deferred revenue until revenue is recognized, and that portion of the payment representing the amount due to the property owner is recorded as deferred merchant payables until payment is made to the property owner after the completion of the rental. Payments for term-based subscription fees related to online advertising services for the listing of rental properties are generally due in advance. As the performance obligation is the listing service provided to the property owner or manager over the subscription period, revenue is recognized over the period of the subscription service on a straight-line basis as efforts are expended evenly throughout the contract period. We recognize deferred revenue for the amount of prepayment in excess of revenue recognized until the performance obligation is satisfied.

In addition, Other also includes revenue generated from flights, cruises, and car offerings on Tripadvisor-branded websites and its portfolio of travel media brands, which primarily includes click-based advertising and display-based advertising revenue. The performance obligations, timing of customer payments for these brands, and methods of revenue recognition are generally consistent with click-based advertising and display-based advertising revenue, as described above.

Practical Expedients and Exemptions

We expense costs to obtain a contract as incurred, such as sales incentives, when the amortization period would have been one year or less.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

Disaggregation of Revenue

We disaggregate revenue from contracts with customers into major products/revenue sources. We have determined that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. As noted in "Note 20: *Segment and Geographic Information*", our business consists of two reportable segments – (1) Hotels, Media & Platform; and (2) Experiences & Dining. Other consists of a combination of business units, and does not constitute a reportable segment.

A reconciliation of disaggregated revenue to segment revenue is also included below.

	Year ended December 31,		
	2020	2019	2018
Major products/revenue sources (1):		(in millions)	
Hotels, Media & Platform			
Tripadvisor-branded hotels	$ 292	$ 779	$ 848
Tripadvisor-branded display and platform	69	160	153
Total Hotels, Media & Platform	361	939	1,001
Experiences & Dining	186	456	372
Other	57	165	242
Total Revenue	$ 604	$ 1,560	$ 1,615

(1) Our revenue is recognized primarily at a point in time for all reported segments.

Contract Balances

The following table provides information about the opening and closing balances of accounts receivables and contract assets from contracts with customers (in millions):

	December 31, 2020	December 31, 2019
Accounts receivable	$ 70	$ 176
Contract assets	13	7
Total	$ 83	$ 183

Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets are rights to consideration in exchange for services that we have transferred to a customer when that right is conditional on something other than the passage of time, such as commission payments that are contingent upon the completion of the service by the principal in the transaction. The difference between the opening and closing balances of our contract assets primarily results from the timing difference between when we satisfy our performance obligations and the time when the principal completes the service in the transaction.

During the year ended December 31, 2020, we recorded approximately $6 million of incremental allowance for expected credit losses on accounts receivable and contract assets, when compared to the same period in 2019, primarily due to the impact of COVID-19. Actual future bad debt could differ materially from this estimate resulting from changes in our assumptions of the duration and ultimate severity of the impact of the COVID-19 pandemic.

Contract liabilities generally include payments received in advance of performance under the contract, and are realized as revenue as the performance obligation to the customer is satisfied, which we present as deferred revenue on our consolidated balance sheets. As of January 1, 2020 and 2019, we had $62 million and $63 million, respectively, recorded as deferred revenue on our consolidated balance sheets, of which $51 million and $61 million, respectively, was recognized in revenue and $11 million and $2 million was refunded due to cancellations by travelers during the years ended December 31, 2020 and 2019, respectively. The difference between the opening and closing balances of our deferred revenue primarily results from the timing differences between when we receive customer payments and the time in which we satisfy our performance obligations.

There were no significant changes in contract assets or deferred revenue during the years ended December 31, 2020 and 2019 related to business combinations, impairments, cumulative catch-ups or other material adjustments. However, to the extent the COVID-19 pandemic continues, we may incur additional significant and unanticipated cancellations by consumers related to future travel, accommodations and tour bookings, which have been reserved by travelers and recorded as deferred revenue on our consolidated balance sheet as of December 31, 2020.

NOTE 5: FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

We had no material financial assets or liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019.

Cash, Cash Equivalents and Marketable Securities

As of December 31, 2020 and 2019, we had $418 million and $319 million of cash and cash equivalents, which consisted of bank deposits, and were available on demand. We had no outstanding investments classified as either short-term or long-term marketable securities, as of December 31, 2020 and 2019, respectively, and no material realized gains or losses related to the sales of any marketable securities during and for the years ended December 31, 2020, 2019 and 2018.

We generally classify any existing cash equivalents and marketable securities within Level 1 and Level 2 as we value these financial instruments using quoted market prices (Level 1) or alternative pricing sources (Level 2). The valuation technique we use to measure the fair value of money market funds is derived from quoted prices in active markets for identical assets or liabilities. Fair values for Level 2 investments are considered “Level 2” valuations because they are obtained from independent pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets. Our procedures include controls to ensure that appropriate fair values are recorded, including comparing the fair values obtained from our independent pricing services against fair values obtained from another independent source.

Derivative Financial Instruments

We generally use forward contracts to reduce the effects of foreign currency exchange rate fluctuations on our cash flows primarily for the Euro versus the U.S. Dollar. For the periods ended December 31, 2020, 2019 and 2018, respectively, our forward contracts have not been designated as hedges and generally had maturities of less than 90 days. Our outstanding or unsettled forward contracts were carried at fair value on our consolidated balance sheets at December 31, 2020 and 2019. We measure the fair value of our outstanding or unsettled derivatives using Level 2 fair value inputs, as we use a pricing model that takes into account the contract terms as well as current foreign currency exchange rates in active markets. We recognize any gain or loss resulting from the change in fair value of our forward contracts in other income (expense), net on our consolidated statement of operations. We recorded a net gain of $1 million for both the years ended December 31, 2020 and 2019, respectively, and a net loss of $3 million for the year ended December 31, 2018, related to our forward contracts.

The following table shows the net notional principal amounts of our outstanding derivative instruments for the periods presented:

	December 31, 2020	December 31, 2019
	(in millions)	
Foreign currency exchange-forward contracts (1)(2)	$ 3	$ 10

(1) Derivative contracts address foreign currency exchange fluctuations for the Euro versus the U.S. dollar. These outstanding derivatives are not designated as hedging instruments and have an original maturity period of 90 days or less.

(2) The fair value of our outstanding derivatives as of December 31, 2020 and 2019, respectively, was not material. The notional amount of a forward contract is the contracted amount of foreign currency to be exchanged and is not recorded on the balance sheet.

Other Financial Assets and Liabilities

As of December 31, 2020 and 2019, financial instruments not measured at fair value on a recurring basis including accounts payable, accrued expenses and other current liabilities, and deferred merchant bookings, were carried at cost on our consolidated balance sheets, which approximates their fair values because of the short-term nature of these items. Accounts receivable and contract assets, on our consolidated balance sheets, as well as certain other financial assets, were measured at amortized cost and are carried at cost less an allowance for expected credit losses to present the net amount expected to be collected.

As of December 31, 2020, we estimated the fair value of our outstanding Senior Notes to be approximately $542 million and was considered a Level 2 fair value measurement. The estimated fair value of the Senior Notes was based on recently reported market transactions and prices for identical or similar financial instruments obtained from a third-party pricing source. The carrying value of the Senior Notes was $491 million, net of $9 million in unamortized debt issuance costs, and classified as long-term debt on our consolidated balance sheet as of December 31, 2020. Refer to "Note 10: *Debt*" for additional information on our Senior Notes.

The Company did not have any assets or liabilities measured at fair value on a recurring basis using Level 3 unobservable inputs at both December 31, 2020 and December 31, 2019.

Assets Measured at Fair Value on a Non-recurring Basis

Non-Marketable Investments

Equity Securities Accounted for under the Equity Method

In November 2019, the Company and Ctrip Investment Holding Ltd, a majority-owned subsidiary of Trip.com Group Limited, entered into an agreement to combine certain assets in China through the creation of a new entity, Chelsea Investment Holding Company PTE, Ltd. Tripadvisor contributed a portion of its business in China, including a long-term exclusive brand and content license and other assets, in return for a 40% equity investment in Chelsea Investment Holding Company PTE Ltd. This investment resulted in the Company recording an initial equity method investment of $41 million and a $39 million deferred income liability attributable to the brand and content license in the fourth quarter of 2019. The Company expects to earn the deferred income ratably over a 15-year period, congruent with the initial term of the brand and content license, and recorded in other income (expense), net on the consolidated statement of operations.

The Company accounts for this minority investment under the equity method, given it has the ability to exercise significant influence over, but not control, the investee. The carrying value of this minority investment was $38 million and $41 million as of December 31, 2020 and 2019, respectively, and is included in non-marketable investments on our consolidated balance sheets. During the years ended December 31, 2020 and 2019, we recognized $3 million and $1 million, respectively, representing our share of the investee's net loss in other income (expenses), net within the consolidated statements of operations. The Company evaluates this investment for impairment when factors indicate that a decline in the value of its investment has occurred and the carrying amount of its investment may not be recoverable. An impairment loss, based on the excess of the carrying value over the estimated fair value of the investment based on Level 3 inputs, is recognized in earnings when an impairment is deemed to be other than temporary. Due to the COVID-19 pandemic, we performed a qualitative assessment to evaluate whether this equity investment is impaired as of December 31, 2020. During the years ended December 31, 2020 and 2019, respectively, we did not record any impairment loss on this equity investment. The deferred income liability is presented in accrued expenses and other current liabilities and other long-term liabilities on our consolidated balance sheet of $3 million and $33 million, respectively as of December 31, 2020.

During the year ended December 31, 2020, the Company entered into various commercial agreements with Chelsea Investment Holding Company PTE Ltd. and/or its subsidiaries. Transactions under these agreements with the equity method investee are considered related-party transactions, and were not material for the year ended December 31, 2020.

Other Equity Investments

We also hold minority investments in equity securities of other privately-held companies, which are typically at an early stage of development and do not have a readily determinable fair value. As of December 31, 2020 and 2019, the total carrying value of these investments was $2 million and $14 million, respectively, and included in non-marketable investments on our consolidated balance sheet. In June 2020, the Company redeemed an existing equity investment in one of these privately-held companies with a carrying value of $10 million in return for a collateralized note receivable for the same amount. Refer to section entitled "Other Long-Term Assets" below for additional information.

Our policy is to measure these equity investments at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer such observable price changes may include instances where the investee issues equity securities to new investors, thus creating a new indicator of fair value, as an example. On a quarterly basis, we perform a qualitative assessment considering impairment indicators, if any, to evaluate whether these investments are impaired and also monitor for any observable price changes. During the years ended December 31, 2020, 2019, and 2018, we did not record any impairment loss on these equity investments or note any observable price change indicators.

Other Long-Term Assets

In June 2020, the Company was issued collateralized notes (the "Notes Receivable") with a total principal amount of $20 million from a privately-held company, in exchange for an existing equity investment held in the investee by the Company, and other-long term receivables, net, which the Company held due from the same investee. Refer to the section entitled "Other Equity Investments" above for further information. The Company has classified the Notes Receivable as held-to-maturity, as the Company has concluded it has the positive intent and ability to hold the Notes Receivable until maturity, with 50% due in 5 years and remaining 50% due in 10 years from issuance date. The Company recorded a $3 million allowance for credit loss under ASC 326 during the year ended December 31, 2020, respectively, in other income (expense), net on the consolidated statement of operations, related to the Notes Receivable. As of December 31, 2020, the carrying value of the Notes Receivable was $14 million, net of accumulated allowance for credit losses, and is classified in other long-term assets on our consolidated balance sheet at amortized cost. On a quarterly basis, we perform a qualitative assessment considering impairment indicators to evaluate whether the Notes Receivable are impaired and monitor for changes to our allowance for credit losses.

Other non-financial assets, such as property and equipment, goodwill, intangible assets, and operating lease right-of-use assets are adjusted to fair value when an impairment charge is recognized or the underlying investment is sold. Such fair value measurements are based predominately on Level 3 inputs. Refer to "Note 6: *Property and Equipment, Net*", "Note 7: *Leases*" and "Note 8: *Goodwill and Intangibles, Net*" for additional information regarding those assets.

