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LIBERTY TRIPADVISOR HOLDINGS, INC.

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

April 17, 2019

Dear Stockholder:

You are cordially invited to attend the 2019 annual meeting of stockholders of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) to be held at 8:15 a.m., local time, on May 23, 2019, at the corporate offices of Liberty TripAdvisor, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5200.

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "G. Maffei". The signature is stylized and cursive.

Gregory B. Maffei
Chairman of the Board,
President and Chief Executive Officer

The proxy materials relating to the annual meeting are first being mailed on or about April 22, 2019.

LIBERTY TRIPADVISOR HOLDINGS, INC.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on May 23, 2019

NOTICE IS HEREBY GIVEN of the annual meeting of stockholders of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) to be held at 8:15 a.m., local time, on May 23, 2019, at the corporate offices of Liberty TripAdvisor, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5200, to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect Larry E. Romrell and J. David Wargo to continue serving as Class I members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal;
2. A proposal (which we refer to as the **auditors ratification proposal**) to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019; and
3. A proposal (which we refer to as the **incentive plan proposal**) to adopt the Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan.

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

Holders of record of our Series A common stock, par value \$0.01 per share, and Series B common stock, par value \$0.01 per share, in each case, outstanding as of 5:00 p.m., New York City time, on April 1, 2019, the **record date** for the annual meeting, will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof. These holders will vote together as a single class on each proposal. A list of stockholders entitled to vote at the annual meeting will be available at our offices at 12300 Liberty Boulevard, Englewood, Colorado 80112 for review by our stockholders for any purpose germane to the annual meeting for at least ten days prior to the annual meeting.

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

Our board of directors has unanimously approved each proposal and recommends that you vote "**FOR**" the election of each director nominee and "**FOR**" each of the auditors ratification proposal and the incentive plan proposal.

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

Important Notice Regarding the Availability of Proxy Materials For the Annual Meeting of Stockholders to be Held on May 23, 2019: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2018 Annual Report to Stockholders are available at www.proxyvote.com.

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

By order of the board of directors,

A handwritten signature in black ink, appearing to read "Michael E. Hurelbrink", with a horizontal line extending to the right.

Michael E. Hurelbrink
Secretary

Englewood, Colorado
April 17, 2019

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

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PROXY STATEMENT SUMMARY

2019 ANNUAL MEETING OF STOCKHOLDERS

WHEN

8:15 a.m., local time, on May 23, 2019

WHERE

The Corporate Offices of Liberty
TripAdvisor
12300 Liberty Boulevard
Englewood, Colorado 80112

RECORD DATE

5:00 p.m., New York City time, on
April 1, 2019

PROXY VOTING

Stockholders of record on the record date are entitled to vote by proxy in the following ways:



By calling 1-800-690-6903
(toll free) in the United States or
Canada



Online at
www.proxyvote.com



By returning a properly completed,
signed and dated proxy card

ITEMS OF BUSINESS

1. Election of directors proposal—To elect Larry E. Romrell and J. David Wargo to continue serving as Class I members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal.
2. Auditors ratification proposal—To ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.
3. Incentive plan proposal—To adopt the Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan.

Such other business as may properly come before the annual meeting.

WHO MAY VOTE

Holders of shares of LTRPA and LTRPB

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Election of directors proposal	✓ FOR EACH NOMINEE	9
Auditors ratification proposal	✓ FOR	13
Incentive plan proposal	✓ FOR	15

LIBERTY TRIPADVISOR HOLDINGS, INC.

a Delaware corporation

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

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

We are furnishing this proxy statement in connection with the board of directors' solicitation of proxies for use at our 2019 Annual Meeting of Stockholders to be held at 8:15 a.m., local time, at the corporate offices of Liberty TripAdvisor, 12300 Liberty Boulevard, Englewood, Colorado 80112, on May 23, 2019 or at any adjournment or postponement of the annual meeting. At the annual meeting, we will ask you to consider and vote on the proposals described in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value \$0.01 per share (**LTRPA**), and Series B common stock, par value \$0.01 per share (**LTRPB**). We refer to LTRPA and LTRPB together as our **common stock**.

THE ANNUAL MEETING

ELECTRONIC DELIVERY

Registered stockholders may elect to receive future notices and proxy materials by e-mail. To sign up for electronic delivery, go to www.proxyvote.com. Stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery when voting by Internet at www.proxyvote.com by following the prompts. Also, stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery by contacting their nominee. Once you sign up, you will not receive a printed copy of the notices and proxy materials, unless you request them. If you are a registered stockholder, you may suspend electronic delivery of the notices and proxy materials at any time by contacting our transfer agent, Broadridge, at (888) 789-8410 (outside the United States (303) 562-9272). Stockholders who hold shares through a bank, brokerage firm or other nominee should contact their nominee to suspend electronic delivery.

TIME, PLACE AND DATE

The annual meeting of stockholders is to be held at 8:15 a.m., local time, on May 23, 2019, at the corporate offices of Liberty TripAdvisor, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5200.

PURPOSE

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

- the election of directors proposal, to elect Larry E. Romrell and J. David Wargo to continue serving as Class I members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal;
- the auditors ratification proposal, to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019; and
- the incentive plan proposal, to adopt the Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan.

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

QUORUM

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

WHO MAY VOTE

Holders of shares of our common stock, as recorded in our stock register as of 5:00 p.m., New York City time, on April 1, 2019 (such date and time, the **record date** for the annual meeting), will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof.

VOTES REQUIRED

Each director nominee who receives a plurality of the combined voting power of the outstanding shares of our common stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, will be elected to office.

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

VOTES YOU HAVE

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

RECOMMENDATION OF OUR BOARD OF DIRECTORS

Our board of directors has unanimously approved each of the proposals and recommends that you vote “**FOR**” the election of each director nominee and “**FOR**” each of the auditors ratification proposal and the incentive plan proposal.

SHARES OUTSTANDING

As of the record date, an aggregate of approximately 72,147,000 shares of LTRPA and 2,930,000 shares of LTRPB were issued and outstanding and entitled to vote at the annual meeting.

NUMBER OF HOLDERS

There were, as of the record date, 890 and 49 record holders of LTRPA and LTRPB, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).

VOTING PROCEDURES FOR RECORD HOLDERS

Holders of record of our common stock as of the record date may vote in person at the annual meeting, by telephone or through the Internet. Alternatively, they may give a proxy by completing, signing, dating and returning the proxy card by mail. Instructions for voting by using the telephone or the Internet are printed on the proxy card. In order to vote through the Internet, holders should have their proxy cards available so they can input the required information from the proxy card, and log onto the Internet website address shown on the proxy card. When holders log onto the Internet website address, they will receive instructions on how to vote their shares. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number,

which will be provided to each voting stockholder separately. Unless subsequently revoked, shares of our common stock represented by a proxy submitted as described herein and received at or before the annual meeting will be voted in accordance with the instructions on the proxy.

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

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

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

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

VOTING PROCEDURES FOR SHARES HELD IN STREET NAME

General

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

Effect of Broker Non-Votes

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

REVOKING A PROXY

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by voting in person at the annual meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Any signed proxy revocation or new signed proxy must be received before the start of the annual meeting. In addition, you may change your vote through the Internet or by telephone (if you originally voted by the corresponding method) not later than 11:59 p.m., New York City time, on May 22, 2019.

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

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

SOLICITATION OF PROXIES

We are soliciting proxies by means of our proxy statement and our annual report (together, the **proxy materials**) on behalf of our board of directors. In addition to this mailing, our employees may solicit proxies personally or by telephone. We pay the cost of soliciting these proxies. We also reimburse brokers and other nominees for their expenses in sending the proxy materials to you and getting your voting instructions.

If you have any further questions about voting or attending the annual meeting, please contact Liberty TripAdvisor Investor Relations at (844) 826-8736 or Broadridge at (888) 789-8410.

OTHER MATTERS TO BE VOTED ON AT THE ANNUAL MEETING

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning shares of our common stock beneficially owned by each person or entity known by us to own more than five percent of the outstanding shares of any series of our common stock. Beneficial ownership of our common stock is set forth below only to the extent known by us or ascertainable from public filings.

The security ownership information is given as of February 28, 2019, and, in the case of percentage ownership information, is based upon 72,147,009 LTRPA shares and 2,929,777 LTRPB shares, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for all series of common stock.

Name and Address of Beneficial Owner	Title of Series	Amount and Nature of Beneficial Ownership	Percent of Series (%)	Voting Power (%)
Gregory B. Maffei c/o Liberty TripAdvisor Holdings, Inc. 12300 Liberty Blvd. Englewood, CO 80112	LTRPA	— ⁽¹⁾	—	33.2
	LTRPB	3,668,726 ⁽¹⁾	95.8	
Jackson Square Partners, LLC 101 California Street Suite 3750 San Francisco, CA 94111	LTRPA	7,863,049 ⁽²⁾	10.9	7.8
	LTRPB	—	—	
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	LTRPA	6,639,599 ⁽³⁾	9.2	6.6
	LTRPB	—	—	
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX 78746	LTRPA	5,546,010 ⁽⁴⁾	7.7	5.5
	LTRPB	—	—	
Eagle Capital Management, LLC 499 Park Avenue 17th Floor New York, NY 10022	LTRPA	5,376,200 ⁽⁵⁾	7.5	5.3
	LTRPB	—	—	
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	LTRPA	4,805,827 ⁽⁶⁾	6.7	4.7
	LTRPB	—	—	
Hudson Bay Capital Management LP 777 Third Avenue, 30th Floor New York, NY 10017	LTRPA	3,729,037 ⁽⁷⁾	5.2	3.7
	LTRPB	—	—	

- (1) Information with respect to shares of our common stock beneficially owned by Mr. Maffei, our Chairman of the Board, President and Chief Executive Officer, is also set forth in “—Security Ownership of Management.”
- (2) Based on Amendment No. 4 to Schedule 13G, filed February 12, 2019 by Jackson Square Partners, LLC (**Jackson Square**), which states that Jackson Square has sole voting power over 5,207,420 shares, shared voting power over 1,494,279 shares and sole dispositive power over 7,863,049 shares.
- (3) Based on Amendment No. 4 to Schedule 13G, filed February 12, 2019 by The Vanguard Group (**Vanguard**), which states that Vanguard has sole voting power over 150,399 shares, shared voting power over 19,407 shares, sole dispositive power over 6,476,901 shares and shared dispositive power over 162,698 shares.
- (4) Based on Amendment No. 2 to Schedule 13G, filed February 8, 2019 by Dimensional Fund Advisors LP (**Dimensional**), which states that Dimensional has sole voting power over 5,354,611 shares and sole dispositive power over 5,546,010 shares. Dimensional disclaims beneficial ownership of the shares.
- (5) Based on Schedule 13G, filed February 14, 2019 by Eagle Capital Management, LLC (**Eagle Capital**), which states that Eagle Capital has sole voting power over 4,540,254 shares and sole dispositive power over 5,376,200 shares.

- (6) Based on Amendment No. 4 to Schedule 13G, filed February 6, 2019 by BlackRock, Inc. (**BlackRock**), which states that BlackRock has sole voting power over 4,645,762 shares and sole dispositive power over 4,805,827 shares.
- (7) Based on Schedule 13G, filed February 4, 2019 jointly by Hudson Bay Capital Management LP (**Hudson Bay**) and Sander Gerber, which states that each of Hudson Bay and Mr. Gerber has shared voting power and shared dispositive power over 3,729,037 shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information with respect to the ownership by each of our directors and named executive officers (as defined herein) and by all of our directors and executive officers as a group of shares of (1) each series of our common stock (LTRPA and LTRPB) and (2) the Common Stock, par value \$0.001 per share (TRIP), of our consolidated subsidiary TripAdvisor, Inc. (TripAdvisor). None of our directors or named executive officers own shares of TripAdvisor's Class B Common Stock, par value \$0.001 per share (TripAdvisor Class B). The security ownership information with respect to our common stock is given as of February 28, 2019 and, in the case of percentage ownership information, is based upon 72,147,009 LTRPA shares and 2,929,777 LTRPB shares, in each case, outstanding on that date. The security ownership information with respect to TripAdvisor is given as of February 28, 2019, and, in the case of percentage ownership information, is based on 125,336,213 TRIP shares and 12,799,999 TripAdvisor Class B shares, in each case, outstanding on February 14, 2019. The percentage voting power is presented in the table below on an aggregate basis for all series of common stock.

Shares of restricted stock that have been granted pursuant to TripAdvisor's incentive plans are included in the outstanding share numbers, for purposes of the table below and throughout this proxy statement. Shares of common stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after February 28, 2019 are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of that person and for the aggregate percentage owned by the directors and named executive officers as a group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other individual person. For purposes of the following presentation, beneficial ownership of shares of LTRPB, though convertible on a one-for-one basis into shares of LTRPA, are reported as beneficial ownership of LTRPB only, and not as beneficial ownership of LTRPA. So far as is known to us, the persons indicated below have sole voting and dispositive power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
Gregory B. Maffei Chairman of the Board, President and Chief Executive Officer	LTRPA	—	—	33.2
	LTRPB	3,669 ⁽¹⁾⁽²⁾	95.8	
	TRIP	20 ⁽³⁾	*	*
Michael J. Malone Director	LTRPA	67 ⁽²⁾	*	*
	LTRPB	—	—	
	TRIP	—	—	—
Chris Mueller Director	LTRPA	35 ⁽²⁾	*	*
	LTRPB	—	—	
	TRIP	—	—	—
Larry E. Romrell Director	LTRPA	50 ⁽²⁾	*	*
	LTRPB	**	*	
	TRIP	—	—	—
Albert E. Rosenthaler Chief Corporate Development Officer and Director	LTRPA	52 ⁽²⁾	*	*
	LTRPB	—	—	
	TRIP	13	*	*
J. David Wargo Director	LTRPA	194 ⁽²⁾⁽⁴⁾⁽⁵⁾	*	*
	LTRPB	—	—	
	TRIP	—	—	—
Richard N. Baer Chief Legal Officer	LTRPA	—	—	—
	LTRPB	—	—	
	TRIP	—	—	—

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
Brian J. Wendling Senior Vice President and Chief Financial Officer	LTRPA	27 ⁽²⁾	*	*
	LTRPB	—	—	—
	TRIP	—	—	—
All directors and executive officers as a group (8 persons)	LTRPA	426 ⁽²⁾⁽⁴⁾⁽⁵⁾	*	33.5
	LTRPB	3,669 ⁽¹⁾⁽²⁾	95.8	
	TRIP	33 ⁽³⁾	*	*

* Less than one percent

** Less than 1,000 shares

- (1) Mr. Maffei is party to a standstill agreement with our company, dated December 21, 2014, as described in more detail under “Certain Relationships and Related Party Transactions—Letter Agreement with Mr. Maffei” below.
- (2) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after February 28, 2019.

	LTRPA	LTRPB
Gregory B. Maffei	—	898,553
Michael J. Malone	66,631	—
Chris Mueller	35,446	—
Larry E. Romrell	45,011	—
Albert E. Rosenthaler	33,263	—
J. David Wargo	66,631	—
Brian J. Wendling	16,303	—
Total	263,285	898,553

- (3) Includes 1,938 shares of TRIP held by the Maffei Foundation. Mr. Maffei and his wife, as the two directors of the Maffei Foundation, have shared voting and investment power with respect to any shares held by the Maffei Foundation.
- (4) Includes 390 shares of LTRPA held by Mr. Wargo’s spouse and 1,200 shares of LTRPA held by Mr. Wargo’s brother as to which, in each case, Mr. Wargo has disclaimed beneficial ownership.
- (5) Includes (i) 125,472 shares of LTRPA pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility extended by Fidelity to Mr. Wargo and (ii) 1,200 shares of LTRPA held by Mr. Wargo’s brother that are pledged to Fidelity in connection with a margin loan facility extended by Fidelity to Mr. Wargo’s brother.

CHANGES IN CONTROL

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

PROPOSALS OF OUR BOARD

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

PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL

BOARD OF DIRECTORS

Our board of directors currently consists of six directors, divided among three classes. Our Class I directors, whose term will expire at the annual meeting, are Larry E. Romrell and J. David Wargo. These directors are nominated for election to our board to continue to serve as Class I directors, and we have been informed that each of Messrs. Romrell and Wargo is willing to continue to serve as a director of our company. The term of the Class I directors who are elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2022. Our Class II directors, whose term will expire at the annual meeting of our stockholders in the year 2020, are Chris Mueller and Albert E. Rosenthaler. Our Class III directors, whose term will expire at the annual meeting of our stockholders in the year 2021, are Gregory B. Maffei and Michael J. Malone.

If any nominee should decline election or should become unable to serve as a director of our company for any reason before election at the annual meeting, votes will be cast by the persons appointed as proxies for a substitute nominee, if any, designated by the board of directors.

The following lists the two nominees for election as directors at the annual meeting and the four directors of our company whose term of office will continue after the annual meeting, and includes as to each person how long such person has been a director of our company, such person's professional background, other public company directorships and other factors considered in the determination that such person possesses the requisite qualifications and skills to serve as a member of our board of directors. The number of shares of our common stock beneficially owned by each director is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

Nominees for Election as Directors

Larry E. Romrell

- *Age:* 79
- A director of our company.
- *Professional Background:* Mr. Romrell has served as a director of our company since August 2014. Mr. Romrell held numerous executive positions with Tele-Communications, Inc. from 1991 to 1999. Previously, Mr. Romrell held various executive positions with Westmarc Communications, Inc.
- *Other Public Company Directorships:* Mr. Romrell has served as a director of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, **Qurate Retail**) since December 2011, having previously served as a director of Qurate Retail (including its predecessor) from March 1999 to September 2011. He has served as a director of Liberty Media Corporation (**Liberty Media**) (including its predecessor) since September 2011. He has served as a director of Liberty Global plc (**LGP**) since June 2013, having previously served as a director of Liberty Global, Inc. (**LGI**), LGP's predecessor, from June 2005 to June 2013 and as a director of LGI's predecessor, Liberty Media International, Inc. (**LMI**), from May 2004 to June 2005.
- *Board Membership Qualifications:* Mr. Romrell brings extensive experience, including venture capital experience, in the telecommunications industry to our board and is an important resource with respect to the management and operations of large public companies.

J. David Wargo

- *Age:* 65
- A director of our company.
- *Professional Background:* Mr. Wargo has served as a director of our company since August 2014. Mr. Wargo is the founder of Wargo & Company, Inc., a private company specializing in investing in the communications industry (**Wargo & Company**), and has served as its president since 1993. Mr. Wargo is a co-founder and was a member of New Mountain Capital, LLC from 2000 to 2008. Prior to starting Wargo & Company, he was a

managing director and senior analyst of The Putnam Companies from 1989 to 1992, senior vice president and a partner in Marble Arch Partners from 1985 to 1989 and senior analyst, assistant director of research and a partner in State Street Research and Management Company from 1978 to 1985.

- *Other Public Company Directorships:* Mr. Wargo has served as a director of LGP since June 2013, having previously served as a director of LGI from June 2005 to June 2013 and as a director of LMI from May 2004 to June 2005. He has served as a director of Vobile Group Limited since January 2018, as a director of Discovery, Inc., which was formerly known as Discovery Communications, Inc. (**Discovery Communications**), since September 2008, having previously served as a director of Discovery Communications' predecessor, Discovery Holding Company, from May 2005 to September 2008, and as a director of Strategic Education, Inc. (formerly Strayer Education, Inc.) from March 2001 to April 2019.
- *Board Membership Qualifications:* Mr. Wargo's extensive background in investment analysis and management, experience as a public company board member and his particular expertise in finance and capital markets contribute to our board's consideration of our capital structure and evaluation of investment and financial opportunities and strategies and strengthen our board's collective qualifications, skills and attributes.

Directors Whose Term Expires in 2020

Chris Mueller

- *Age:* 60
- A director of our company.
- *Professional Background:* Mr. Mueller has served as a director of our company since August 2014. He has served as the Managing Partner of Post Closing 360 LLC, a private investment company, since January 2012. He served as the Vice Chairman and Chief Financial Officer of 360networks Corporation (**360networks**) from February 2005 to January 2012, and previously held various senior management positions with 360networks. Mr. Mueller served as a Managing Director of Corporate Finance at Ragen MacKenzie, a regional investment bank, and as the Chief Financial Officer and a director of Tuscany, Inc.
- *Other Public Company Directorships:* None.
- *Board Membership Qualifications:* Mr. Mueller has extensive experience in corporate finance and commercial and investment banking with approximately 30 years of experience, as well as in the structuring of strategic acquisitions. His background and expertise assist the board in evaluating strategic acquisition opportunities and developing financial strategies for our company.