NOTE 6: PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following for the periods presented:

	December 31, 2020	December 31, 2019
	(in millions)	
Capitalized software and website development	$ 371	$ 335
Finance lease right-of-use asset	114	114
Leasehold improvements	49	49
Computer equipment and purchased software	71	70
Furniture, office equipment and other	21	21
	626	589
Less: accumulated depreciation	(386)	(319)
Total	$ 240	$ 270

As of December 31, 2020 and December 31, 2019, the carrying value of our capitalized software and website development costs, net of accumulated amortization, was $108 million and $115 million, respectively. For the years ended December 31, 2020, 2019 and 2018, we capitalized $63 million, $79 million and $63 million, respectively, related to software and website development costs. For the years ended December 31, 2020, 2019 and 2018, we recorded amortization of capitalized software and website development costs of $67 million, $63 million and $59 million, respectively, which is included in depreciation expense on our consolidated statements of operations for those years. During the year ended December 31, 2020, we retired and disposed of capitalized software and website development with a total cost of $31 million, which were no longer in use and fully depreciated.

NOTE 7: LEASES

We determine whether a contract is or contains a lease at inception of a contract. We define a lease as a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. Control over the use of the identified asset means that we have both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

Our lease contracts contain both lease and non-lease components. We account separately for the lease and non-lease components of our office space leases and certain other leases, such as data center leases. We allocate the consideration in the contract to the lease and non-lease components based on each component's relative standalone price. We determine standalone prices for the lease components based on the prices for which other lessors lease similar assets on a standalone basis. We determine standalone prices for the non-lease component based on the prices that third-party suppliers charge for services for similar assets on a standalone basis. If observable standalone prices are not readily available, we estimate the standalone prices based on other available observable information. However, for certain categories of equipment leases, such as network equipment and others, we account for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases that have similar characteristics, we apply a portfolio approach to effectively account for operating lease right-of-use ROU assets and operating lease liabilities.

The Company uses its estimated incremental borrowing rate as the discount rate in measuring the present value of our lease payments given the rate implicit in our leases is not typically readily determinable. Given we do not currently borrow on a collateralized basis, our incremental borrowing rate is estimated to approximate the interest rate in which the Company would expect to pay on a collateralized basis over a similar term and payments, and in economic environments where the leased asset is located. We use the portfolio approach to determine the discount rate for leases with similar characteristics or when the Company is reasonably certain that doing so would not materially affect the accounting for those leases to which a single discount rate is applied.

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

Operating Leases

Our office space leases, exclusive of our Headquarters Lease, are operating leases, which we lease an aggregate of approximately 485,000 square feet of office space at approximately 35 other locations across North America, Europe, Asia Pacific and South America, in cities such as New York, London, Sydney, Barcelona, Buenos Aires and Paris, primarily for our sales offices, subsidiary headquarters, and international management teams, pursuant to leases with various expiration dates, with the latest expiring in June 2027.

Operating lease ROU assets and liabilities are recognized at lease commencement date, or the date the lessor makes the leased asset available for use, based on the present value of lease payments over the lease term using the Company's estimated incremental borrowing rate. ROU assets related to operating leases comprise the initial lease liability, and are then adjusted for any prepaid or deferred rent payments, unamortized initial direct costs, and lease incentives received. Amortization expense for operating lease ROU assets and interest accretion on operating lease liabilities are recognized as a single operating lease cost in our consolidated statement of operations, which results effectively in recognition of rent expense on a straight-line basis over the lease period. The carrying amount of operating lease liabilities are (1) accreted to reflect interest using the incremental borrowing rate if the rate implicit in the lease is not readily determinable; and (2) reduced to reflect lease payments made during the period. We present the combination of both the amortization of operating lease ROU assets and the change in the operating lease liabilities in the same line item in the adjustments to reconcile net income to net cash provided by operating activities in our consolidated statement of cash flows. Lease incentives are recognized as reductions of rental expense on a straight-line basis over the term of the lease. Certain of our operating leases include options to extend the lease terms for up to 6 years and/or terminate the leases within 1 year, which we include in our lease term if we are reasonably certain to exercise these options. Payments under our operating leases are primarily fixed, however, certain of our operating lease agreements include rental payments which are adjusted periodically for inflation. We recognize these costs as variable lease costs on our consolidated statement of operations, which were not material during the years ended December 31, 2020, 2019 and 2018. In addition, our short-term lease costs were not material in any period.

We also establish assets and liabilities for the present value of estimated future costs to return certain of our leased facilities to their original condition for asset retirement obligations. Such assets are depreciated over the lease period into operating expense, and the recorded liabilities are accreted to the future value of the estimated restoration costs and are included in other long-term liabilities on our consolidated balance sheet. Our asset retirement obligations were not material as of December 31, 2020 and December 31, 2019, respectively.

Finance Lease

Finance lease ROU assets and finance lease liabilities are recognized at the lease commencement date or the date the lessor makes the leased asset available for use. Finance lease ROU assets are generally amortized on a straight-line basis over the lease term, and the carrying amount of finance lease liabilities are (1) accreted to reflect interest using the incremental borrowing rate if the rate implicit in the lease is not readily determinable, and (2) reduced to reflect lease payments made during the period. Amortization expense for finance lease ROU assets and interest accretion on finance lease liabilities are recorded to depreciation and interest expense, respectively, in our consolidated statement of operations.

In June 2013, we entered into our Headquarters Lease of an approximately 280,000 square foot rental building in Needham, Massachusetts, for an initial term of 15 years and 7 months or through December 2030. The Company also has an option to extend the term of the Headquarters Lease for two consecutive terms of five years each. Our Headquarters Lease was accounted for as a finance lease upon the adoption of ASC 842 on January 1, 2019.

Operating and finance lease assets and liabilities are included on our consolidated balance sheet as follows for the period presented:

	Consolidated Balance Sheet Location	December 31, 2020	December 31, 2019
		(in millions)	
Noncurrent Lease Assets:			
Finance lease	Property and equipment, net	$ 95	$ 105
Operating lease	Operating lease right-of-use-assets	54	74
	Total noncurrent lease assets	$ 149	$ 179
Current Lease Liabilities:			
Finance lease	Accrued expenses and other current liabilities	$ 5	$ 5
Operating lease	Accrued expenses and other current liabilities	21	20
	Total current lease liabilities	26	25
Noncurrent Lease Liabilities:			
Finance lease	Finance lease obligation, net of current portion	71	78
Operating lease	Operating lease liabilities, net of current portion	46	64
	Total noncurrent lease liabilities	117	142
	Total lease liabilities	$ 143	$ 167

As of December 31, 2020, we did not have any additional operating or finance leases that have not yet commenced but that create significant rights and obligations for us.

The components of lease expense were as follows for the periods presented:

	Year ended December 31, 2020	Year ended December 31, 2019
	(in millions)	
Operating lease cost (1)	$ 28	$ 24
Finance lease cost:		
Amortization of right-of-use assets (2)	$ 10	$ 9
Interest on lease liabilities (3)	4	4
Total finance lease cost	$ 14	$ 13
Sublease income on operating leases (1)	(3)	(3)
Total lease cost, net	$ 39	$ 34

(1) Operating lease costs, net of sublease income, are included within operating expenses in our consolidated statements of operations.
(2) Amount is included in depreciation expense in our consolidated statements of operations.
(3) Amount is included in interest expense in our consolidated statements of operations.

Additional information related to our leases is as follows for the periods presented:

	Year ended December 31, 2020	Year ended December 31, 2019
Supplemental Cash Flows Information:	(in millions)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 26	$ 26
Operating cash outflows from finance lease	4	4
Financing cash outflows from finance lease	6	5
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases (1)	$ 4	$ 106
Finance lease (2)	—	88

(1) Amount related to 2019 includes operating leases, recognized upon adoption of ASC 842 on January 1, 2019 of $88 million, and those that commenced during the year ended December 31, 2019 of $18 million.

(2) Amount related to 2019 represents the finance lease obligation arising from obtaining the ROU asset related to our Headquarters Lease, which was recognized upon the adoption of ASC 842 on January 1, 2019.

	Year ended December 31, 2020	Year ended December 31, 2019
Weighted-average remaining lease term:		
Operating leases	3.7 years	4.4 years
Finance lease	10.0 years	11.0 years
Weighted-average discount rate:		
Operating leases	3.99%	4.11%
Finance lease	4.49%	4.49%

Future lease payments under non-cancelable leases as of December 31, 2020 were as follows:

Year Ending December 31,	Operating Leases	Finance Lease
	(in millions)	
2021	$ 25	$ 10
2022	21	10
2023	13	10
2024	8	10
2025	3	10
Thereafter	2	46
Total future lease payments	72	96
Less imputed interest	(5)	(20)
Total lease liabilities	$ 67	$ 76

NOTE 8: GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The Company reorganized its reporting units pursuant to an internal restructuring during the second quarter of 2020. Following the internal restructuring changes, our legacy Dining and Flights/Cruises/Car reporting units were reorganized into four new distinct reporting units: (1) TheFork, (2) Tripadvisor Restaurants, (3) Flights & Car; and (4) Cruises, for the purposes of goodwill impairment testing. As a result, we first performed a qualitative assessment on our historical Dining and Flights/Cruise/Car reporting units prior to implementing the revised reporting unit structure and determined that it was more likely than not that the fair value of these reporting units was greater than the carrying value; which was consistent with our conclusion of our annual impairment test for 2019. We then performed a goodwill impairment test for each of the new reporting units using a quantitative assessment. We concluded the estimated fair values were in excess of the carrying values for each of the four new reporting units. We also performed sensitivity analyses, such as calculating estimated fair values using different rates for the weighted-average cost of capital and long-term rates of growth in the income approach and different revenue/income multiples in our market approach and the estimated fair values remained in excess of the carrying values. Therefore, no indications of impairment were identified as a result of these changes in our reporting units as of June 30, 2020. In addition, as a result of internal restructuring and the sale of the SmarterTravel business during the second quarter of 2020, our SmarterTravel reporting unit no longer exists. The sale of this business was not a significant disposition. This change in reporting units had no impact on the composition of our operating segments, or the information that our chief operating decision maker or CODM reviews to evaluate the financial performance of the Company's operating segments.

During the third quarter of 2020, the Company recognized a goodwill impairment charge of $3 million, which represented all of the goodwill allocated to our Tripadvisor China reporting unit. This impairment was driven by strategic operating decisions made by the Company in the third quarter of 2020. Consequently, Tripadvisor China was no longer considered a reporting unit as of December 31, 2020.

During the Company's annual goodwill impairment test during the fourth quarter of 2020, a qualitative assessment was performed for all our reporting units. We determined that the fair value of all our remaining reporting units were in excess of their carrying values, and, accordingly, no further impairment charges were recorded during the year ending December 31, 2020.

Although our annual impairment testing did not result in any impairment indicators, due to the COVID-19 environment and our inability to predict the expected duration and ultimate severity of the impact of COVID-19, we believe our reporting units are at an elevated risk of impairment in future periods. We will continue to monitor our financial performance, stock price and other events and circumstances that may negatively impact the estimated fair values of our reporting units to determine if future impairment assessments may be necessary. A continued and prolonged duration, and/or decline in the outlook for future revenue and cash flows or other factors, related to COVID-19 or other events, could result in a determination that a non-cash impairment adjustment is required, which could be material.

The following table summarizes our goodwill activity by reportable segment for the periods presented:

	Hotel	Non-Hotel	Hotels, Media & Platform	Experiences & Dining	Other (7)	Total
	(in millions)		(in millions)			
Balance as of December 31, 2018	$ 451	$ 305	$ —	$ —	$ —	$ 756
Allocation to new segments (1)	(451)	(305)	405	250	101	—
Acquisitions (2)	—	—	—	85	—	85
Foreign currency translation adjustments	—	—	—	(2)	1	(1)
Balance as of December 31, 2019	$ —	$ —	$ 405	$ 333	$ 102	$ 840
Re-allocation of goodwill (3)			2	—	(2)	—
Impairment (4)			—	—	(3)	(3)
Disposition (5)			—	—	(6)	(6)
Foreign currency translation adjustments			—	21	2	23
Other adjustments (6)			—	8	—	8
Balance as of December 31, 2020			$ 407	$ 362	$ 93	$ 862

(1) Re-allocation of goodwill as a result of changes to our reporting segments during the first quarter of 2019.
(2) These additions to goodwill relate to our business acquisitions. Refer to "Note 3: *Acquisitions and Other Investments*," for further information.
(3) Re-allocation of goodwill as a result of changes to reporting units related to internal restructuring during the second quarter of 2020.
(4) Represents a goodwill impairment charge related to our Tripadvisor China reporting unit.
(5) Disposition relates to the sale of our SmarterTravel business.
(6) Other adjustments primarily relate to an immaterial business acquisition in our Experiences & Dining reportable segment.
(7) Other consists of the combination of Rentals, Flights & Car, and Cruises, and does not constitute a reportable segment.