Albert E. Rosenthaler

- *Age:* 59
- Chief Corporate Development Officer and a director of our company.
- *Professional Background:* Mr. Rosenthaler has served as a director of our company since August 2014 and as Chief Corporate Development Officer since October 2016, having previously served as Chief Tax Officer from January 2016 to September 2016 and as a Senior Vice President from July 2013 to December 2015. He has also served as Chief Corporate Development Officer of Qurate Retail, Liberty Media, Liberty Broadband Corporation (**Liberty Broadband**) and Liberty Expedia Holdings, Inc. (**Liberty Expedia**) since October 2016 and GCI Liberty, Inc. (**GCI Liberty**) since March 2018. Mr. Rosenthaler served as Chief Tax Officer of Liberty Media, Qurate Retail and Liberty Broadband from January 2016 to September 2016 and Liberty Expedia from March 2016 to September 2016. Prior to that, he served as a Senior Vice President of Liberty Media (including its predecessor) from May 2007 to December 2015, a Senior Vice President of Qurate Retail (including its predecessor) from April 2002 to December 2015 and a Senior Vice President of Liberty Broadband from June 2014 to December 2015.
- *Other Public Company Directorships:* Mr. Rosenthaler has served as a director of TripAdvisor since February 2016.
- *Board Membership Qualifications:* Mr. Rosenthaler has significant executive and financial experience gained through his service as a Senior Vice President and Chief Tax Officer of Qurate Retail and Liberty Media for many years, as Chief Corporate Development Officer of our company, Qurate Retail, Liberty Media, Liberty Broadband and Liberty Expedia and as a partner with a major national accounting firm for more than five years

before joining Qurate Retail. Mr. Rosenthaler brings a unique perspective to our company's board of directors, focused in particular on the area of tax management and corporate development. Mr. Rosenthaler's perspective and expertise assist the board in developing strategies that take into consideration a wide range of issues resulting from the application and evolution of tax laws and regulations.

Directors Whose Term Expires in 2021

Gregory B. Maffei

- Age: 58
- Chairman of the Board, Chief Executive Officer and President of our company.
- *Professional Background:* Mr. Maffei has served as Chairman of the Board of our company since June 2015 and as a director and the President and Chief Executive Officer of our company since July 2013. Mr. Maffei has also served as the President and Chief Executive Officer and a director of GCI Liberty since March 2018. He has served as President and Chief Executive Officer of Liberty Media (including its predecessor) since May 2007 and Liberty Broadband since June 2014. He has served as the Chairman of the Board of Qurate Retail, since March 2018 and as a director of Qurate Retail (including its predecessor) since November 2005. Mr. Maffei also served as the President and Chief Executive Officer of Qurate Retail (including its predecessor) from February 2006 to March 2018, having served as its CEO-Elect from November 2005 through February 2006. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation (**Oracle**), Chairman of the Board, President and Chief Executive Officer of 360networks, and Chief Financial Officer of Microsoft Corporation (**Microsoft**).
- *Other Public Company Directorships:* Mr. Maffei has served as (i) a director of Liberty Media (including its predecessor) since May 2007, (ii) the Chairman of the Board of Qurate Retail since March 2018 and a director of Qurate Retail (including its predecessor) since November 2005, (iii) a director of Liberty Broadband since June 2014, (iv) a director of GCI Liberty since March 2018, (v) the Chairman of the Board of TripAdvisor since February 2013, (vi) the Chairman of the Board of Live Nation Entertainment, Inc. since March 2013 and as a director since February 2011, (vii) the Chairman of the Board of Sirius XM Holdings Inc. since April 2013 and as a director since March 2009, (viii) 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 (ix) a director of Charter Communications, Inc. since May 2013. Mr. Maffei served as (i) Chairman of the Board of Starz from January 2013 until its acquisition by Lions Gate Entertainment Corp. in December 2016, (ii) a director of Barnes & Noble, Inc. from September 2011 to April 2014, (iii) a director of Electronic Arts, Inc. from June 2003 to July 2013, (iv) a director of DIRECTV and its predecessors from February 2008 to June 2010 and (v) the Chairman of the Board of Pandora Media, Inc. from September 2017 to February 2019.
- *Board Membership Qualifications:* Mr. Maffei brings to our board significant financial and operational experience based on his senior policy making positions at our company, Qurate Retail (including its predecessor), GCI Liberty, Liberty Media, Liberty Broadband, Oracle, 360networks and Microsoft and his public company board experience. He provides our board with executive leadership perspective on the operations and management of large public companies and risk management principles.

Michael J. Malone

- Age: 74
- A director of our company.
- *Professional Background:* Mr. Malone has served as a director of our company since August 2014. Mr. Malone is currently Chief Executive Officer and principal of Hunters Capital, LLC, a real estate development and management company. Mr. Malone also owns and operates several hotels and restaurants, as well as Seattle's oldest jet charter and management company, Erin Air, Inc. He is the retired Chairman of the Board and Chief Executive Officer of DMX Music, Inc. (**DMX**) (formerly AEI Music, Inc.), a multinational music programming and distribution company that he founded in 1971 and which was sold to Qurate Retail in May 2001, following which he served as Chairman of the Board of Maxide Acquisition, Inc., a subsidiary of Qurate Retail and the holding company for DMX, from May 2001 to February 2005.

- *Other Public Company Directorships:* Mr. Malone previously served as a director of Expeditors International of Washington, Inc. from August 1999 to May 2017, Take Two Interactive Software, Inc. from January 2006 through March 2007 and HomeStreet, Inc., a regional bank, from February 2012 to February 2015.
- *Board Membership Qualifications:* Mr. Malone is an experienced entrepreneur with over 20 years of senior leadership and management experience. Mr. Malone provides our board with insight into the structuring of investments and acquisitions and the management of technology companies.

VOTE AND RECOMMENDATION

A plurality of the combined voting power of the outstanding shares of our common stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, is required to elect Messrs. Romrell and Wargo as Class I members of our board of directors.



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

PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL

We are asking our stockholders to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.

Even if the selection of KPMG LLP is ratified, the audit committee of our board of directors in its discretion may direct the appointment of a different independent accounting firm at any time during the year if our audit committee determines that such a change would be advisable. In the event our stockholders fail to ratify the selection of KPMG LLP, our audit committee will consider it as a direction to select other auditors for the year ending December 31, 2019.

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

AUDIT FEES AND ALL OTHER FEES

The following table presents fees incurred for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements for 2018 and 2017 and fees billed for other services rendered by KPMG LLP:

	2018 ⁽¹⁾	2017 ⁽¹⁾
Audit fees	\$444,700	\$537,800
Audit related fees	—	—
Audit and audit related fees	444,700	537,800
Tax fees ⁽²⁾	4,500	48,100
Total fees	<u>\$449,200</u>	<u>\$585,900</u>

(1) Such fees with respect to 2018 and 2017 exclude audit fees, audit related fees and tax fees billed by KPMG LLP to TripAdvisor for services rendered. TripAdvisor is a separate public company and its audit fees, audit related fees and tax fees (which aggregated to \$2,404,100 and \$2,283,300 in 2018 and 2017, respectively) are reviewed and approved by the audit committee of the board of directors of TripAdvisor.

(2) Tax fees consist of tax compliance and consultations regarding the tax implications of certain transactions.

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

POLICY ON PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT AUDITOR

Our audit committee has adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by our independent auditor. Pursuant to this policy, our audit committee has approved the engagement of our independent auditor to provide the following services (all of which are collectively referred to as **pre-approved services**):

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

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

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

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

All services provided by our independent auditor during 2018 were approved in accordance with the terms of the policy.

VOTE AND RECOMMENDATION

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



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

PROPOSAL 3—THE INCENTIVE PLAN PROPOSAL

The following is a description of the material provisions of the Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan (the **2019 incentive plan**). The summary that follows is not intended to be complete, and we refer you to the copy of the 2019 incentive plan set forth as Annex A to this proxy statement for a complete statement of its terms and provisions.

KEY FEATURES OF THE 2019 INCENTIVE PLAN

- *No Discounted Options or SARs.* Stock options and stock appreciation rights (**SARs**) may not be granted with an exercise price below fair market value.
- *Dividend Equivalents.* Only an award of restricted stock units (**RSUs**) may include dividend equivalents. With respect to a performance-based award, dividend equivalents may only be paid to the extent the underlying award is actually paid.
- *Limited Terms for Options and SARs.* The term for stock options and SARs granted under the 2019 incentive plan is limited to ten years.
- *No Transferability.* Awards generally may not be transferred, except as permitted by will or the laws of descent and distribution or pursuant to a domestic relations order, unless otherwise provided for in an award agreement.
- *No Tax Gross-Ups.* Holders do not receive tax gross-ups under the 2019 incentive plan.
- *Award Limitations.* In any calendar year, no nonemployee director may be granted awards having a value that would be in excess of \$3 million on the date of grant.

LIBERTY TRIPADVISOR HOLDINGS, INC. 2019 OMNIBUS INCENTIVE PLAN

If the 2019 incentive plan is approved, it will be the only incentive plan under which awards will be made, and no additional awards will be made under the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan. In addition, only the five million shares reserved under the 2019 incentive plan (as described below) will be available for grant. The 2019 incentive plan is structured as an omnibus plan under which awards may be made to our company's officers, employees, independent contractors and nonemployee directors and employees of Liberty Media or Qurate Retail providing services to us. A summary of certain terms of the 2019 incentive plan is set forth below.

The 2019 incentive plan is administered by the compensation committee of our board of directors, other than awards granted to nonemployee directors which may be administered by our full board of directors or the compensation committee. The 2019 incentive plan is designed to provide additional remuneration to eligible officers and employees of our company, our nonemployee directors and independent contractors and employees of Liberty Media or Qurate Retail providing services to us and to encourage their investment in our capital stock, thereby increasing their proprietary interest in our business. The 2019 incentive plan is also intended to (1) attract persons of exceptional ability to become our officers and employees, and (2) induce directors, independent contractors and employees of Liberty Media or Qurate Retail to provide services to us. Such persons will be eligible to participate in and may be granted awards under the 2019 incentive plan. The number of individuals who will receive awards under the 2019 incentive plan will vary from year to year and will depend on various factors, such as the quantity of services we require from Liberty Media employees under the services agreement (as defined below). Although we cannot predict the number of future award recipients, we estimate that there will be approximately four nonemployee directors of our company and 86 employees of our company, Liberty Media and Qurate Retail (including employees of TripAdvisor, Inc. and its subsidiaries) who will be eligible to receive awards under the 2019 incentive plan. We do not currently anticipate granting any awards under the 2019 incentive plan to independent contractors of our company. For the avoidance of doubt, employees and nonemployee directors of any of our affiliates may not participate in the 2019 incentive plan based solely upon their status at any such affiliate and instead, are required to provide services to our company or our company's subsidiaries in order to be eligible.