There were no goodwill impairment charges recognized to our consolidated statements of operations during the years ended December 31, 2019 and 2018. As of December 31, 2020, accumulated goodwill impairment losses totaled $3 million, which was associated with Other.

Intangibles

Intangible assets, which were acquired in business combinations and recorded at fair value on the date of purchase, consist of the following for the periods presented:

	December 31, 2020	December 31, 2019
	(in millions)	
Intangible assets with definite lives	$ 262	$ 253
Less: accumulated amortization	(206)	(173)
Intangible assets with definite lives, net	56	80
Intangible assets with indefinite lives	30	30
Total	$ 86	$ 110

Amortization expense for definite-lived intangible assets was $26 million, $33 million, and $34 million, for the years ended December 31, 2020, 2019 and 2018, respectively.

Our indefinite-lived intangible assets relate to trade names and trademarks. During the Company's annual indefinite-lived intangible impairment test during the fourth quarter of 2020, a qualitative assessment was performed. As part of our qualitative assessment we considered, amongst other factors, the amount of excess fair value of our trade names and trademarks to the carrying value of those same assets, changes in estimates, and valuation input assumptions, since our previous quantitative analysis. After considering these factors and the impact that changes in such factors would have on the inputs used in our previous quantitative assessment, we determined that it was more likely than not that our indefinite-lived intangible assets were not impaired as of December 31, 2020.

There were no impairment charges recognized to our consolidated statement of operations during the years ended December 31, 2020, 2019 and 2018 related to our intangible assets.

The following table presents the components of our intangible assets with definite lives for the periods presented:

		December 31, 2020			December 31, 2019		
	Weighted Average Remaining Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(in millions)			(in millions)	
Trade names and trademarks	3.6	$ 59	$ (41)	$ 18	$ 59	$ (35)	$ 24
Customer lists and supplier relationships	4.5	104	(83)	21	98	(65)	33
Subscriber relationships	2.7	42	(35)	7	40	(29)	11
Technology and other	4.2	57	(47)	10	56	(44)	12
Total	3.9	$ 262	$ (206)	$ 56	$ 253	$ (173)	$ 80

Refer to "Note 3: *Acquisitions and Other Investments*" above for a discussion of definite lived intangible assets acquired in business combinations during the years ended December 31, 2020, 2019 and 2018.

Our definite-lived intangible assets are being amortized on a straight-line basis. The straight-line method of amortization is currently our best estimate, or approximates to date, the distribution of the economic use of these intangible assets.

The estimated amortization expense for intangible assets with definite lives for each of the next five years, and the expense thereafter, assuming no subsequent impairment of the underlying assets or change in estimate of remaining lives, is expected to be as follows (in millions):

2021	$ 20
2022	13
2023	10
2024	6
2025	4
2026 and thereafter	3
Total	$ 56

NOTE 9: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following for the periods presented:

	December 31, 2020	December 31, 2019
	(in millions)	
Accrued salary, bonus, and related benefits	$ 49	$ 74
Accrued marketing costs	13	27
Interest payable (1)	18	—
Current income taxes payable (2)	1	14
Finance lease obligation - current portion (3)	5	5
Operating lease liabilities - current portion (3)	21	20
Restructuring and other related reorganization costs (4)	—	1
Other	53	62
Total	$ 160	$ 203

(1) Amount relates primarily to unpaid interest accrued on our Senior Notes. Refer to "Note 10: *Debt*" for further information.
(2) Refer to "Note 12: *Income Taxes*" for further information regarding our income tax liabilities.
(3) Refer to "Note 7: *Leases*" for further information regarding our lease obligations.
(4) The Company incurred pre-tax restructuring and other related reorganization costs of $41 million during the year ended December 31, 2020. The costs consist of employee severance and related benefits. In response to the COVID-19 pandemic, during the second quarter of 2020, the Company committed to restructuring actions intended to reinforce its financial position, reduce its cost structure, and improve operational efficiencies, which resulted in headcount reductions, for which we recognized $32 million in restructuring and other related reorganization costs. In addition, we engaged in a smaller scale restructuring action in the first quarter of 2020 to reduce our cost structure and improve our operational efficiencies, which resulted in headcount reductions for which we recognized $9 million in restructuring and other related reorganization costs.

The following table summarizes our restructuring and other related reorganization costs for the year ended December 31, 2020:

	Restructuring and other related reorganization costs
	(in millions)
Accrued liability as of December 31, 2019	$ 1
Charges	41
Payments	(42)
Accrued liability as of December 31, 2020	$ —

NOTE 10: DEBT

2015 Credit Facility

In June 2015, we entered into a five-year credit agreement with a group of lenders (as amended, the "Credit Agreement") which, among other things, provided for a $1 billion unsecured revolving credit facility (the "2015 Credit Facility"). On May 12, 2017, the 2015 Credit Facility was amended to, among other things, (i) increase the aggregate amount of revolving loan commitments available from $1.0 billion to $1.2 billion; and (ii) extend the maturity date of the 2015 Credit Facility from June 26, 2020 to May 12, 2022.

On May 5, 2020, we amended the 2015 Credit Facility to, among other things, suspend the leverage ratio covenant on this facility beginning in the second quarter of 2020 and ending prior to September 30, 2021 (or such earlier date as elected by the Company), and replacing it with a minimum liquidity covenant, or the Leverage Covenant Holiday, that requires us to maintain $150 million of unrestricted cash, cash equivalents and short-term investments less deferred merchant payables plus available revolver capacity, secured the obligations under the agreement, as well as decrease the aggregate amount of revolving loan commitments available to $1.0 billion from $1.2 billion.

On December 17, 2020, we amended the 2015 Credit Facility to, among other things, continue the suspension of the requirement for quarterly testing of compliance with the leverage ratio covenant until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed $200 million, and (b) the election of the Company (the "Covenant Changeover Date") , at which time the leverage ratio covenant will be reinstated. The amendment also decreased the aggregate amount of revolving loan commitments available to $500 million from $1.0 billion and extended the maturity date of the 2015 Credit Facility from May 12, 2022 to May 12, 2024.

As of both December 31, 2020 and December 31, 2019, the Company had no outstanding borrowings under the 2015 Credit Facility. During the first quarter of 2020, the Company borrowed $700 million under the 2015 Credit Facility. These funds were drawn down as a precautionary measure to reinforce the Company's liquidity position and preserve financial flexibility in light of uncertainty in the global markets resulting from COVID-19. The Company repaid these borrowings in full during the three months ended September 30, 2020. During the timeframe for which the leverage ratio covenant is suspended, any outstanding or future borrowings under the 2015 Credit Facility will bear interest at LIBOR plus a 2.25% margin with a LIBOR floor of 1% per annum. We are required to pay a quarterly commitment fee, at an applicable rate of 0.5%, on the daily unused portion of the revolving credit facility for each fiscal quarter during the Leverage Covenant Holiday and also additional fees in connection with the issuance of letters of credit. The Company may borrow from the 2015 Credit Facility in U.S. dollars, Euros and British pounds. In addition, our 2015 Credit Facility includes $15 million of borrowing capacity available for letters of credit and $40 million for Swing Line borrowings on same-day notice. As of December 31, 2020 and 2019, we had issued $3 million of outstanding letters of credit under the 2015 Credit Facility.

During the year ended December 31, 2018, we repaid all of our outstanding borrowings at the time, or approximately $230 million, under the 2015 Credit Facility. This repayment was primarily made from a one-time cash repatriation of $325 million of foreign earnings to the U.S. during the year ended December 31, 2018 as a result of the 2017 Tax Act.

We recorded interest and commitment fees on our 2015 Credit Facility of $10 million, $2 million and $3 million for the years ended December 31, 2020, 2019 and 2018, respectively, to interest expense on our consolidated statements of operations. In connection with the amendments to our 2015 Credit Facility in 2020, we incurred additional lender fees and debt financing costs totaling $7 million, which were capitalized as deferred financing costs and recorded to other long-term assets on the consolidated balance sheet, while $2 million of previously deferred financing costs related to the 2015 Credit Facility were immediately recognized to interest expense on our consolidated statement of operations for the year ended December 31, 2020. As of December 31, 2020, the Company had $5 million remaining in deferred financing costs in connection with the 2015 Credit Facility. These costs will be amortized over the remaining term of the 2015 Credit Facility, using the effective interest rate method, and recorded to interest expense on our consolidated statements of operations.

There is no specific repayment date prior to the maturity date for any borrowings under the Credit Agreement. We 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. Additionally, the Company believes that the likelihood of the lender exercising any subjective acceleration rights, which would permit the lenders to accelerate repayment of any outstanding borrowings, is remote. As such, we classify any borrowings under this facility as long-term debt. The Credit Agreement contains a number of covenants that, among other things, restrict our 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 our fiscal year. The Credit Agreement also limits the Company from repurchasing shares of its common stock and paying dividends, among other restrictions, during the Leverage Covenant Holiday. In addition, to secure the obligations under the Credit Agreement, the Company and certain subsidiaries have granted security interests and liens in and on, substantially all of their assets as well as pledged shares of certain of the Company's subsidiaries. The Credit Agreement also contains certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the Credit Agreement will be entitled to take various actions, including the acceleration of all amounts due under the 2015 Credit Facility. As of December 31, 2020 and 2019, we were in compliance with our covenants.

Chinese Credit Facility

We were party to a $30 million, one-year revolving credit facility with Bank of America as of December 31, 2019. In June 2020, the Company terminated this credit facility. We had no outstanding borrowings under this credit facility at the time of termination or as of December 31, 2019.

Senior Notes

On July 9, 2020, the Company completed the sale of $500 million aggregate principal amount of 7.000% senior notes due 2025 (the "Senior Notes"), pursuant to a purchase agreement, dated July 7, 2020, among the Company, the guarantors party thereto (the "Guarantors") and the initial purchasers party thereto in a private offering. The Senior Notes were issued pursuant to an indenture, dated July 9, 2020 (the "Indenture"), among the Company, the Guarantors and the trustee. The Indenture provides, among other things, that interest will be payable on the Senior Notes on January 15 and July 15 of each year, beginning on January 15, 2021, until their maturity date of July 15, 2025. The Senior Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by certain domestic subsidiaries.

The Company has the option to redeem all or a portion of the Senior Notes at any time on or after July 15, 2022 at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. The Company may also redeem all or any portion of the Senior Notes at any time prior to July 15, 2022, at a price equal to 100% of the aggregate principal amount thereof plus a make-whole premium and accrued and unpaid interest, if any. In addition, before July 15, 2022, the Company may redeem up to 40% of the aggregate principal amount of the Senior Notes with the net proceeds of certain equity offerings at the redemption price set forth in the Indenture, provided that certain conditions are met. Subject to certain limitations, in the event of a Change of Control Triggering Event (as defined in the Indenture), the Company will be required to make an offer to purchase the Senior Notes at a price equal to 101% of the aggregate principal amount of the Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. These features have been evaluated as embedded derivatives under GAAP, however, the Company has concluded they do not meet the requirements to be accounted for separately.

In the third quarter of 2020, the Company used all proceeds from the Senior Notes to repay a portion of our 2015 Credit Facility outstanding borrowings. As of December 31, 2020, the Company had outstanding debt under the Senior Note of $500 million which is classified, net of $9 million in unamortized debt issuance costs, or $491 million, as long-term debt on our consolidated balance sheet. The debt issuance costs will be amortized over the remaining term of the Senior Notes, using the effective interest rate method, and recorded to interest expense on our consolidated statements of operations. As of December 31, 2020, unpaid interest on our Senior Notes totaled $17 million and is included in accrued expenses and other current liabilities on our consolidated balance sheet, and was recorded as interest expense on our consolidated statement of operations for the year ended December 31, 2020.