Under the 2019 incentive plan, the compensation committee may grant non-qualified stock options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing (as used in this description of the 2019 incentive plan, collectively, **awards**). The maximum number of shares of our common stock with respect to which awards may be granted under the 2019 incentive plan is five million shares, subject to

anti-dilution and other adjustment provisions of the 2019 incentive plan. No nonemployee director may be granted during any calendar year awards having a value (as determined on the grant date of such award) that would be in excess of \$3 million.

Shares of our common stock issuable pursuant to awards made under the 2019 incentive plan will be made available from either authorized but unissued shares of our common stock or shares of our common stock that we have issued but reacquired, including shares purchased in the open market. Shares of our common stock that are subject to (i) any award granted under the 2019 incentive plan that expires, terminates or is cancelled or annulled for any reason without having been exercised, (ii) any award of any SARs granted under the 2019 incentive plan the terms of which provide for settlement in cash, and (iii) any award of restricted shares or RSUs granted under the 2019 incentive plan that shall be forfeited prior to becoming vested, will once again be available for issuance under the 2019 incentive plan. Shares of our common stock that are (i) not issued or delivered as a result of the net settlement of an outstanding option or SAR, (ii) used to pay the purchase price or withholding taxes relating to an outstanding award, or (iii) repurchased in the open market with the proceeds of an option purchase price will not again be made available for issuance under the 2019 incentive plan.

Subject to the provisions of the 2019 incentive plan, the compensation committee is authorized to establish, amend and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the 2019 incentive plan and to take such other action in connection with or in relation to the 2019 incentive plan as it deems necessary or advisable.

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

Stock Options. Non-qualified stock options awarded under the 2019 incentive plan will entitle the holder to purchase a specified number of shares of a series of our common stock at a specified exercise price subject to the terms and conditions of the applicable option grant. The exercise price of an option awarded under the 2019 incentive plan may be no less than the fair market value of the shares of the applicable series of our common stock as of the day the option is granted. The term of an option may not exceed ten years; however, if the term of an option expires when trading in our common stock is prohibited by law or our company's policy, the option will expire on the 30th day after the expiration of such prohibition. The compensation committee will determine, and each individual award agreement will provide, (1) the series and number of shares of our common stock subject to the option, (2) the per share exercise price, (3) whether that price is payable in cash, by check, by promissory note, in whole shares of any series of our common stock, by the withholding of shares of our common stock issuable upon exercise of the option, by cashless exercise, or any combination of the foregoing, (4) other terms and conditions of exercise, (5) restrictions on transfer of the option and (6) other provisions not inconsistent with the 2019 incentive plan. Dividend equivalents will not be paid with respect to any stock options.

Stock Appreciation Rights. A SAR awarded under the 2019 incentive plan entitles the recipient to receive a payment in stock or cash equal to the excess of the fair market value (on the day the SAR is exercised) of a share of the applicable series of our common stock with respect to which the SAR was granted over the base price specified in the grant. A SAR may be granted to an option holder with respect to all or a portion of the shares of our common stock subject to a related stock option (a **tandem SAR**) or granted separately to an eligible person (a **free standing SAR**). Tandem SARs are exercisable only at the time and to the extent that the related stock option is exercisable. Upon the exercise or termination of the related stock option, the related tandem SAR will be automatically cancelled to the extent of the number of shares of our common stock with respect to which the related stock option was so exercised or terminated. The base price of a tandem SAR is equal to the exercise price of the related stock option. Free standing SARs are exercisable at the time and upon the terms and conditions provided in the relevant award agreement. The term of a free standing SAR may not exceed ten years; however, if the term of a free standing SAR expires when trading in our common stock is prohibited by law or our company's policy, the free standing SAR will expire on the 30th day after the expiration of such prohibition. The base price of a free standing SAR may be no less than the fair market value of a share of the applicable series of our common stock as of the day the SAR is granted. Dividend equivalents will not be paid with respect to any SARs.

Restricted Shares and RSUs. Restricted shares are shares of our common stock that become vested and may be transferred upon completion of the restriction period. The compensation committee will determine, and each individual award agreement will provide, (1) the price, if any, to be paid by the recipient of the restricted shares, (2) whether dividends or distributions paid with respect to restricted shares will be retained by us during the restriction period (**retained distributions**), (3) whether the holder of the restricted shares may be paid a cash

amount any time after the shares become vested, (4) the vesting date or vesting dates (or basis of determining the same) for the award and (5) other terms and conditions of the award. The holder of an award of restricted shares, as the registered owner of such shares, may vote the shares.

A RSU is a unit evidencing the right to receive, in specified circumstances, one share of the specified series of our common stock, or, in the discretion of the company, its cash equivalent, subject to a restriction period or forfeiture conditions. The compensation committee will be authorized to award RSUs based upon the fair market value of shares of any series of our common stock under the 2019 incentive plan. The compensation committee will determine, and each individual award agreement will provide, the terms, conditions, restrictions, vesting requirements and payment rules for awards of RSUs, including whether the holder will be entitled to dividend equivalent payments with respect to the RSUs. RSUs will be issued at the beginning of the restriction period and holders will not be entitled to shares of our common stock covered by RSU awards until such shares are issued to the holder at the end of the restriction period.

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

Cash Awards. The compensation committee will also be authorized to provide for the grant of cash awards under the 2019 incentive plan. A cash award is a bonus paid in cash that may be based upon the attainment of one or more performance goals over a performance period established by the compensation committee. The terms, conditions and limitations applicable to any cash awards will be determined by the compensation committee.

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

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

- stockholder value;
- total stockholder return;
- proceeds from dispositions;
- total market value; and
- corporate values measures (including ethics compliance, environmental and safety).

Performance measures may apply to the award recipient, to one or more business units, divisions or subsidiaries of our company or an applicable sector of our company, or to our company as a whole. Goals may also be based on performance relative to a peer group of companies. A performance measure need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). If the compensation committee determines that the performance award may be granted and administered in a manner that preserves the deductibility of the compensation resulting from such award in accordance with Section 162(m) of the Code and the compensation committee determines, in its discretion, that the award should be designed accordingly, then the compensation committee will follow procedures necessary to allow such award to achieve this result. For more information on Section 162(m) of the Code and the repeal of the qualified performance-based compensation exception, see “—U.S. Federal Income Tax Consequences of Awards Granted under the 2019 Incentive Plan— Certain Tax Code Limitations on Deductibility” below.

Awards Generally. Awards under the 2019 incentive plan may be granted either individually, in tandem or in combination with each other. Where applicable, the securities underlying, or relating to, awards granted under the 2019 incentive plan may be shares of our common stock as provided in the relevant grant. The closing price of LTRPA shares and LTRPB shares was \$14.74 and \$14.71, respectively, as of April 12, 2019. Under certain conditions, including the occurrence of certain approved transactions, a board change or a control purchase (all as defined in the 2019 incentive plan), options and SARs will become immediately exercisable, and the restrictions on restricted shares and RSUs will lapse, unless individual agreements state otherwise or the compensation committee determines in connection with an approved transaction that the vesting and exercisability of awards will not accelerate because action has been taken to provide for a substantially equivalent substitute award. At the time an award is granted, the compensation committee will determine, and the relevant agreement will provide for, any vesting or early termination, upon a holder’s termination of employment or service with our company, of any unvested options, SARs, RSUs or restricted shares and the period during which any vested options and SARs must be exercised. Generally, if a holder’s employment or service terminates prior to an option or SAR becoming exercisable or being exercised in full, or during the restriction period with respect to any restricted shares or RSUs, such options and SARs will become exercisable, and the restrictions on restricted shares and RSUs will lapse and become vested only to the extent provided in the applicable award agreement; provided, however, that unless otherwise provided in the relevant agreement, (1) no option or SAR may be exercised after its scheduled expiration date (however, if the term of an option or SAR expires when trading in our common stock is prohibited by law or our company’s insider trading policy, then the term of such option or SAR shall expire on the 30th day after the expiration of such prohibition), (2) if the holder’s service terminates by reason of death or disability (as defined in the 2019 incentive plan), his or her options or SARs shall remain exercisable for a period of at least one year following such termination (but not later than the scheduled expiration date) and (3) any termination of the holder’s service for “cause” (as defined in the 2019 incentive plan) will result in the immediate termination of all options and SARs and the forfeiture of all rights to any restricted shares, RSUs, retained distributions, unpaid dividend equivalents and related cash amounts held by such terminated holder. If a holder’s employment or service terminates due to death or disability, options and SARs will become immediately exercisable, and the restrictions on restricted shares and RSUs will lapse and become fully vested, unless individual agreements state otherwise. The effect on a cash award of the termination of a holder’s employment or service for any reason, other than for “cause” (as defined in the 2019 incentive plan), will be stated in the individual agreement.

Adjustments. The number and kind of shares of our common stock that may be awarded or otherwise made subject to awards under the 2019 incentive plan, the number and kind of shares of our common stock covered by outstanding awards and the purchase or exercise price and any relevant appreciation base with respect to any of the foregoing will be subject to appropriate adjustment as the compensation committee deems equitable, in its sole discretion, in the event (1) we subdivide the outstanding shares of any series of our common stock into a greater number of shares of such series of common stock, (2) we combine the outstanding shares of any series of our common stock into a smaller number of shares of such series of common stock or (3) there is a stock dividend,

extraordinary cash dividend, reclassification, recapitalization, reorganization, stock redemption, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase any series of our common stock, or any other similar corporate event (including mergers or consolidations, other than approved transactions (as defined in the 2019 incentive plan) for which other provisions are made pursuant to the 2019 incentive plan). In addition, in the event of a merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the compensation committee has the discretion to (i) provide, prior to the transaction, for the acceleration of vesting and exercisability, or lapse of restrictions, with respect to the awards, or in the case of a cash merger, termination of unexercised awards, or (ii) cancel such awards and deliver cash to holders based on the fair market value of such awards as determined by the compensation committee, in a manner that is in compliance with the requirements of Section 409A of the Code. If the purchase price of options or the base price of SARs, as applicable, is greater than the fair market value of such options or SARs, the options or SARs may be canceled for no consideration.