The Indenture contains covenants that, among other things and subject to certain exceptions and qualifications, restrict the ability of the Company and the ability of certain of its subsidiaries to incur or guarantee additional indebtedness or issue disqualified stock or certain preferred stock; pay dividends and make other distributions or repurchase stock; make certain investments; create or incur liens; sell assets; create restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances or transfer assets to the Company or the restricted subsidiaries; enter into certain transactions with the Company's affiliates; designate restricted subsidiaries as unrestricted subsidiaries; and merge, consolidate or transfer or sell all or substantially all of the Company's assets. The foregoing summary is qualified in its entirety by reference to the Indenture, dated July 9, 2020, among Tripadvisor, Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee, incorporated herein by reference as Exhibit 4.3 to this Annual Report on Form 10-K.

NOTE 11: OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following for the periods presented:

	December 31, 2020	December 31, 2019
	(in millions)	
Unrecognized tax benefits (1)	$ 178	$ 167
Long-term income taxes payable (2)	3	31
Deferred gain on equity method investment (3)	33	36
Other	9	4
Total	$ 223	$ 238

(1) Refer to "Note 12: *Income Taxes*" for information on our unrecognized tax benefits. Amounts include accrued interest related to this liability.
(2) Amount relates to the long-term portion of transition tax related to 2017 Tax Act. Refer to "Note 12: *Income Taxes*" for additional information.
(3) Amount relates to long-term portion of a deferred income liability recorded as a result of an equity method investment made in the fourth quarter of 2019. Refer to "Note 5: *Financial Instruments and Fair Value Measurements*" for additional information.

NOTE 12: INCOME TAXES

The following table presents a summary of our domestic and foreign income (loss) before income taxes:

	Year Ended December 31, 2020	2019	2018
		(in millions)	
Domestic	$ (262)	$ 92	$ 104
Foreign	(107)	102	69
Income (loss) before income taxes	$ (369)	$ 194	$ 173

The following table presents a summary of the components of our (benefit) provision for income taxes:

	Year Ended December 31, 2020	2019	2018
		(in millions)	
Current income tax expense (benefit):			
Federal	$ (73)	$ 31	$ 37
State	(3)	5	12
Foreign	(3)	26	17
Current income tax expense (benefit)	(79)	62	66
Deferred income tax expense (benefit):			
Federal	13	25	(10)
State	(10)	7	(1)
Foreign	(4)	(26)	5
Deferred income tax expense (benefit):	(1)	6	(6)
(Benefit) provision for income taxes	$ (80)	$ 68	$ 60

The Company reduced its current income tax payable by $25 million, $24 million and $15 million for the years ended December 31, 2020, 2019 and 2018, respectively, for tax deductions attributable to the exercise or settlement of the Company's stock-based awards.

The significant components of our deferred tax assets and deferred tax liabilities is as follows:

	December 31, 2020	December 31, 2019
	(in millions)	
Deferred tax assets:		
Stock-based compensation	$ 31	$ 47
Net operating loss carryforwards	81	49
Provision for accrued expenses	4	6
Lease financing obligation	23	24
Foreign advertising spend	15	15
Interest carryforward	32	20
Other	20	14
Total deferred tax assets	$ 206	$ 175
Less: valuation allowance	(106)	(72)
Net deferred tax assets	$ 100	$ 103
Deferred tax liabilities:		
Intangible assets	$ (53)	$ (51)
Property and equipment	(24)	(27)
Prepaid expenses	(2)	(2)
Building - corporate headquarters	(20)	(22)
Other	(1)	(2)
Total deferred tax liabilities	$ (100)	$ (104)
Net deferred tax asset (liability)	$ —	$ (1)

At December 31, 2020, we had federal, state and foreign net operating loss carryforwards ("NOLs") of approximately $4 million, $208 million and $297 million, respectively. If not utilized, the federal and state NOLs will expire at various times between 2021 and 2036 and the foreign NOLs will expire at various times between 2021 and 2032.

As of December 31, 2020, we had a valuation allowance of approximately of $106 million related to certain NOL carryforwards and other foreign deferred tax assets for which it is more likely than not, the tax benefit will not be realized. This amount represented an increase of $34 million, as compared to balance as of December 31, 2019. The increase is primarily related to additional foreign net operating losses. Except for certain foreign deferred tax assets, we expect to realize all of our deferred tax assets based on a strong history of earnings over the last several years in the U.S. and other jurisdictions, as well as the expected timing of future reversals of taxable temporary differences.

A reconciliation of the (benefit) provision for income taxes to the amounts computed by applying the statutory federal income tax rate to income (loss) before income taxes is as follows:

	Year Ended December 31,		
	2020	2019	2018
		(in millions)	
Income tax expense at the federal statutory rate	$ (77)	$ 40	$ 36
Foreign rate differential	(9)	(16)	(17)
State income taxes, net of effect of federal tax benefit	(11)	9	9
Unrecognized tax benefits and related interest	4	11	15
Change in cost-sharing treatment of stock-based compensation	—	15	(3)
FDII, GILTI and other provisions	—	(3)	(5)
Rate differential on US NOL carryback (1)	(23)	—	—
Research tax credit	(9)	(11)	(9)
Stock-based compensation	14	4	8
Change in valuation allowance	25	6	9
Local income tax on intercompany transactions (2)	1	7	10
Executive compensation	6	3	2
Other, net	(1)	3	5
(Benefit) provision for income taxes	$ (80)	$ 68	$ 60

(1) As a result of the CARES Act, an income tax benefit of $23 million was recorded during the year ended December 31, 2020 related to the income tax rate differential in tax years applicable to U.S. loss carryforwards that became eligible for carryback.

(2) During 2018, we completed an intra-entity transfer from Australia to the U.S. of certain intangible property (“IP”) rights associated with a subsidiary’s technology platform. This transfer resulted in an income tax expense for Australian tax purposes of approximately $10 million. As a result of the IP transfer, we utilized NOLs and consequently released the valuation allowance on our Australian entity. During 2019, we completed an intra-entity transfer from China to Singapore of certain IP. As a result of the transfer, we utilized NOLs and consequently released the valuation allowance on certain deferred tax assets on our China entity. During 2020, we completed an intra-entity transfer from the U.S. to the UK and Singapore of certain IP. The resulting tax rate differential is reflected above based on the local deductibility of the IP.

The CARES Act made tax law changes to provide financial relief to companies as a result of the business impacts of COVID-19. Key income tax provisions of the CARES Act include changes in NOL carryback and carryforward rules, increase of the net interest expense deduction limit, and immediate write-off of qualified improvement property. The CARES Act allows us to carryback our U.S. federal NOLs incurred in 2020, generating an expected U.S. benefit of $76 million, of which $48 million will be refunded. This refund is recorded in income taxes receivable on our consolidated balance sheet as of December 31, 2020 and is expected to be received during 2021. We also reduced our long-term transition tax payable related to the 2017 Tax Act by $28 million as a result of the NOL carryback.

During 2011, the Singapore Economic Development Board accepted our application to receive a tax incentive under the International Headquarters Award. This incentive provides for a reduced tax rate on qualifying income of 5% as compared to Singapore’s statutory tax rate of 17% and is conditional upon our meeting certain employment and investment thresholds. This agreement has been extended until June 30, 2021 as we have met certain employment and investment thresholds. During 2020, the reduced tax rate resulted in an additional income tax expense of $2 million as a result of the loss position in Singapore.

As a result of the 2017 Tax Act, foreign earnings may now generally be repatriated back to the U.S. without incurring U.S. federal income tax. Historically, we have asserted our intention to indefinitely reinvest the cumulative undistributed earnings of our foreign subsidiaries. In response to increased cash requirements in the U.S. related to our declaration of a special cash dividend and other strategic initiatives during the fourth quarter of 2019, we determined that we no longer consider all foreign earnings to be indefinitely reinvested. As of December 31, 2020, $376 million of our cumulative undistributed foreign earnings were no longer considered to be indefinitely reinvested, while we intend to indefinitely reinvest $118 million of foreign earnings in our non-US subsidiaries, which determination of any related unrecognized deferred income tax liability is not practicable.

For purposes of governing certain of the ongoing relationships between Tripadvisor and Expedia at and after the Spin-Off, and to provide for an orderly transition, Tripadvisor and Expedia entered into various agreements at the time of the Spin-Off, which Tripadvisor has satisfied its obligations. However, Tripadvisor continues to be subject to certain post Spin-Off obligations under the Tax Sharing Agreement. Under the Tax Sharing Agreement between Tripadvisor and Expedia, Tripadvisor is generally required to indemnify Expedia for any taxes resulting from the Spin-Off (and any related interest, penalties, legal and professional fees, and all costs and damages associated with related stockholder litigation or controversies) to the extent such amounts resulted from (i) any act or failure to act by Tripadvisor described in the covenants in the tax sharing agreement, (ii) any acquisition of Tripadvisor equity securities or assets or those of a member of the Tripadvisor group, or (iii) any failure of the representations with respect to Tripadvisor or any member of our group to be true or any breach by Tripadvisor or any member of the Tripadvisor group of any covenant, in each case, which is contained in the separation documents or in the documents relating to the IRS private letter ruling and/or the opinion of counsel. The full text of the Tax Sharing Agreement is incorporated by reference in this Annual Report on Form 10-K as Exhibit 10.2.

By virtue of consolidated income tax returns previously filed with Expedia, we are currently under an IRS audit for the 2009, 2010 and short-period 2011 tax years. We are separately under examination by the IRS for the short-period 2011, 2012 through 2016, and 2018 tax years, under an employment tax audit by the IRS for the 2015 through 2017 tax years, and have various ongoing audits for foreign tax years, including a 2012 through 2016 HMRC audit, as well as state income tax audits. These audits include questioning of the timing and the amount of income and deductions and the allocation of income among various tax jurisdictions. These examinations may lead to proposed or ordinary course adjustments to our taxes. We are no longer subject to tax examinations by tax authorities for years prior to 2009. As of December 31, 2020, no material assessments have resulted, except as noted below regarding our 2009, 2010, and 2011 IRS audit with Expedia, our 2012 through 2016 standalone IRS audit, and our 2012 through 2016 HMRC audit.

In January 2017 and April 2019, as part of the IRS audit of Expedia, we received Notices of Proposed Adjustment from the IRS for the 2009, 2010, and 2011 tax years. Subsequently, in September 2019, as part of our standalone audit, we received Notices of Proposed Adjustment from the IRS for the 2012 and 2013 tax years, and in August 2020, we received Notices of Proposed Adjustment from the IRS for the 2014, 2015, and 2016 tax years. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries, and would result in an increase to our worldwide income tax expense in an estimated range of $95 million to $105 million at the close of the audit if the IRS prevails, which includes $20 million to $30 million related to the 2009 through 2011 pre Spin-Off tax years. The estimated range takes into consideration competent authority relief and transition tax regulations, and is exclusive of deferred tax consequences and interest expense, which would be significant. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable. In addition to the risk of additional tax for 2009 through 2016 transactions, if the IRS were to seek transfer pricing adjustments of a similar nature for transactions in subsequent years, we would be subject to significant additional tax liabilities. We have requested competent authority assistance under the Mutual Agreement Procedure ("MAP") for tax years 2009 through 2013. We expect the competent authorities to present a resolution for the 2009 through 2011 tax years in the near future. Upon receipt, we will assess the resolution provided by the competent authorities as well as its impact on our existing income tax reserves for all open subsequent years.

In January 2021, we received an issue closure notice relating to adjustments for 2012 through 2016 tax years from HMRC. These proposed adjustments are related to certain transfer pricing arrangements with our foreign subsidiaries and would result in an increase to our worldwide income tax expense in an estimated range of $45 million to $55 million, exclusive of interest expense, at the close of the audit if HMRC prevails. We disagree with the proposed adjustments and we intend to defend our position through applicable administrative and, if necessary, judicial remedies. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable.

In July 2015, the United States Tax Court (the "Court") issued an opinion favorable to Altera with respect to Altera's litigation with the IRS. This opinion was submitted as a final decision under Tax Court Rule 155 during

December 2015. The litigation relates to the treatment of stock-based compensation expense in an inter-company cost-sharing arrangement with Altera's foreign subsidiary. In its opinion, the Court accepted Altera's position of excluding stock-based compensation from its inter-company cost-sharing arrangement. The IRS appealed the Court decision on February 19, 2016. On June 7, 2019, a three-judge panel from the Ninth Circuit Court of Appeals reversed the Court's decision and upheld the validity of the Treasury regulation (Reg. sec. 1.482-7A(d)(2)) requiring stock-based compensation costs to be included in the costs shared in a cost-sharing arrangement. Based on this Ninth Circuit Court of Appeals decision, we recorded a cumulative income tax expense of $15 million during the year ended December 31, 2019, which was a reversal of income tax benefits taken by the Company since the Court's 2015 opinion. In November 2019, the Ninth Circuit denied Altera's request for a rehearing en banc. On February 10, 2020, Altera filed a certiorari petition with the Supreme Court, asking it to hear an appeal of the Ninth Circuit's decision. On June 22, 2020, the Supreme Court denied Altera's request to review the Ninth Circuit decision.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits (excluding interest and penalties) is as follows:

	December 31,		
	2020	2019	2018
		(in millions)	
Balance, beginning of year	$ 140	$ 136	$ 123
Increases to tax positions related to the current year	3	11	11
Increases to tax positions related to the prior year	1	1	2
Reductions due to lapsed statute of limitations	—	—	—
Decreases to tax positions related to the prior year	—	(8)	—
Settlements during current year	—	—	—
Balance, end of year	$ 144	$ 140	$ 136

As of December 31, 2020, we had $144 million of unrecognized tax benefits, net of interest, which is classified as long-term and included in other long-term liabilities and deferred income taxes, net on our consolidated balance sheet. The amount of unrecognized tax benefits, if recognized, would reduce income tax expense by $74 million, due to correlative adjustments in other tax jurisdictions. We recognize interest and penalties related to unrecognized tax benefits in income tax expense on our consolidated statement of operations. As of December 31, 2020 and 2019, total gross interest accrued was $35 million and $29 million, respectively. We anticipate that the liability for unrecognized tax benefits could decrease by up to $4 million within the next twelve months due to the settlement of examinations of issues with tax authorities.

NOTE 13: COMMITMENTS AND CONTINGENCIES

As of December 31, 2020, we have contractual obligations and commercial commitments that include expected interest on our Senior Notes, expected commitment fees on our 2015 Credit Facility, and long-term purchase obligations, as summarized in the table below. The expected timing of the payment of the obligations discussed below is estimated based on information available to us as of December 31, 2020. Timing of payments and actual amounts paid may be different depending on the time of receipt of goods or services or changes to agreed-upon amounts for some obligations.

		By Period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
			(in millions)		
Expected interest payments on Senior Notes (1)	$ 161	$ 35	$ 71	$ 55	$ —
Expected commitment fee payments on 2015 Credit Facility (2)	9	3	5	1	—
Purchase obligations and other (3)	19	8	9	1	1
Total (4)	$ 189	$ 46	$ 85	$ 57	$ 1

(1) Expected interest payments on our Senior Notes are based on a fixed interest rate of 7.0%, as of December 31, 2020. Refer to "Note 10: *Debt"* for additional information on our Senior Notes.

(2) Expected commitment fee payments are based on the daily unused portion of our 2015 Credit Facility, issued letters of credit, and the effective commitment fee rate as of December 31, 2020; however, these variables could change significantly in the future. Refer to "Note 10: *Debt*" for additional information on our 2015 Credit Facility.

(3) Estimated purchase obligations that are fixed and determinable, primarily related to telecommunication contracts, with various expiration dates through approximately June 2029. These contracts have non-cancelable terms or are cancelable only upon payment of significant penalty.

(4) Excluded from the table was $3 million of undrawn standby letters of credit, primarily as security deposits for certain property leases as of December 31, 2020.

Legal Proceedings

In the ordinary course of business, we are party to regulatory and legal matters, including threats thereof, arising out of, or in connection with our operations. These matters may involve claims involving intellectual property rights (including alleged infringement of third-party intellectual property rights), tax matters (including value-added, excise, transient occupancy and accommodation taxes), regulatory compliance (including competition and consumer protection matters), defamation and reputational claims, personal injury claims, labor and employment matters and commercial disputes. Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated statements of operations. We provide disclosures in the notes to the consolidated financial statements for loss contingencies that do not meet both of these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the consolidated financial statements. We base accruals on the best information available at the time which can be highly subjective. Although occasional adverse decisions or settlements may occur, we do not believe that the final disposition of any of these matters will have a material adverse effect on our business. However, the final outcome of these matters could vary significantly from our estimates. Finally, there may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us. All legal fees incurred by the Company related to any regulatory and legal matters are expensed in the period incurred.

Income and Non-Income Taxes

We are under audit by the IRS and various other domestic and foreign tax authorities with regards to income tax and non-income tax matters. We have reserved for potential adjustments that may result from examinations by, or any negotiated agreements with, these tax authorities. Although we believe our tax estimates are reasonable, the final determination of audits could be materially different from our historical tax provisions and accruals. The results of an audit could have a material effect on our financial position, results of operations, or cash flows in the period for which that determination is made. Refer to "Note 12: *Income Taxes*" for further information on potential contingencies surrounding income taxes.

NOTE 14: EMPLOYEE BENEFIT PLANS

Retirement Savings Plan

The Tripadvisor Retirement Savings Plan (the "401(k) Plan"), qualifies under Section 401(k) of the Internal Revenue Code. The 401(k) Plan allows participating employees, most of our U.S. employees, to make contributions of a specified percentage of their eligible compensation. Participating employees may contribute up to 50% of their eligible salary on a pre-tax basis, but not more than statutory limits. Employee-participants age 50 and over may also contribute an additional amount of their salary on a pre-tax tax basis up to the IRS Catch-Up Provision Limit (or "catch-up contributions"). Employees may also contribute into the 401(k) Plan on an after-tax basis up (or "Roth 401(k) contributions") to an annual maximum of 10%. The 401(k) Plan has an automatic enrollment feature at 6% pre-tax. We match 50% of the first 6% of employee contributions to the plan for a maximum employer contribution of 3% of a participant's eligible earnings. The catch-up contributions are not eligible for employer matching contributions. The matching contributions portion of an employee's account, vests after two years of service. Additionally, at the end of the 401(k) Plan year, we make a discretionary matching contribution to eligible participants. This additional discretionary matching employer contribution (or "true up") is limited to match only contributions up to 3% of eligible compensation.

We also have various defined contribution plans for our non-U.S. employees. Our contribution to the 401(k) Plan and our non-U.S. defined contribution plans which are recorded in our consolidated statement of operations for the years ended December 31, 2020, 2019 and 2018 were $11 million, $14 million, and $13 million, respectively.

Tripadvisor, Inc. Deferred Compensation Plan for Non-Employee Directors

The Company has a Deferred Compensation Plan for Non-Employee Directors (the "Plan"). Under the Plan, eligible directors who defer their directors' fees may elect to have such deferred fees (i) applied to the purchase of share units, representing the number of shares of our common stock that could have been purchased on the date such fees would otherwise be payable, or (ii) credited to a cash fund. The cash fund will be credited with interest at an annual rate equal to the weighted average prime or base lending rate of a financial institution selected in accordance with the terms of the Plan and applicable law. Upon termination of service as a director of Tripadvisor, a director will receive (i) with respect to share units, such number of shares of our common stock as the share units represent, and (ii) with respect to the cash fund, a cash payment. Payments upon termination will be made in either one lump sum or up to five annual installments, as elected by the eligible director at the time of the deferral election.

Under the 2011 Plan, 100,000 shares of Tripadvisor common stock are available for issuance to non-employee directors. From the inception of the Plan through December 31, 2020, a total of 557 shares have been issued for such purpose.

Tripadvisor, Inc. Executive Severance Plan and Summary Plan Description

The Company also maintains its Executive Severance Plan and Summary Plan Description (the "Severance Plan") which is applicable to certain employees of the Company and its subsidiaries. The Severance Plan formalizes and standardizes the Company's severance practices for certain designated employees (each, a "Participant" and, collectively, the "Participants"). Participants covered by the Severance Plan generally will be eligible to receive severance benefits in the event of a termination by the Company without Cause or, under certain circumstances, by the Participant for Good Reason. The severance benefits differ if there is a termination of employment in connection with a Change in Control. The severance benefits provided pursuant to the Severance Plan are determined based on the job classification of the Participants (as reflected in internal job profile designations) and, in certain cases, their years of service with the Company.

Under the Severance Plan, in the event of a termination by the Company without Cause not in connection with a Change in Control, or more than three months prior to a Change in Control or more than twelve months following a Change in Control, the severance benefits for the Participant generally shall consist of the following:

- continued payment of base salary for a period of six to eighteen months following the date of such Participant's termination of employment; and

- continuation of coverage under the Company's health insurance plan through the Company's payment of COBRA premiums for a period of six to eighteen months following the date of such Participant's termination of employment.

Under the Severance Plan, in the event of a termination by the Company without Cause or by the Participant for Good Reason in connection with a Change in Control, or in each case within three months prior to or within twelve months following a Change in Control, the severance benefits for the Participant shall consist of the following:

- payment of a lump sum amount equal to (i) twelve to twenty-four months of the Participant's Base Salary, plus (ii) the Participant's Target Bonus multiplied by 1, 1.5 or 2; and

- payment of a lump sum amount equal to the premiums required to continue the Participant's medical coverage under the Company's health insurance plan for a period of twelve to twenty-four months.

The foregoing summary is qualified in its entirety by reference to the Executive Severance Plan and Summary Plan Description incorporated herein by reference as Exhibit 10.26 to this Annual Report on Form 10-K. During the year ended December 31, 2020, we recognized $5 million of severance expense under this plan on our consolidated statement of operations. Severance expense recorded under this plan was not significant during each of the years ended December 31, 2019 and 2018.

NOTE 15: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS

Stock-based Compensation Expense

The following table presents the amount of stock-based compensation expense related to stock-based awards, primarily stock options and RSUs, on our consolidated statements of operations during the periods presented:

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
Cost of revenue	$ 1	$ 1	$ 1
Selling and marketing	16	23	21
Technology and content	44	55	51
General and administrative	48	45	45
Total stock-based compensation expense	109	124	118
Income tax benefit from stock-based compensation expense	(23)	(28)	(27)
Total stock-based compensation expense, net of tax effect	$ 86	$ 96	$ 91

We capitalized $15 million, $19 million and $13 million of stock-based compensation expense as internal-use software and website development costs during the years ended December 31, 2020, 2019 and 2018, respectively.

Stock and Incentive Plans

On December 20, 2011, our 2011 Stock and Annual Incentive Plan (the "2011 Plan") became effective and we filed a Registration Statement registering a total of 17,500,000 shares of our common stock, of which 17,400,000 shares were issuable in connection with grants of equity-based awards under our 2011 Plan and 100,000 shares were issuable under our Deferred Compensation Plan for Non-Employee Directors (refer to "Note 14: *Employee Benefit Plans"* for information on our Deferred Compensation Plan for Non-Employee Directors). At our annual meeting of stockholders held on June 28, 2013, our stockholders approved an amendment to our 2011 Plan to, among other things, increase the aggregate number of shares of common stock authorized for issuance thereunder by 15,000,000 shares.

On June 21, 2018, our stockholders approved the 2018 Stock and Annual Incentive Plan (the "2018 Plan") and we filed a Registration Statement registering 6,000,000 shares plus the number of shares available for issuance (and not subject to outstanding awards) under the 2011 Plan. As of the effective date of the 2018 Plan, the Company ceased granting awards under the 2011 Plan. The 2018 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock-based awards to our directors, officers, employees and consultants. The foregoing summary of the material terms of the 2018 Plan is qualified in its entirety by reference to the 2018 Stock and Annual Incentive Plan Description incorporated herein by reference as Exhibit 10.4 to this Annual Report on Form 10-K.

As of December 31, 2020, the total number of shares reserved for future stock-based awards under the 2018 Plan is approximately 8.4 million shares. All shares of common stock issued in respect of the exercise of options, RSUs, or other equity awards have been issued from authorized, but unissued common stock.