Amendment and Termination. The 2019 incentive plan will terminate on the fifth anniversary of the plan's effective date (which is expected to be May 23, 2019, assuming that the 2019 incentive plan is approved by our stockholders) unless earlier terminated by the compensation committee. The compensation committee may suspend, discontinue, modify or amend the 2019 incentive plan at any time prior to its termination, except that outstanding awards may not be amended to reduce the purchase or base price of outstanding options or SARs. However, before an amendment may be made that would adversely affect a participant who has already been granted an award, the participant's consent must be obtained.

U.S. FEDERAL INCOME TAX CONSEQUENCES OF AWARDS GRANTED UNDER THE 2019 INCENTIVE PLAN

The following is a summary of the U.S. federal income tax consequences that generally will arise with respect to awards granted under the 2019 incentive plan and with respect to the sale of any shares of our common stock acquired under the 2019 incentive plan. This general summary does not purport to be complete, does not describe any state, local or non-U.S. tax consequences, and does not address issues related to the tax circumstances of any particular recipient of an award under the 2019 incentive plan.

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

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

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

A holder who is an employee will be subject to withholding for federal, and generally for state and local, income taxes at the time the holder recognizes income under the rules described above with respect to the cash or the shares of our common stock received pursuant to awards. Dividends that are received by a holder prior to the time that the restricted shares are taxed to the holder under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis of a holder in the shares of our common stock received will equal the amount recognized by the holder as compensation income under the rules described in the preceding paragraph, and the holder's holding period in such shares will commence on the date income is so recognized.

Certain Tax Code Limitations on Deductibility. In order for us to deduct the amounts described above, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses. The ability to obtain a deduction for awards under the 2019 incentive plan could also be limited by Section 280G of the Code, which provides that certain excess parachute payments made in connection with a change in control of an employer are not deductible. The ability to obtain a deduction for amounts paid under the 2019 incentive plan could also be affected by Section 162(m) of the Code, which limits the deductibility, for U.S. federal income tax purposes, of compensation paid to certain employees to \$1 million during any taxable year. Following the enactment of the Tax Cuts and Jobs Act of 2017, beginning with the 2018 calendar year, the executives potentially affected by the limitations of Section 162(m) of the Code have been expanded and there is no longer any exception for qualified performance-based compensation. The transition rules in effect for binding contracts in effect on November 2, 2017 provides that performance-based awards will maintain their exemption from the \$1 million annual deduction limitation for so long as such contracts are not materially modified, even though the compensation deduction for such awards would not occur until after 2017. However, portions of the compensation we pay to the named executive officers may not be deductible due to the application of Section 162(m) of the Code. Our compensation committee believes that the lost deduction on compensation payable in excess of the \$1 million limitation for the named executive officers is not material relative to the benefit of being able to attract and retain talented management.

Code Section 409A. Section 409A of the Code generally provides that any deferred compensation arrangement must satisfy specific requirements, both in operation and in form, regarding (1) the timing of payment, (2) the advance election of deferrals, and (3) restrictions on the acceleration of payment. Failure to comply with Section 409A of the Code may result in the early taxation (plus interest) to the participant of deferred compensation and the imposition of a 20% penalty on the participant on such deferred amounts included in the participant's income. We intend to structure awards under the 2019 incentive plan in a manner that is designed to be exempt from or comply with Section 409A of the Code.

NEW PLAN BENEFITS

Due to the nature of the 2019 incentive plan and the discretionary authority afforded the compensation committee in connection with the administration thereof, we cannot determine or predict the value, number or type of awards to be granted pursuant to the 2019 incentive plan.

Prior to the date of this proxy statement, we have not granted any awards under the 2019 incentive plan with respect to shares of our common stock.

VOTE AND RECOMMENDATION

The affirmative vote of a majority of the combined voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, is required to approve the 2019 incentive plan proposal.



**Our board of directors unanimously recommends a vote
"FOR" the approval of the Liberty TripAdvisor Holdings, Inc.
2019 Omnibus Incentive Plan.**

MANAGEMENT AND GOVERNANCE MATTERS

EXECUTIVE OFFICERS

The following lists the executive officers of our company (other than Gregory B. Maffei, our Chairman of the Board, President and Chief Executive Officer, and Albert E. Rosenthaler, Chief Corporate Development Officer of our company, each of whom also serve as directors of our company and who are listed under “Proposals of Our Board—Proposal 1—The Election of Directors Proposal”), their ages and a description of their business experience, including positions held with our company.

Name	Positions
Richard N. Baer Age: 62	Mr. Baer has served as Chief Legal Officer of our company, Liberty Media, Qurate Retail and Liberty Broadband since January 2016, Liberty Expedia since March 2016 and GCI Liberty since March 2018. He previously served as a Senior Vice President and General Counsel of our company from July 2013 to December 2015, Qurate Retail and Liberty Media from January 2013 to December 2015 and Liberty Broadband from June 2014 to December 2015. Previously, Mr. Baer served as Executive Vice President and Chief Legal Officer of UnitedHealth Group Incorporated from May 2011 to December 2012. He served as Executive Vice President and General Counsel of Qwest Communications International Inc. from December 2002 to April 2011 and Chief Administrative Officer from August 2008 to April 2011.
Brian J. Wendling Age: 46	Mr. Wendling has served as a Senior Vice President and Chief Financial Officer of our company since January 2016. He previously served as Vice President and Controller of our company from August 2014 to December 2015. He also has served as Senior Vice President and Controller of Liberty Media, Qurate Retail and Liberty Broadband since January 2016 and GCI Liberty since March 2018 and Senior Vice President of Liberty Expedia since March 2016. He previously served as Vice President and Controller of Liberty Media (including its predecessor) from November 2011 to December 2015, Qurate Retail from November 2011 to December 2015 and Liberty Broadband from October 2014 to December 2015. Prior thereto, Mr. Wendling held various positions with Liberty Media and Qurate Retail and their predecessors since 1999.

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

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

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish us with copies of all Section 16 forms they file.

Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments to those forms furnished to us during our most recent fiscal year and written representations made to us by our executive officers and directors, we believe that, during the year ended December 31, 2018, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten-percent beneficial owners were met.

CODE OF ETHICS

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

DIRECTOR INDEPENDENCE

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

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

BOARD COMPOSITION

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

BOARD LEADERSHIP STRUCTURE

Gregory B. Maffei currently serves as our Chairman of the Board, President and Chief Executive Officer (principal executive officer) and is responsible for identifying and implementing strategic initiatives as well as providing executive leadership. Our board believes that our President and Chief Executive Officer is best suited to serve as Chairman of the Board because he is the director most familiar with our company’s business and industry, and most capable of effectively identifying strategic priorities for our company, leading the board in discussions regarding our business and strategic direction, and focusing the board on execution of strategy. Independent directors and management have different perspectives and roles in strategy development. Our independent directors bring experience, oversight and expertise from outside our company and industry, while our President and Chief Executive Officer brings significant financial and operational experience based on his past and present senior policy making positions as a director and/or executive officer at our company and other large public companies. Our board believes that the combined role of Chairman of the Board and President and Chief Executive Officer promotes strategy development and execution, and facilitates information flow between management and the board. In light of the active involvement by our independent directors, our board has not named a lead independent director.

BOARD ROLE IN RISK OVERSIGHT

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

COMMITTEES OF THE BOARD OF DIRECTORS

Executive Committee

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

Compensation Committee

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

In August 2014, the spin-off of our company (formerly a wholly-owned subsidiary of Qurate Retail) from Qurate Retail was completed (the **Spin-Off**). In connection with the Spin-Off, we entered into a Services Agreement, dated August 27, 2014, with Liberty Media (the **services agreement**), pursuant to which Liberty Media provides us with administrative, executive and management services. The compensation committee evaluates the services fee under the services agreement on at least an annual basis. In addition, the compensation committee may approve incentive awards or other forms of compensation to employees of Liberty Media who are providing services to our company, which employees include our executive officers. However, the compensation committee determined not to grant such compensation for 2018.

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

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

Compensation Committee Report

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

Submitted by the Members of the Compensation Committee

Larry E. Romrell
Michael J. Malone
J. David Wargo

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee during 2018 is or has been an officer or employee of our company, or has engaged in any related party transaction in which our company was a participant.

Nominating and Corporate Governance Committee

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

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

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

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

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

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

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

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

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

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

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

The members of our nominating and corporate governance committee have determined that Messrs. Romrell and Wargo, who are nominated for election at the annual meeting, continue to be qualified to serve as directors of our company and such nomination was approved by the entire board of directors.

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

Audit Committee

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

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

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

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

Audit Committee Report

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

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

Our audit committee has reviewed and discussed with management and KPMG LLP our most recent audited consolidated financial statements, as well as management’s assessment of the effectiveness of our internal control over financial reporting and KPMG LLP’s evaluation of the effectiveness of our internal control over financial reporting. Our audit committee has also discussed with KPMG LLP the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 1301, Communications with Audit Committees, including that firm’s judgment about the quality of our accounting principles, as applied in its financial reporting.

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

Based on the reviews, discussions and other considerations referred to above, our audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018 (the **2018 Form 10-K**), which was filed on February 22, 2019 with the SEC.

Submitted by the Members of the Audit Committee

Chris Mueller
Michael J. Malone
J. David Wargo

Other

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

BOARD MEETINGS

During 2018, there were four meetings of our full board of directors, no meetings of our executive committee, three meetings of our compensation committee, one meeting of our nominating and corporate governance committee and five meetings of our audit committee.

DIRECTOR ATTENDANCE AT ANNUAL MEETINGS

Our board of directors encourages all members of the board to attend the 2019 annual meeting of our stockholders and to attend future annual meetings of our stockholders. Three of our six directors attended our 2018 annual meeting of stockholders.

STOCKHOLDER COMMUNICATION WITH DIRECTORS

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

EXECUTIVE SESSIONS

In 2018, the independent directors of our company, then serving, met at two executive sessions without management participation.

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

EXECUTIVE COMPENSATION

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

- Gregory B. Maffei, our Chairman of the Board, President and Chief Executive Officer; and
- Brian J. Wendling, our Senior Vice President and Chief Financial Officer.

Pursuant to the services agreement (as described below), employees of Liberty Media perform management services for our company for a monthly fee payable to Liberty Media, which is reviewed quarterly by the audit committees of our company and Liberty Media. As described above, our executive officers are comprised of Messrs. Maffei, Baer, Rosenthaler and Wendling, each of whom is an employee of Liberty Media and provides executive services to our company under the services agreement. Our executive officers are not separately compensated by our company other than with respect to any equity awards relating to our common stock that our compensation committee may determine to grant. Our named executive officers did not receive any equity awards relating to our common stock in 2018. Because we did not pay any cash compensation or grant any equity awards to Messrs. Baer and Rosenthaler with respect to 2018, Messrs. Baer and Rosenthaler are not considered “named executive officers” of our company for purposes of the Exchange Act and the rules adopted by the SEC.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Overview

Services Agreement

In connection with the Spin-Off, we entered into the services agreement with Liberty Media in August 2014, pursuant to which Liberty Media provides to our company certain administrative and management services, and we pay Liberty Media a monthly management fee, the amount of which is subject to semi-annual review (and at least an annual review by our compensation committee). As a result, employees, including our named executive officers, who provide services to our company pursuant to the services agreement are not separately compensated by our company other than with respect to equity awards with respect to our common stock. See “—Changes for 2019” below for information concerning equity awards that were granted to our named executive officers in 2019.

For the year ended December 31, 2018, we accrued management fees payable to Liberty Media under the services agreement of \$3.2 million.

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

Mr. Maffei did not have any role in making compensation decisions for the year ended December 31, 2018.

As a result of the management fee paid to Liberty Media, the compensation committee does not expect to provide any cash compensation to the executive officers, rather it may determine to compensate the executive officers with equity incentive compensation. Prospectively, Mr. Maffei may make recommendations with respect to any equity compensation to be awarded to our executive officers. It is expected that our Chief Executive Officer, in making any related recommendations to our compensation committee, will evaluate the performance and contributions of each of our executive officers, given his respective area of responsibility, and, in doing so, will consider various qualitative factors such as:

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

At the 2018 annual stockholder meeting, stockholders representing a majority of the aggregate voting power of Liberty TripAdvisor present and entitled to vote on its say-on-pay proposal voted in favor of, on an advisory basis, Liberty TripAdvisor’s executive compensation, as disclosed in our proxy statement for the 2018 annual meeting of stockholders. No material changes were implemented to our executive compensation program as a result of this vote. In addition, at the 2015 annual meeting of stockholders, stockholders elected to hold a say-on-pay vote every three years.

Equity Incentive Compensation

None of our executive officers, including our named executive officers, received any equity incentive compensation from our company during 2018. The equity awards held by our named executive officers and reported below in “—Outstanding Equity Awards at Fiscal Year-End” (other than the stock options granted to Mr. Maffei in 2014 after the Spin-Off) were issued as a result of the anti-dilution adjustments applied to their outstanding equity awards relating to Qurate Retail’s former Liberty Ventures common stock at the time of the completion of the Spin-Off, including their outstanding multi-year grants described below.

Consistent with our compensation philosophy, our compensation committee believes in aligning the interests of the named executive officers with those of our stockholders. This will ensure that our executives have a continuing stake in our long-term success. In furtherance of this philosophy, in 2019, our compensation committee granted stock options to Mr. Maffei and RSUs to Messrs. Maffei, Baer, Rosenthaler and Wendling, which are described in “—Changes for 2019” below.

The Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015), as amended (the **2014 incentive plan**), provides for the grant of a variety of incentive awards, including stock options, restricted shares, RSUs, SARs and performance awards. Our compensation committee has a preference for grants of stock options and awards of restricted stock or RSUs (as compared with other types of available awards under the 2014 incentive plan) based on the belief that they better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee that stock options be awarded with an exercise price equal to fair market value on the date of grant, typically measured by reference to the closing price on the grant date.

Prior to the Spin-Off, the Qurate Retail compensation committee (and prior to September 2011 when Liberty Media’s former parent company was split off from its former parent company, Qurate Retail, the Qurate Retail compensation committee) determined to make larger grants (equaling approximately four to five years’ value of the annual grants made in years prior to 2009) that vest between four and five years after grant, rather than making annual grants over the same period. These multi-year stock option grants provide for back-end weighted vesting and generally expire seven to ten years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders. In that regard, multi-year awards were granted to our executive officers prior to 2014, including to our named executive officers, and, accordingly, the multi-year awards were adjusted in connection with the Spin-Off pursuant to the anti-dilution provisions of the incentive plans under which they were granted.

Changes for 2019

As discussed above, our executive officers perform management services for our company pursuant to the services agreement, and since the Spin-Off in 2014, we have not separately compensated our executive officers for these services, other than to grant a stock option award to Mr. Maffei in 2014. In addition, Liberty TripAdvisor has not incurred any of the costs of the equity awards granted by Liberty Media to its executive officers who provide services to our company. Following a review of this practice, our compensation committee determined to grant the equity awards to Messrs. Maffei, Baer, Rosenthaler and Wendling described below after considering the Liberty Media compensation committee’s request that our company grant a proportionate share of the aggregate equity grant value given to each named executive officer each year for their service to our company and each of Liberty Media, Qurate Retail, Liberty Broadband and GCI Liberty. The proportionate share for each company was determined based 50% on relative market capitalization and 50% on relative time spent by Liberty Media employees on services for our company.

In March 2019, our compensation committee granted 26,557 options to purchase LTRPB shares to Mr. Maffei, which vest on December 31, 2019, and expire on March 6, 2026, and RSUs with respect to 35,253 LTRPB shares to Mr. Maffei, 4,407 LTRPA shares to Mr. Baer, 3,290 LTRPA shares to Mr. Rosenthaler and 1,442 LTRPA shares to Mr. Wendling (collectively, the **2019 RSUs**). Our CEO will determine the extent to which the 2019 RSUs will vest for Messrs. Baer, Rosenthaler and Wendling and recommend such payout to our compensation committee. Our compensation committee will also consult with the Liberty Media compensation committee regarding Mr. Maffei’s performance and vesting of his 2019 RSUs. However, notwithstanding this joint effort, our compensation committee retains sole discretion with respect to approving the extent to which the named executive officers’ 2019 RSUs will vest.

Policy on Restatements

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

SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/18)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gregory B. Maffei Chairman of the Board, President and Chief Executive Officer	2018	—	—	—	—	—	—	—	—
	2017	—	—	—	—	—	—	—	—
	2016	—	—	—	—	—	—	—	—
Brian J. Wendling Senior Vice President and Chief Financial Officer	2018	—	—	—	—	—	—	—	—
	2017	—	—	—	—	—	—	—	—
	2016	—	—	—	—	—	—	—	—

EXECUTIVE COMPENSATION ARRANGEMENTS

Gregory B. Maffei

Option Grant

On December 21, 2014, Mr. Maffei received a one-time grant of 1,797,107 options to purchase shares of LTRPB at an exercise price of \$27.83 per share (the **2014 Options**). One-half of the 2014 Options vested on the fourth anniversary of the grant date with the remaining 2014 Options vesting on the fifth anniversary of the grant date, in each case, subject to Mr. Maffei being employed on the applicable vesting date. The 2014 Options have a term of ten years. Pursuant to the services agreement, as an employee of Liberty Media, Mr. Maffei provides services to our company and is not separately compensated by our company other than with respect to equity awards with respect to our common stock.

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

Equity Incentive Plans

The 2014 incentive plan is designed to provide additional remuneration to officers, employees, nonemployee directors and independent contractors for service to our company and to encourage those persons’ investment in our company. Non-qualified stock options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing may be granted under the 2014 incentive plan (collectively, as used in this description of the 2014 incentive plan, **awards**). The maximum number of shares of our common stock with

respect to which awards may be granted is 6,700,000, subject to anti-dilution and other adjustment provisions of the 2014 incentive plan. With limited exceptions, under the 2014 incentive plan, no person may be granted in any calendar year awards covering more than 2,000,000 shares of our common stock, subject to anti-dilution and other adjustment provisions of the 2014 incentive plan. In addition, no person may receive payment for cash awards during any calendar year in excess of \$10 million and no nonemployee director may be granted during any calendar year awards having a value (as determined on the grant date of such award) in excess of \$3 million. Shares of our common stock issuable pursuant to awards will be made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. The 2014 incentive plan is administered by the compensation committee with regard to all awards granted under the 2014 incentive plan (other than awards granted to the nonemployee directors), and the compensation committee has full power and authority to determine the terms and conditions of such awards. The 2014 incentive plan is administered by the full board of directors with regard to all awards granted under the 2014 incentive plan to nonemployee directors, and the full board of directors has full power and authority to determine the terms and conditions of such awards. If the 2019 incentive plan is approved, it will be the only incentive plan under which awards will be made, and no additional awards will be made under the 2014 incentive plan.

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

Pay Ratio Information

We are providing the following information about the relationship of the median annual total compensation of our employees and the total compensation of Mr. Maffei, our chief executive officer on December 31, 2018, pursuant to the SEC’s pay ratio disclosure rules set forth in Item 402(u) of Regulation S-K. We believe our pay ratio is a reasonable estimate calculated in a manner consistent with the SEC’s pay ratio disclosure rules. However, because these rules provide flexibility in determining the methodology, assumptions and estimates used to determine pay ratios and the fact that workforce composition issues differ significantly between companies, our pay ratio may not be comparable to the pay ratios reported by other companies.

To identify our median employee, we first determined our employee population as of December 31, 2018, which consisted of employees located in the U.S., Europe and throughout the rest of the world, representing all full-time, part-time, seasonal and temporary employees, including hourly employees, employed by our company and our consolidated subsidiary, TripAdvisor, on that date. Using information from our payroll records, we then measured each employee’s annual total compensation for calendar year 2018, consisting of base salary, short-term bonus at target and long-term equity incentive award at target. TripAdvisor annualized the compensation of approximately 730 full-time and part-time employees who were hired in 2018 but who did not work for the entire year. The earnings of TripAdvisor’s employees outside the U.S. were converted to U.S. dollars using the currency exchange rates used for TripAdvisor’s organizational planning purposes, which consider historic and forecasted rates as well as other factors. We did not make any cost-of-living or full-time equivalent adjustments.

Once we identified our median employee, we then determined that employee’s total compensation, including any perquisites and other benefits, in the same manner that we determined the total compensation of our named executive officers for purposes of the Summary Compensation Table above. The ratio of our chief executive officer’s total annual compensation to that of the median employee was as follows:

Chief Executive Officer Total Annual Compensation	\$ 0
Median Employee Total Annual Compensation	\$102,763
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	0:1

GRANTS OF PLAN-BASED AWARDS

No plan-based incentive awards were granted during the year ended December 31, 2018 to the named executive officers.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table contains information regarding unexercised options that were outstanding as of December 31, 2018 and held by the named executive officers. Messrs. Maffei and Wendling did not have any unvested stock awards as of December 31, 2018.