Stock Based Award Activity and Valuation

Stock Option Activity

A summary of our stock option activity, consisting primarily of service-based non-qualified stock options, is presented below:

	Options Outstanding (in thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding as of December 31, 2017	6,853	$ 52.78		
Granted	762	43.53		
Exercised (1)	(1,162)	37.26		
Cancelled or expired	(412)	61.46		
Options outstanding as of December 31, 2018	6,041	54.00		
Granted	752	48.30		
Exercised (1)	(195)	42.17		
Cancelled or expired	(581)	56.97		
Options outstanding as of December 31, 2019	6,017	50.27		
Granted	1,106	25.23		
Exercised (1)	(4)	22.94		
Cancelled or expired	(1,504)	46.72		
Options outstanding as of December 31, 2020	5,615	$ 46.31	5.3	$ 3
Exercisable as of December 31, 2020	3,293	$ 55.87	3.4	$ —
Vested and expected to vest after December 31, 2020 (2)	5,615	$ 46.31	5.3	$ 3

(1) Inclusive of 2,217, 120,112, and 814,635 stock options as of December 31, 2020, 2019 and 2018, respectively, which were not converted into shares due to net share settlement in order to cover the aggregate exercise price

and the required amount of employee withholding taxes. Potential shares which had been convertible under stock options that were withheld under net share settlement remain in the authorized but unissued pool under the 2018 Plan and can be reissued by the Company. Total payments for the employees' tax obligations to the taxing authorities due to net share settlements are reflected as a financing activity within the consolidated statements of cash flows.

(2) The Company accounts for forfeitures as they occur, rather than estimate expected forfeitures as allowed under GAAP and therefore do not include a forfeiture rate in our vested and expected to vest calculation unless necessary for a performance condition award.

Aggregate intrinsic value represents the difference between the closing stock price of our common stock and the exercise price of outstanding, in-the-money options. Our closing stock price as reported on NASDAQ as of December 31, 2020 was $28.78. The total intrinsic value of stock options exercised for the year ended December 31, 2020 was not material, and for the years ending December 31, 2019 and 2018 was $2 million and $20 million, respectively.

The fair value of stock option grants has been estimated at the date of grant using the Black–Scholes option pricing model with the following weighted average assumptions for the periods presented:

	December 31,		
	2020	2019	2018
Risk free interest rate	1.15%	1.79%	2.70%
Expected term (in years)	5.30	5.19	5.45
Expected volatility	43.39%	42.09%	41.86%
Expected dividend yield	— %	— %	— %
Weighted-average grant date fair value	$ 10.08	$ 21.25	$ 18.11

The total fair value of stock options vested for the years ended December 31, 2020, 2019 and 2018 were $14 million, $15 million, and $38 million, respectively. Cash received from stock option exercises for the year ended December 31, 2020 was not material, and for the years ended December 31, 2019 and 2018 was $2 million and $6 million, respectively.

RSU Activity

A summary of our RSU activity is presented below:

	RSUs Outstanding (in thousands)	Weighted Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value (in millions)
Unvested RSUs outstanding as of December 31, 2017	5,802	$ 48.81	
Granted	3,302	43.04	
Vested and released (1)	(1,617)	54.22	
Cancelled	(847)	46.43	
Unvested RSUs outstanding as of December 31, 2018	6,640	44.93	
Granted (2)	4,688	47.35	
Vested and released (1)	(2,002)	48.11	
Cancelled	(857)	47.19	
Unvested RSUs outstanding as of December 31, 2019	8,469	45.42	
Granted	6,397	24.41	
Vested and released (1)	(3,019)	43.48	
Cancelled	(3,736)	36.26	
Unvested RSUs outstanding as of December 31, 2020 (3)	8,111	$ 32.29	$ 233

(1) Inclusive of 844,279, 532,164, and 424,848 RSUs as of December 31, 2020, 2019 and 2018, respectively, withheld due to net share settlement to satisfy required employee tax withholding requirements. Potential shares which had been convertible under RSUs that were withheld under net share settlement remain in the authorized but unissued pool under the 2018 Plan and can be reissued by the Company. Total payments for the employees' tax obligations to the taxing authorities due to net share settlements are reflected as a financing activity within the consolidated statements of cash flows.

(2) Inclusive of 843,426 dividend equivalents issued to employees holding non-vested RSU grant awards in conjunction with our special cash dividend declared on November 1, 2019, which will be payable to the holder subject to, and only upon vesting of, the underlying awards.

(3) The Company accounts for forfeitures as they occur, rather than estimate expected forfeitures as allowed under GAAP and therefore do not include a forfeiture rate in our vested and expected to vest calculation unless necessary for a performance condition award.

On May 8, 2020, the Company entered into an amendment to the employment agreement ("Amendment") with Ernst Teunissen, the Company's Chief Financial Officer and Senior Vice President. The Amendment, among other things, provides for a target payment ("Bonus Award") in an amount equal to the difference between a maximum payment of $7 million and the aggregate intrinsic value of Mr. Teunissen's RSUs and stock options that vest between May 1, 2020 and May 31, 2022 (the "Target Period"), as measured using the average market price of the Company's common stock for ten trading days immediately prior to May 31, 2022. On a quarterly basis, management estimates the Bonus Award and accrues this amount ratably over the Target Period, which as of and for the year ending December 31, 2020, was not material. The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, which is incorporated by reference in this Annual Report on Form 10-K as Exhibit 10.25.

On May 27, 2020 and July 15, 2020, the Compensation Committee of the Board of Directors, approved modifications to the Company's annual RSU and stock option grants, respectively, issued to its employees in the first quarter of 2020. Such modifications reduced the original grant-date vesting period from four years to two years. We estimate these modifications resulted in the acceleration and recognition of an additional $17 million of stock-based compensation expense during the year ended December 31, 2020, given the modified vesting term. There was no change to the original fair value of the impacted RSUs or stock options as a result of this modification. This modification did not apply to the RSU and stock option grants to Mr. Teunissen in light of the separate arrangement described above.

A summary of our MSU activity is presented below:

	MSUs Outstanding (in thousands)	Weighted Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value (in millions)
Unvested MSUs outstanding as of December 31, 2017	213	$ 30.04	
Granted (1)	71	59.40	
Vested and released	—	—	
Cancelled	—	—	
Unvested MSUs outstanding as of December 31, 2018	284	37.41	
Granted (2)(3)	121	51.76	
Vested and released	—	—	
Cancelled	(16)	58.63	
Unvested MSUs outstanding as of December 31, 2019	389	40.99	
Granted (4)	133	28.15	
Vested and released	—	—	
Cancelled (5)	(348)	37.94	
Unvested MSUs outstanding as of December 31, 2020	174	$ 37.29	$ 5

(1) MSUs provide for vesting based upon the Company's total shareholder return, or TSR, performance over the period commencing January 1, 2018 through December 31, 2020 relative to the TSR performance of the Nasdaq Composite Total Return Index. Based upon actual attainment relative to the target performance metric, the grantee has the ability to receive up to 200% of the target number of MSUs originally granted, or to be issued none at all.

(2) Inclusive of 78,050 MSUs which provide for vesting based upon the Company's total shareholder return, or TSR, performance over the period commencing January 1, 2019 through December 31, 2021 relative to the TSR performance of the Nasdaq Composite Total Return Index. Based upon actual attainment relative to the target performance metric, the grantee has the ability to receive up to 200% of the target number of MSUs originally granted, or to be issued none at all.

(3) Inclusive of 42,477 dividend equivalents issued to employees holding non-vested MSU grant awards in conjunction with our special cash dividend declared on November 1, 2019, which will be payable to the holder subject to, and only upon vesting of, the underlying awards.

(4) MSUs provide for vesting based upon the Company's total shareholder return, or TSR, performance over the period commencing January 1, 2020 through December 31, 2022 relative to the TSR performance of the Nasdaq Composite Total Return Index. Based upon actual attainment relative to the target performance metric, the grantee has the ability to receive up to 200% of the target number of MSUs originally granted, or to receive none at all.

(5) MSU cancellations primarily reflect performance targets not being attained during the performance period.

A Monte-Carlo simulation model, which simulated the present value of the potential outcomes of future stock prices and TSR of the Company and the Nasdaq Composite Total Return Index over the performance period, was used to calculate the grant-date fair value of our MSU awards. The estimated grant-date fair value of these awards is amortized on a straight-line basis over the requisite service period.

Unrecognized Stock-Based Compensation

A summary of our remaining unrecognized compensation expense and the weighted average remaining amortization period at December 31, 2020 related to our non-vested equity awards is presented below (in millions, except in years information):

	Stock Options	RSUs/MSUs
Unrecognized compensation expense	$ 18	$ 160
Weighted average period remaining (in years)	1.7	1.7

NOTE 16: STOCKHOLDERS' EQUITY

Preferred Stock

In addition to common stock, we are authorized to issue up to 100 million preferred shares, with $ 0.001 par value per share, with terms determined by our Board of Directors, without further action by our stockholders. As of December 31, 2020, no preferred shares had been issued.

Common Stock and Class B Common Stock

Our authorized common stock consists of 1.6 billion shares of common stock with par value of $0.001 per share, and 400 million shares of Class B common stock with par value of $0.001 per share. Both classes of common stock qualify for and share equally in dividends, if declared by our Board of Directors. Common stock is entitled to one vote per share and Class B common stock is entitled to 10 votes per share. Holders of Tripadvisor common stock, acting as a single class, are entitled to elect a number of directors equal to 25% percent of the total number of directors, rounded up to the next whole number, which was three directors as of December 31, 2020. Class B common stockholders may, at any time, convert their shares into common stock, on a one for one share basis. Upon conversion, the Class B common stock is retired and is not available for reissue. In the event of liquidation, dissolution, distribution of assets or winding-up of Tripadvisor the holders of both classes of common stock have equal rights to receive all the assets of Tripadvisor after the rights of the holders of the preferred stock have been satisfied. There were 140,775,221 and 121,930,607 shares of common stock issued and outstanding, respectively, and 12,799,999 shares of Class B common stock issued and outstanding at December 31, 2020.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) is primarily comprised of accumulated foreign currency translation adjustments, as follows for the periods presented:

	December 31, 2020	December 31, 2019
	(in millions)	
Cumulative foreign currency translation Adjustments, net of tax (1)	$ (34)	$ (63)
Accumulated other comprehensive income (loss)	$ (34)	$ (63)

(1) Deferred income tax liabilities related to these amounts are not material.

Treasury Stock

On January 31, 2018, our Board of Directors authorized the repurchase of up to $250 million of our shares of common stock under a share repurchase program. This share repurchase program has no expiration date but may be suspended or terminated by the Board of Directors at any time. During the year ended December 31, 2018, we repurchased 2,582,198 shares of our outstanding common stock at an average share price of $38.73 per share, exclusive of fees and commissions, or $100 million in the aggregate. As of December 31, 2018, we had $150 million available to repurchase shares of our common stock under this share repurchase program. As of December 31, 2018, there were 12,056,688 shares of the Company's common stock held in treasury with an aggregate cost of $547 million.

On November 1, 2019, our Board of Directors authorized the repurchase of an additional $100 million in shares of our common stock under our existing share repurchase program, which increased the amount available to the Company under this share repurchase program to $250 million. During the year ended December 31, 2019, we repurchased 2,059,846 shares of our outstanding common stock at an average share price of $29.32 per share, exclusive of fees and commissions, or $60 million in the aggregate. As of December 31, 2019, we had $190 million remaining available to repurchase shares of our common stock under this share repurchase program. As of December 31, 2019, there were 14,116,534 shares of the Company's common stock held in treasury with an aggregate cost of $607 million.

During the year ended December 31, 2020, we repurchased 4,707,450 shares of our outstanding common stock at an average share price of $24.32 per share, exclusive of fees and commissions, or $115 million in the aggregate. As of December 31, 2020, we had $75 million remaining available to repurchase shares of our common stock under this share repurchase program, with 18,844,614 shares of the Company's common stock held in treasury with an aggregate cost of $722 million.

Our Board of Directors authorized and directed management, working with the Executive Committee of our Board of Directors, to affect the share repurchase programs discussed above in compliance with applicable legal requirements. While the Board of Directors has not suspended or terminated the share repurchase program, the terms of the Credit Agreement currently limit the Company from engaging in share repurchases during the Leverage Covenant Holiday and the terms of our Indenture impose certain limitations and restrictions on share repurchases. Refer to "Note 10: *Debt*" for further information about our Credit Agreement and our Indenture.

Dividends

On November 1, 2019, the Company's Board of Directors declared a special cash dividend of $3.50 per share, or approximately $488 million in the aggregate. The dividend was payable on December 4, 2019 to stockholders of record on November 20, 2019. During the years ended December 31, 2020 and 2018, our Board of Directors did not declare any dividends on our outstanding common stock.

Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend on our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions and other factors deemed relevant by our Board of Directors. Our ability to pay dividends is also limited by the terms of our Credit Agreement during the Leverage Covenant Holiday and our Indenture. In connection with the declaration of such dividends, our non-vested RSUs are entitled to dividend equivalents, which will be payable to the holder subject to, and only upon vesting of, the underlying awards. Our outstanding stock options are not entitled to dividend or dividend equivalents.

NOTE 17: EARNINGS PER SHARE

Basic Earnings Per Share Attributable to Common Stockholders

We compute basic earnings per share, or Basic EPS, by dividing net income (loss) by the weighted average number of common shares outstanding during the period. We compute the weighted average number of common shares outstanding during the reporting period using the total of common stock and Class B common stock outstanding as of the last day of the previous year end reporting period plus the weighted average of any additional shares issued and outstanding less the weighted average of any common shares repurchased during the reporting period.

Diluted Earnings Per Share Attributable to Common Stockholders

Diluted earnings per share, or Diluted EPS, includes the potential dilution of common equivalent shares outstanding that could occur from stock-based awards and other stock-based commitments using the treasury stock method. We compute Diluted EPS by dividing net income (loss) by the sum of the weighted average number of common and common equivalent shares outstanding during the period. We computed the weighted average number of common and common equivalent shares outstanding during the period using the sum of (i) the number of shares of common stock and Class B common stock used in the Basic EPS calculation as indicated above, and (ii) if dilutive, the incremental weighted average common stock that we would issue upon the assumed exercise of outstanding common equivalent shares, primarily related to stock options and the vesting of restricted stock units using the treasury stock method, and (iii) if dilutive, performance-based and market-based awards based on the number of shares that would be issuable as of the end of the reporting period assuming the end of the reporting period was also the end of the contingency period.

Under the treasury stock method, the assumed proceeds calculation includes the actual proceeds to be received from the employee upon exercise of outstanding equity awards and the average unrecognized compensation cost during the period. The treasury stock method assumes that a company uses the proceeds from the exercise of an equity award to repurchase common stock at the average market price for the reporting period.

In periods of a net loss, common equivalent shares are excluded from the calculation of Diluted EPS as their inclusion would have an antidilutive effect. Accordingly, for periods in which we report a net loss, such as for the year ended December 31, 2020, Diluted EPS is the same as Basic EPS, since dilutive common equivalent shares are not assumed to have been issued if their effect is anti-dilutive.

Below is a reconciliation of the weighted average number of shares of common stock outstanding in calculating Diluted EPS (shares in thousands and dollars in millions, except per share amounts) for the periods presented:

	Year ended December 31,		
	2020	2019	2018
Numerator:			
Net income (loss)	$ (289)	$ 126	$ 113
Denominator:			
Weighted average shares used to compute Basic EPS	134,858	138,975	138,116
Weighted average effect of dilutive securities:			
Stock options	—	155	351
RSUs/MSUs	—	1,528	1,908
Weighted average shares used to compute Diluted EPS	134,858	140,658	140,375
Basic EPS	$ (2.14)	$ 0.91	$ 0.82
Diluted EPS	$ (2.14)	$ 0.89	$ 0.81

Potential common shares, consisting of outstanding stock options, RSUs, and MSUs, totaling approximately 13.7 million, 6.7 million, and 6.2 million, for the years ended December 31, 2020, 2019 and 2018, respectively, have been excluded from the calculations of Diluted EPS because their effect would have been antidilutive. In addition, potential common shares of certain performance-based awards of approximately 0.2 million, 0.7 million, and 0.5 million, for the years ended December 31, 2020, 2019 and 2018, respectively, for which all targets required to trigger vesting had not been achieved, were excluded from the calculation of weighted average shares used to compute Diluted EPS for those reporting periods.

The earnings per share amounts are the same for common stock and Class B common stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation. In addition, our non-vested RSUs and MSUs are entitled to dividend equivalents, which will be payable to the holder subject to, and only upon vesting of, the underlying awards and are therefore forfeitable. Given such dividend equivalents are forfeitable, we do not consider them to be participating securities and, consequently, they are not subject to the two-class method of determining earnings per share.

NOTE 18: OTHER INCOME (EXPENSE), NET

Other income (expense), net, consists of the following for the periods presented:

	Year Ended December 31,		
	2020	2019	2018
		(in millions)	
Foreign currency exchange rates gains (losses), net (1)	$ 5	$ (2)	$ (9)
Earnings (losses) from equity method investment, net	(3)	(1)	—
Gain (loss) and impairments on minority equity investments, net	—	—	1
Loss on sale/disposal of business (2)	(6)	—	—
Other, net	(4)	—	3
Total	$ (8)	$ (3)	$ (5)

(1) Our foreign currency exchange gains (losses), net, are generally related to foreign exchange transaction gains and losses from the conversion of the transaction currency to the functional currency, partially offset by the forward contract gains and losses.

(2) Primarily related to loss on disposal on the sale of our SmarterTravel business in June 2020.

NOTE 19: RELATED PARTY TRANSACTIONS

Relationship between Liberty Tripadvisor Holdings, Inc. and Tripadvisor

LTRIP is a controlling stockholder of Tripadvisor. We consider LTRIP a related party. Refer to "Note 1: *Organization and Business Description*", which describes the evolution of our relationship with LTRIP, including LTRIP's stock ownership of Tripadvisor and deemed voting power as of December 31, 2020. We had no related party transactions with LTRIP during the years ended December 31, 2020, 2019 or 2018.

Relationship between Chelsea Investment Holding Company PTE Ltd. and Tripadvisor

Refer to the discussion regarding our equity method investment in Chelsea Investment Holding Company PTD Ltd. in the section titled "Non-Marketable Investments" within "Note 5: *Financial Instruments and Fair Value Measurements"* for a description of our relationship and existing commercial arrangements with Chelsea Investment Holding Company PTE Ltd and/or its subsidiaries.

NOTE 20: SEGMENT AND GEOGRAPHIC INFORMATION

We have two reportable segments: (1) Hotels, Media & Platform; and (2) Experiences & Dining. Our Hotels, Media & Platform reportable segment includes the following revenue sources: (1) Tripadvisor-branded hotels revenue – primarily consisting of hotel auction revenue, subscription-based advertising, CPA revenue, and hotel sponsored placements revenue; and (2) Tripadvisor-branded display and platform revenue – consisting of display-based advertising revenue. Our Experiences & Dining reportable segment includes an aggregation of our Experiences and Dining operating segments. All remaining business units, including Rentals, Flights & Car, and Cruises have been combined into and reported as "Other", which does not constitute a reportable segment, as none of these businesses meet the quantitative thresholds and other criteria to qualify as reportable segments. The nature of the services provided and revenue recognition policies are summarized by reported segment in "Note 4: *Revenue Recognition*." Our operating segments are determined based on how our chief operating decision maker manages our business, regularly accesses information and evaluates performance for operating decision-making purposes, including allocation of resources.

All direct general and administrative costs are included in the applicable segments and business units; however, all corporate general and administrative costs are included in the Hotels, Media & Platform reportable segment. In addition, the Hotels, Media & Platform reportable segment includes all Tripadvisor-related brand advertising expenses (primarily television advertising), technical infrastructure, and other costs supporting the Tripadvisor platform.

Adjusted EBITDA is our segment profit measure and a key measure used by our management and Board of Directors to understand and evaluate the operating performance of our business and on which internal budgets and forecasts are based and approved. We define Adjusted EBITDA as net income (loss) plus: (1) (provision) benefit for income taxes; (2) other income (expense), net; (3) depreciation and amortization; (4) stock-based compensation and other stock-settled obligations; (5) goodwill, intangible asset, and long-lived asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) non-recurring expenses and income.

The following tables present our segment information for the years ended December 31, 2020, 2019 and 2018 and includes a reconciliation of Adjusted EBITDA to Net Income. We record depreciation and amortization, stock-based compensation and other stock-settled obligations, goodwill, intangible asset, and long-lived asset impairments, legal reserves and settlements, restructuring and other related reorganization costs, and other non-recurring expenses and income, net, which are excluded from segment operating performance, in corporate and unallocated. In addition, we do not report our assets, capital expenditures and related depreciation expense by segment as our CODM does not use this information to evaluate operating segments. Accordingly, we do not regularly provide such information by segment to our CODM. Intersegment revenue is not material and is included in Other.

	Year ended December 31, 2020				
	Hotels, Media & Platform (1)	**Experiences & Dining**	**Other**	**Corporate and Unallocated**	**Total**
			(in millions)		
Revenue	$ 361	$ 186	$ 57	$ —	$ 604
Adjusted EBITDA	13	(79)	15	—	(51)
Depreciation and amortization				(125)	(125)
Stock-based compensation				(109)	(109)
Restructuring and other related reorganization costs				(41)	(41)
Impairment of goodwill				(3)	(3)
Operating income (loss)					(329)
Other income (expense), net					(40)
Income (loss) before income taxes					(369)
(Provision) benefit for income taxes					80
Net income (loss)					$ (289)

	Year ended December 31, 2019				
	Hotels, Media & Platform (1)	**Experiences & Dining**	**Other**	**Corporate and Unallocated**	**Total**
			(in millions)		
Revenue	$ 939	$ 456	$ 165	$ —	$ 1,560
Adjusted EBITDA	378	5	55	—	438
Depreciation and amortization				(126)	(126)
Stock-based compensation				(124)	(124)
Restructuring and other related reorganization costs				(1)	(1)
Operating income (loss)					187
Other income (expense), net					7
Income (loss) before income taxes					194
(Provision) benefit for income taxes					(68)
Net income (loss)					$ 126

	Year ended December 31, 2018				
	Hotels, Media & Platform (1)	Experiences & Dining	Other	Corporate and Unallocated	Total
			(in millions)		
Revenue	$ 1,001	$ 372	$ 242	$ —	$ 1,615
Adjusted EBITDA	329	48	45	—	422
Depreciation and amortization				(116)	(116)
Stock-based compensation				(118)	(118)
Legal reserves and settlements				(5)	(5)
Operating income (loss)					183
Other income (expense), net					(10)
Income (loss) before income taxes					173
(Provision) benefit for income taxes					(60)
Net income (loss)					$ 113

(1) Includes allocated corporate general and administrative costs of $70 million, $69 million and $77 million and Tripadvisor-branded advertising expenses (primarily television advertising) of $10 million, $77 million and $122 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Product and Geographic Information

Our revenue sources within our Hotels, Media & Platform segment, including Tripadvisor-branded hotels revenue and Tripadvisor-branded display and platform revenue; which along with our Experience & Dining and Other revenue source, comprise our products. Refer to "Note 4: *Revenue Recognition*" for our revenue by product.

The Company measures its geographic revenue information based on the physical location of the Tripadvisor subsidiary which generates the revenue, which is consistent with our measurement of long-lived physical assets, or property and equipment, net. As such, this geographic classification does not necessarily align with where the consumer resides, where the consumer is physically located while using the Company's services, or the location of the travel service provider, experience operator or restaurant.

	Year ended December 31,		
	2020	2019	2018
		(in millions)	
Revenue			
United States	$ 302	$ 821	$ 835
United Kingdom	169	466	508
All other countries	133	273	272
Total revenue	$ 604	$ 1,560	$ 1,615

The Company's property and equipment, net for the United States and all other countries based on the geographic location of the assets consists of the following for the periods presented:

	December 31,	
	2020	2019
	(in millions)	
Property and equipment, net		
United States	$ 199	$ 227
All other countries	41	43
Total	$ 240	$ 270

Customer Concentrations

Refer to "Note 2: *Significant Accounting Policies*" under the section entitled "Certain Risks and Concentrations" for information regarding our major customer concentrations.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of December 31, 2020, our management, with the participation of our Chief Executive Officer and President and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based upon that evaluation, our Chief Executive Officer and President and our Chief Financial Officer concluded that, as of December 31, 2020, our disclosure controls and procedures were effective in ensuring that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's, or the SEC's, rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our Chief Executive Officer and President and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and President and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company's management evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. Pursuant to Exchange Act Rule 13a-15(d) or 15d-15(d), management has concluded that, as of December 31, 2020, our internal control over financial reporting was effective. Management has reviewed its assessment with the Audit Committee. KPMG LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2020, as stated in their report which is included below.

Limitations on Effectiveness of Controls and Procedures

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Tripadvisor, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Tripadvisor, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 19, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Boston, Massachusetts
February 19, 2021

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated herein by reference to our 2021 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference to our 2021 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference to our 2021 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required under this item is incorporated herein by reference to our 2021 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 14. Principal Accounting Fees and Services

The information required under this item is incorporated herein by reference to our 2021 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following is filed as part of this Annual Report on Form 10-K:

1. *Consolidated Financial Statements*: The consolidated financial statements and report of independent registered public accounting firms required by this item are included in Part II, Item 8.

All other schedules are omitted because they are not applicable or not required, or because the required information is shown either in the consolidated financial statements or in the notes thereto.

(b) Exhibits:

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference: Form	SEC File No.	Exhibit No.	Filing Date
3.1	Restated Certificate of Incorporation of Tripadvisor, Inc.		8-K	001-35362	3.1	12/27/11
3.2	Amended and Restated Bylaws of Tripadvisor, Inc.		8-K	001-35362	3.2	12/27/11
3.3	Amendment No. 1 to Amended and Restated Bylaws of Tripadvisor, Inc.		8-K	001-35362	3.1	2/12/13
4.1	Specimen Tripadvisor, Inc. Common Stock Certificate		S-4/A	333-175828-01	4.6	10/24/11
4.2	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934		10-K	001-35362	4.2	2/19/2020
4.3	Indenture, dated July 9, 2020, among Tripadvisor, Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee		8-K	001-35362	4.1	7/9/20
10.1	Governance Agreement, by and among Tripadvisor, Inc., Liberty Interactive Corporation and Barry Diller, dated as of December 20, 2011		8-K	001-35362	10.1	12/27/11
10.2	Tax Sharing Agreement by and between Tripadvisor, Inc. and Expedia, Inc., dated as of December 20, 2011		8-K	001-35362	10.2	12/27/11
10.3+	Amended and Restated Tripadvisor, Inc. 2011 Stock and Annual Incentive Plan		10-Q	001-35362	10.1	11/8/16
10.4+	Tripadvisor, Inc. 2018 Stock and Annual Incentive Plan		10-Q	001-35362	10.1	8/1/18
10.5+	Tripadvisor, Inc. Deferred Compensation Plan for Non-Employee Directors		S-8	333-178637	4.6	12/20/11
10.6	Corporate Headquarters Lease with Normandy Gap-V Needham Building 3, LLC, as landlord, dated as of June 20, 2013		10-Q	001-35362	10.1	7/24/13
10.7	Guaranty dated June 20, 2013 by Tripadvisor, Inc. for the benefit of Normandy Gap-V Needham Building 3, LLC, as landlord		10-Q	001-35362	10.2	7/24/13
10.8+	Employment Agreement between Tripadvisor LLC and Seth Kalvert, effective as of May 19, 2016		8-K	001-35362	10.1	5/23/16
10.9+	Amendment to Employment Agreement between Tripadvisor LLC and Seth Kalvert, dated as of February 19, 2018		10-K	001-35362	10.8	2/21/18
10.10+	Employment Agreement between Tripadvisor LLC and Stephen Kaufer, effective as of March 31, 2014		10-Q	001-35362	10.3	5/6/14
10.11+	Amendment to Employment Agreement between Tripadvisor LLC and Stephen Kaufer, effective as of November 28, 2017		10-K	001-35362	10.10	2/21/18
10.12+	Amended and Restated Option Agreement dated June 5, 2017 between Stephen Kaufer and Tripadvisor, Inc.		8-K	001-35362	10.1	6/8/17

Exhibit No.	Exhibit Description	Filed Herewith	Form	SEC File No.	Exhibit No.	Filing Date
			Incorporated by Reference			
10.13+	Stock Option Agreement (time-based) between Stephen Kaufer and Tripadvisor, Inc. dated November 28, 2017		10-K	001-35362	10.12	2/21/18
10.14+	RSU Agreement (time-based) between Stephen Kaufer and Tripadvisor, Inc. dated November 28, 2017		10-K	001-35362	10.13	2/21/18
10.15+	RSU Agreement (performance based (market)) between Stephen Kaufer and Tripadvisor, Inc. dated November 28, 2017		10-K	001-35362	10.14	2/21/18
10.16+	RSU Agreement (performance based (financial and strategic)) between Stephen Kaufer and Tripadvisor, Inc. dated November 28, 2017		10-K	001-35362	10.15	2/21/18
10.17+	Viator, Inc. 2010 Stock Incentive Plan		S-8	333-198726	99.1	9/12/14
10.18+	Offer Letter dated May 9, 2017, between Tripadvisor Limited and Dermot Halpin		10-Q	001-35362	10.1	5/9/17
10.19	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		8-K	001-35362	10.1	6/30/15
10.20	First Amendment, dated as of May 12, 2017, by and among Tripadvisor, Inc., Tripadvisor Holdings, LLC, Tripadvisor LLC and other Subsidiary Loan Parties party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P.Morgan Europe Limited, as London Agent		8-K	001-35362	10.1	5/15/17
10.21	Second Amendment, dated as of May 5, 2020, by and among Tripadvisor, Inc., Tripadvisor Holdings, LLC, Tripadvisor LLC, the other Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and London Agent, BofA Securities, Inc., BMO Capital Markets Corp., BNP Paribas Securities Corp., SunTrust Robinson Humphrey, Inc., and U.S. Bank National Association, as Joint Lead Arrangers and Joint Bookrunners; Bank of America, N.A., BMO Capital Markets Corp., BNP Paribas Securities Corp., SunTrust Robinson Humphrey, Inc. and U.S. Bank National Association, as Co-Syndication Agents; and Barclays Bank PLC, Morgan Stanley Senior Funding, Inc. and Wells Fargo Bank, National Association, as Co-Documentation Agents.		8-K	001-35362	10.1	5/7/20

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference Form	SEC File No.	Exhibit No.	Filing Date
10.22	Third Amendment, dated as of December 17, 2020, by and among Tripadvisor, Inc., Tripadvisor Holdings, LLC, Tripadvisor LLC, the other Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and London Agent, BofA Securities, Inc., BMO Capital markets Corp., BNP Paribas Securities Corp., Truist Securities, Inc., and U.S. Bank National Association, as Joint Lead Arrangers and Joint Bookrunners; Bank of America, N.A., BMO Capital Markets Corp., BNP Paribas Securities Corp., Truist Securities, Inc. and U.S. Bank National Association, as Co-Syndication Agents; and Barclays Bank PLC, Morgan Stanley Senior Funding, Inc. and Wells Fargo Bank, National Association, as Co-Documentation Agents.		8-K	001-35362	10.1	12/22/20
10.23+	Employment Agreement, dated as of October 6, 2015, between Tripadvisor, LLC and Ernst Teunissen		8-K	001-35362	10.1	10/8/15
10.24+	Amendment to Employment Agreement, dated as of November 28, 2017, between Tripadvisor, LLC and Ernst Teunissen		10-K	001-35362	10.21	2/21/18
10.25+	Second Amendment to Employment Agreement, dated as of May 8, 2020, between Tripadvisor, LLC and Ernst Teunissen		10-Q	001-35362	10.9	5/8/20
10.26+	Executive Severance Plan and Summary Plan Description		10-Q	001-35362	10.4	8/8/17
10.27	Form of Tripadvisor Media Group Master Advertising Insertion Order		10-K	001-35362	10.23	2/21/18
10.28+	Form of Option Agreement (Domestic)		10-Q	001-35362	10.1	5/8/18
10.29+	Form of Option Agreement (International)		10-Q	001-35362	10.2	5/8/18
10.30+	Form of Restricted Stock Unit Agreement (Domestic)		10-Q	001-35362	10.3	5/8/18
10.31+	Form of Restricted Stock Unit Agreement (International)		10-Q	001-35362	10.4	5/8/18
10.32+	Form of Restricted Stock Unit Agreement (French)		10-Q	001-35362	10.5	5/8/18
10.33+	Form of Restricted Stock Unit Agreement (Performance Based Domestic)		10-Q	001-35362	10.6	5/8/18
10.34+	Form of Restricted Stock Unit Agreement (Performance Based French)		10-Q	001-35362	10.7	5/8/18
10.35+	Form of Restricted Stock Unit Agreement (Non-Employee Directors)		10-Q	001-35362	10.2	8/1/18
10.36	Governance Agreement dated as of November 6, 2019 between Tripadvisor, Inc. and Trip.com Group Limited		8-K	001-35362	10.1	11/6/19
21.1	Subsidiaries of the Registrant	X				
23.1	Consent of KPMG, LLP, Independent Registered Public Accounting Firm	X				
24.1	Power of Attorney (included in signature page)	X				

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference Form	SEC File No.	Exhibit No.	Filing Date
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).	X				

+ *Indicates a management contract or a compensatory plan, contract or arrangement.*

Item 16. Form 10-K Summary

Not applicable.

Signatures

Pursuant to the requirements of the Section 13 or 15(d) of Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TRIPADVISOR, INC.

By: /s/ STEPHEN KAUFER
Stephen Kaufer
Chief Executive Officer and President

February 19, 2021

POWER OF ATTORNEY

We, the undersigned officers and directors of Tripadvisor, Inc., hereby severally constitute and appoint Stephen Kaufer and Ernst Teunissen, and each of them singly, our true and lawful attorneys, with full power to them and each of them singly, to sign for us in our names in the capacities indicated below, all amendments to this report, and generally to do all things in our names and on our behalf in such capacities to enable Tripadvisor, Inc. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of February 19, 2021.

Signature	Title
/s/ STEPHEN KAUFER Stephen Kaufer	Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ ERNST TEUNISSEN Ernst Teunissen	Chief Financial Officer (Principal Financial Officer)
/s/ GEOFFREY GOUVALARIS Geoffrey Gouvalaris	Chief Accounting Officer (Principal Accounting Officer)
/s/ GREGORY B. MAFFEI Gregory B. Maffei	Chairman of the Board
/s/ TRYNKA SHINEMAN BLAKE Trynka Shineman Blake	Director
/s/ JAY C. HOAG Jay C. Hoag	Director
/s/ BETSY MORGAN Betsy Morgan	Director
/s/ GREG O’HARA Greg O’Hara	Director
/s/ JEREMY PHILIPS Jeremy Philips	Director
/s/ ALBERT E. ROSENTHALER Albert E. Rosenthaler	Director

Signature	Title
/s/ JANE JIE SUN Jane Jie Sun	Director
/s/ ROBERT S. WIESENTHAL Robert S. Wiesenthal	Director

TripAdvisor, Inc.

Board of Directors

Gregory B. Maffei
Chairman

Stephen Kaufer
Director, President and Chief Executive Officer

Jay C. Hoag
Director

Betsy L. Morgan
Director

M. Greg O'Hara
Director

Jeremy Philips
Director

Jane Sun
Director

Albert Rosenthaler
Director

Trynka Shineman Blake
Director

Robert S. Wiesenthal
Director

Executive Officers

Stephen Kaufer
President and
Chief Executive Officer

Ernst Teunissen
Chief Financial Officer and
Chief Executive – Viator, The Fork, Viator and Cruise Critic

Seth Kalvert
Chief Legal Officer and
Secretary

Lindsay Nelson
Chief Experience and Brand Officer

Kanika Soni
Chief Commercial Officer

Corporate and Stockholder Information

Headquarters
TripAdvisor, Inc.
400 1st Ave.
Needham, Massachusetts 02494

Exchange Listing and Ticker Symbol
NASDAQ Global Select Market, "TRIP"

Annual Meeting
June 8, 2021
11:00 a.m. Eastern Time
www.virtualshareholdermeeting.com/TRIP2021

Publications and Reports
A variety of stockholder publications and reports, including TripAdvisor's Annual Report on Form 10-K, proxy statement, financial news releases and a variety of legal filings are available at http://ir.tripadvisor.com. Stockholders can also request a copy of the Annual Report and proxy statement by contacting the Secretary of TripAdvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494.

Independent Registered Public Accounting Firm
KPMG LLP
Two Financial Center
60 South Street
Boston, Massachusetts 02110

Transfer Agent and Registrar
Computershare
P.O. Box 358015
Pittsburgh, PA 15252

Electronic Delivery
Most stockholders can elect to receive e-mails in the future with links to the Annual Report, proxy statement and voting web site. Registered stockholders can sign up for electronic delivery at www.bnymellon.com/shareowner/equityaccess. Street name stockholders should contact their bank or broker to inquire about electronic delivery.

Tripadvisor