Name	Option awards			
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price (\$)	Option expiration date
Gregory B. Maffei				
<i>Option Awards</i>				
LTRPB	898,553	898,554 ⁽¹⁾	27.83	12/21/2024
Brian J. Wendling				
<i>Option Awards</i>				
LTRPA	16,303	—	14.11	3/19/2020

(1) Vests on December 21, 2019.

OPTION EXERCISES AND STOCK VESTED

Our named executive officers did not exercise any options to purchase shares of our common stock during 2018. In addition, none of our named executive officers held stock awards relating to our common stock that vested during 2018.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The following table sets forth the potential payments to our named executive officers if their employment with our company had terminated or a change in control had occurred, in each case, as of December 31, 2018, which was the last business day of our last completed fiscal year. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the tables are based on the closing market prices on December 31, 2018 for our Series A common stock and Series B common stock, which were \$15.89 and \$18.93, respectively. Because the exercise price of the 2014 Options was more than the closing market price of LTRPB shares on December 31, 2018, Mr. Maffei's 2014 Options have been excluded from the table below.

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

Voluntary Termination

Each of the named executive officers holds equity awards that were issued under the transitional plan, and Mr. Maffei holds the 2014 Options which were issued under the 2014 incentive plan. Under these plans and the related award agreements, in the event of a voluntary termination of his employment with our company for any reason, each named executive officer would only have a right to the equity grants that vested prior to his termination date. Mr. Maffei and Mr. Wendling are not entitled to any severance payments or other benefits upon a voluntary termination of his respective employment for any reason. The foregoing discussion assumes that the named executive officers voluntarily terminated his respective employment without good reason. See “—Termination Without Cause or for Good Reason” below for a discussion of potential payments and benefits upon a named executive officer's voluntary termination of his employment for good reason.

Termination for Cause

All outstanding equity grants constituting options, whether unvested or vested but not yet exercised, under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei in the case of equity grants constituting vested options or similar rights) who is terminated for “cause.” Unless there is a different definition in the applicable award agreement, both the transitional plan (which governs the awards other than the 2014 Options) and the 2014 incentive plan define “cause” as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform his duties and responsibilities for any reason other than illness or incapacity; provided that, if such termination is within 12 months after a change in control (as described below), “cause” means a felony conviction for fraud, misappropriation or embezzlement. With respect to Mr. Maffei's equity grants, including the 2014 Options, “cause,” as defined in the applicable award agreement, means (i) Mr. Maffei's willful failure to follow the lawful instructions of the board of directors of our company; (ii) the commission by Mr. Maffei of any fraud, misappropriation or misconduct that causes demonstrable material injury to our company or its subsidiaries; (iii) Mr. Maffei's conviction of, or plea of guilty or nolo contendere to, a felony; or (iv) Mr. Maffei's failure to comply in any material respect with any written agreement between him and our company or any of our subsidiaries if such failure causes demonstrable material injury to our company or any of our subsidiaries, except that Mr. Maffei is entitled to certain procedural and cure rights relating to a termination for cause, except in the case of a termination for cause based on a felony conviction. Mr. Maffei has certain continuing rights under his award agreements, including for his 2014 Options, to exercise vested options following a termination for “cause.” See “—Executive Compensation Arrangements.”

Termination Without Cause or for Good Reason

Pursuant to the award agreement for the 2014 Options, Mr. Maffei's 2014 Options are subject to acceleration upon a termination of his employment without cause or for good reason. See “—Executive Compensation Arrangements—Gregory B. Maffei” above for additional entitlements. Mr. Maffei is not entitled to any severance pay or other benefits upon a termination without cause or for good reason.

Mr. Wendling does not have any unvested equity awards, and he is not entitled to any severance pay or other benefits upon a termination without cause.

Death

In the event of death of any of the named executive officers, the incentive plans and applicable award agreements provide for vesting in full of any outstanding options. See “Executive Compensation Arrangements” above. None of the named executive officers is entitled to any severance pay or other benefits upon a termination due to death.

Disability

If the employment of any of the named executive officers is terminated due to disability, which is defined in the incentive plans or applicable award agreements, such plans or agreements provide for vesting in full of any outstanding options. See “Executive Compensation Arrangements” above. None of the named executive officers is entitled to any severance pay or other benefits upon a termination due to disability.

Change in Control

In case of a change in control, the incentive plans provide for vesting in full of any outstanding options held by the named executive officers. A change in control is generally defined as:

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

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

Benefits Payable Upon Termination or Change-in-Control

Name	Voluntary Termination Without Good Reason (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
Gregory B. Maffei						
Options	— ⁽¹⁾	—	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Brian J. Wendling						
Options	29,019 ⁽²⁾	—	29,019 ⁽²⁾	29,019 ⁽²⁾	29,019 ⁽²⁾	29,019 ⁽²⁾
Total	<u>29,019</u>	<u>—</u>	<u>29,019</u>	<u>29,019</u>	<u>29,019</u>	<u>29,019</u>

(1) Mr. Maffei’s 2014 Options have been excluded as the exercise price of the 2014 Options was more than the closing market price of LTRPB shares on December 31, 2018. See the “Outstanding Equity Awards at Fiscal Year-End” table and “—Termination Without Cause or for Good Reason” above.

(2) Based on the number of vested options held by Mr. Wendling at December 31, 2018. See the “Outstanding Equity Awards at Fiscal Year-End” table and “—Termination Without Cause or for Good Reason” above.

DIRECTOR COMPENSATION

NONEMPLOYEE DIRECTORS

Director Fees

Each of our directors who is not an employee of, or service provider to, our company is paid an annual fee of \$156,000 (which we refer to as the **director fee**) for 2019 (\$153,000 for 2018), of which fee each director was permitted to elect to receive 50%, 75% or 100% of such director fee in RSUs or options to purchase LTRPA, which will vest one year from the grant date, with the remainder payable in cash. The awards issued to our directors with respect to their service on our board in 2018 were issued in December 2017. See “—Director RSU Grants” and “—Director Option Grants” below for information on the incentive awards granted in 2018 to the nonemployee directors with respect to service on our board in 2019. Fees for service on our audit committee, compensation committee, executive committee and nominating and corporate governance committee are the same for 2018 and 2019. With respect to our audit committee, compensation committee and nominating and corporate governance committee, each member thereof receives an additional annual fee of \$15,000, \$10,000 and \$10,000, respectively, for his participation on each such committee, except that the chairman of each such committee instead receives an additional annual fee of \$25,000, \$15,000 and \$15,000, respectively, for his participation on that committee. With respect to our executive committee, each member thereof who is not an employee of, or service provider to, our company receives an additional annual fee of \$5,000 for his participation on that committee. The cash portion of the director fees and the fees for participation on committees are payable quarterly in arrears.

Equity Incentive Plans

As discussed above, awards granted to our nonemployee directors under the 2014 incentive plan are currently administered by our full board of directors. Our board of directors has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The 2014 incentive plan is designed to provide additional remuneration to our nonemployee directors and independent contractors, among others, and to encourage their investment in our capital stock, thereby increasing their proprietary interest in our business. Our board of directors may grant non-qualified stock options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing under the 2014 incentive plan.

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

Director RSU Grants

Pursuant to our director compensation policy described above and the 2014 incentive plan, on December 6, 2018, Mr. Mueller was granted RSUs with respect to 6,806 shares of LTRPA. The RSUs will vest on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability and, unless our board of directors determines otherwise, will be forfeited if the grantee resigns or is removed from the board before the vesting date.

Director Option Grants

Pursuant to our director compensation policy described above and the 2014 incentive plan, on December 6, 2018, Mr. Romrell was granted options to purchase 11,870 LTRPA shares and Messrs. Malone and Wargo were each granted options to purchase 23,739 LTRPA shares, all of which had an exercise price equal to \$19.51, which was the closing price of such stock on the grant date. The options will become exercisable on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and, unless our board determines otherwise, will be terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date, or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.

Stock Ownership Guidelines

In March 2016, our board of directors adopted stock ownership guidelines that require each nonemployee director to own shares of our company’s stock equal to at least 1.5 times the value of the nonemployee director fee. Nonemployee directors will have five years from the later of (i) the effective date of the guidelines and (ii) the nonemployee director’s initial appointment to our board to comply with these guidelines.

DIRECTOR COMPENSATION TABLE

Name ⁽¹⁾	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽²⁾⁽³⁾	Option Awards (\$) ⁽²⁾⁽⁴⁾	All other compensation (\$)	Total (\$)
Michael J. Malone	35,000	—	209,626	—	244,626
Chris Mueller	106,500	132,785	—	—	239,285
Larry E. Romrell	101,500	—	104,817	—	206,317
Albert E. Rosenthaler	—	—	—	—	—
J. David Wargo	40,000	—	209,626	—	249,626

- (1) Gregory B. Maffei, the Chairman of the Board of our company and a named executive officer, and Albert E. Rosenthaler, who is Chief Corporate Development Officer of our company, received no compensation for serving as directors of our company during 2018.
- (2) As of December 31, 2018, our directors (other than Mr. Maffei, whose equity awards are listed in “Executive Compensation—Outstanding Equity Awards at Fiscal Year-End” above) held the following equity awards:

	Michael J. Malone	Chris Mueller	Larry E. Romrell	Albert E. Rosenthaler	J. David Wargo
Options (#)					
LTRPA	90,370	35,446	56,881	33,263	90,370
RSUs (#)					
LTRPA	—	6,806	—	—	—

- (3) Reflects the grant date fair value of RSUs awarded to Mr. Mueller, which has been computed based on the closing price of LTRPA shares on the grant date in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures.
- (4) The aggregate grant date fair value of the stock option awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 9 to our consolidated financial statements for the year ended December 31, 2018 (which are included in our 2018 Form 10-K).

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2018 with respect to shares of our common stock authorized for issuance under our equity compensation plans.

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 available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
<i>Equity compensation plans approved by security holders:</i>			
Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015), as amended			4,623,020 ⁽¹⁾
LTRPA	273,067	\$16.09	
LTRPB	1,797,107	\$27.83	
<i>Equity compensation plans not approved by security holders:</i>			
Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan, as amended⁽²⁾			— ⁽²⁾
LTRPA	297,254	\$14.76	
LTRPB	—	—	
Total			
LTRPA	<u>570,321</u>		
LTRPB	<u>1,797,107</u>		
			<u>4,623,020</u>

- (1) The 2014 incentive plan permits grants of, or with respect to, shares of any series of our common stock, subject to a single aggregate limit.
- (2) The transitional plan was previously approved by our board of directors and our former parent company, Qurate Retail, as sole stockholder, in connection with the Spin-Off. The transitional plan governs the terms and conditions of awards with respect to our company's common stock that were granted in connection with adjustments made to awards granted by Qurate Retail with respect to its former Liberty Ventures common stock. As a result, no further grants are permitted under this plan.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

LETTER AGREEMENT WITH MR. MAFFEI

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

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

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

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

The standstill limitations cease to apply (i) if our company fails (subject to certain exceptions) to comply with our obligation to include Mr. Maffei (or his designee) on the Management Slate for election as a director (other than at Mr. Maffei’s request or because of Mr. Maffei’s refusal to accept such nomination), (ii) if Mr. Maffei ceases to serve as Chief Executive Officer of our company other than as a result of his resignation without Good Reason (as defined in the grant agreement related to the 2014 Options (the **Option Agreement**)), his Disability (as defined in the Option Agreement) or his termination for Cause (as defined in the Option Agreement), or (iii) if Mr. Maffei (or his designee) ceases to be a director of our company, other than (A) due to his refusal to serve as a director of our company or to propose a designee in his place, (B) due to his (or his designee’s) resignation, (C) due to Mr. Maffei’s election not to submit a replacement candidate for appointment or (D) during a period following Mr. Maffei’s resignation so long as our company is working in good faith to appoint a replacement designee of Mr. Maffei. The standstill limitations also cease to apply upon the occurrence of certain events set forth in the Standstill Letter, including our company entering into discussions regarding a transaction that would, if consummated, be reasonably likely to result in a Change of Control (unless Mr. Maffei has been released from such restrictions to the extent reasonably necessary for him to fully participate in any discussions (in his capacity as a stockholder) and to offer or propose alternative transactions involving himself and his Controlled Affiliates and third parties) or a third party commences a tender or exchange offer for at least 50.1% of our common stock which would result in a Change of Control of our company and which offer is not opposed by our company.

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

STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2019 which will take place on May 23, 2019. Based solely on the date of our 2019 annual meeting and the date of this proxy statement, (i) a stockholder proposal must be submitted in writing to our Corporate Secretary and received at our executive offices at 12300 Liberty Boulevard, Englewood, Colorado 80112, by the close of business on December 24, 2019 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2020 (the **2020 annual meeting**), and (ii) a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, must be received at our executive offices at the foregoing address not earlier than February 21, 2020 and not later than March 24, 2020 to be considered for presentation at the 2020 annual meeting. We currently anticipate that the 2020 annual meeting will be held during the second quarter of 2020. If the 2020 annual meeting takes place more than 30 days before or 30 days after May 23, 2020 (the anniversary of the 2019 annual meeting), a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, will instead be required to be received at our executive offices at the foregoing address not later than the close of business on the tenth day following the first day on which notice of the date of the 2020 annual meeting is communicated to stockholders or public disclosure of the date of the 2020 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2020 annual meeting.

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

ADDITIONAL INFORMATION

We file periodic reports, proxy materials and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. You may also inspect such filings on the Internet website maintained by the SEC at www.sec.gov. Additional information can also be found on our website at www.libertytripadvisorholdings.com. (Information contained on any website referenced in this proxy statement is not incorporated by reference in this proxy statement.) **If you would like to receive a copy of our 2018 Form 10-K, or any of the exhibits listed therein, please call or submit a request in writing to Investor Relations, Liberty TripAdvisor Holdings, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (844) 826-8736, and we will provide you with the 2018 Form 10-K without charge, or any of the exhibits listed therein upon the payment of a nominal fee (which fee will be limited to the expenses we incur in providing you with the requested exhibits).**

LIBERTY TRIPADVISOR HOLDINGS, INC. 2019 OMNIBUS INCENTIVE PLAN

ARTICLE I

Purpose of Plan; Effective Date

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

1.2 *Effective Date.* The Plan shall be effective as of May 23, 2019 (the "Effective Date").

ARTICLE II

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Dividend Equivalents” means, with respect to Restricted Stock Units, to the extent specified by the Committee only, an amount equal to all dividends and other distributions (or the economic equivalent thereof) which are payable to stockholders of record during the Restriction Period on a like number and kind of shares of Common Stock. Notwithstanding any provision of the Plan to the contrary, Dividend Equivalents with respect to a Performance Award may only be paid to the extent the Performance Award is actually paid to the Holder.

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

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

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

“Fair Market Value” of a share of any series of Common Stock on any day means (i) for Option and SAR exercise transactions effected on any third-party incentive award administration system provided by the Company, the current high bid price of a share of any series of Common Stock as reported on the consolidated transaction reporting system on the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by OTC Markets Group Inc., (ii) for the purpose of determining the tax withholding due upon the vesting or settlement of Restricted Shares or Restricted Stock Units and the related purpose of valuing shares withheld from such Awards to satisfy tax withholding obligations, the closing price for a share of such series of Common Stock on the trading day next preceding the day that such Award vests as reported on the consolidated transaction reporting system for the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by OTC Markets Group Inc., or (iii) for all other purposes under the Plan, the closing price of a share of such series of Common Stock on such day (or if such day is not a trading day,

on the next preceding trading day) all as reported on the consolidated transaction reporting system for the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by OTC Markets Group Inc. If for any day the Fair Market Value of a share of the applicable series of Common Stock is not determinable by any of the foregoing means, or if there is insufficient trading volume in the applicable series of Common Stock on such trading day, then the Fair Market Value for such day shall be determined in good faith by the Committee on the basis of such quotations and other considerations as the Committee deems appropriate.

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

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

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

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

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

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

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

“Plan” means this Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan.

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

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

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

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

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

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

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

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

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

ARTICLE III

Administration

3.1 *Committee.* The Plan shall be administered by the Compensation Committee of the Board unless a different committee is appointed by the Board. The Committee shall be comprised of not less than two Persons. The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously

appointed, may fill vacancies in the Committee and may remove members of the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum and all determinations shall be made by a majority of such quorum. Any determination reduced to writing and signed by all of the members shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held.

3.2 Powers. The Committee shall have full power and authority to grant to eligible Persons Options under Article VI of the Plan, SARs under Article VII of the Plan, Restricted Shares under Article VIII of the Plan, Restricted Stock Units under Article VIII of the Plan, Cash Awards under Article IX of the Plan and/or Performance Awards under Article IX of the Plan, to determine the terms and conditions (which need not be identical) of all Awards so granted, to interpret the provisions of the Plan and any Agreements relating to Awards granted under the Plan and to supervise the administration of the Plan. The Committee in making an Award may provide for the granting or issuance of additional, replacement or alternative Awards upon the occurrence of specified events, including the exercise of the original Award. The Committee shall have sole authority in the selection of Persons to whom Awards may be granted under the Plan and in the determination of the timing, pricing and amount of any such Award, subject only to the express provisions of the Plan. In making determinations hereunder, the Committee may take into account the nature of the services rendered by the respective employees, officers, independent contractors and directors, their present and potential contributions to the success of the Company and its Subsidiaries, and such other factors as the Committee in its discretion deems relevant.

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

3.4 Awards to Nonemployee Directors. The Board shall have the same powers as the Committee with respect to awards to Nonemployee Directors and may exercise such powers in lieu of action by the Committee.

ARTICLE IV

Shares Subject to the Plan

4.1 Number of Shares. Subject to the provisions of this Article IV, the maximum number of shares of Common Stock with respect to which Awards may be granted during the term of the Plan shall be 5,000,000 shares. Shares of Common Stock will be made available from the authorized but unissued shares of the Company or from shares reacquired by the Company, including shares purchased in the open market. The shares of Common Stock subject to (i) any Award granted under the Plan that shall expire, terminate or be cancelled or annulled for any reason without having been exercised (or considered to have been exercised as provided in Section 7.2), (ii) any Award of any SARs granted under the Plan the terms of which provide for settlement in cash, and (iii) any Award of Restricted Shares or Restricted Stock Units under the Plan that shall be forfeited prior to becoming vested (provided that the Holder received no benefits of ownership of such Restricted Shares or Restricted Stock Units other than voting rights and the accumulation of Retained Distributions and unpaid Dividend Equivalents that are likewise forfeited) shall again be available for purposes of the Plan. Notwithstanding the foregoing, the following shares of Common Stock may not again be made available for issuance as Awards under the Plan: (a) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding Option or SAR, (b) shares of Common Stock used to pay the purchase price or withholding taxes related to an outstanding Award, or (c) shares of Common Stock repurchased on the open market with the proceeds of an Option purchase price. No Nonemployee Director may be granted during any calendar year Awards having a value determined on the date of grant that would be in excess of \$3 million.

4.2 Adjustments.

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

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

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

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

ARTICLE V

Eligibility

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

ARTICLE VI

Stock Options

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

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

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

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

6.5 *Manner of Exercise.*

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

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

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

ARTICLE VII

SARs

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

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

Value of a share of the applicable series of Common Stock with respect to which the Tandem SAR was granted on the date of exercise over the related Option purchase price per share, and (ii) the related Option with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the Tandem SAR was so exercised.

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

7.4 Consideration. The consideration to be received upon the exercise of a SAR by the Holder shall be paid in cash, shares of the applicable series of Common Stock with respect to which the SAR was granted (valued at Fair Market Value on the date of exercise of such SAR), a combination of cash and such shares of the applicable series of Common Stock or such other consideration, in each case, as provided in the Agreement. No fractional shares of Common Stock shall be issuable upon exercise of a SAR, and unless otherwise provided in the applicable Agreement, the Holder will receive cash in lieu of fractional shares. Unless the Committee shall otherwise determine, to the extent a Free Standing SAR is exercisable, it will be exercised automatically for cash on its expiration date.

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

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

ARTICLE VIII

Restricted Shares And Restricted Stock Units

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

8.2 Issuance of Restricted Shares. An Award of Restricted Shares shall be registered in a book entry account (the "Account") in the name of the Holder to whom such Restricted Shares shall have been awarded. During the Restriction Period, the Account, any statement of ownership representing the Restricted Shares that may be issued during the Restriction Period and any securities constituting Retained Distributions shall bear a restrictive legend to

the effect that ownership of the Restricted Shares (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms and conditions provided in the Plan and the applicable Agreement.

8.3 Restrictions with Respect to Restricted Shares. During the Restriction Period, Restricted Shares shall constitute issued and outstanding shares of the applicable series of Common Stock for all corporate purposes. The Holder will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions, as the Committee may designate, paid or distributed on such Restricted Shares, and to exercise all other rights, powers and privileges of a Holder of shares of the applicable series of Common Stock with respect to such Restricted Shares; except, that, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder will not be entitled to delivery of the Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled or waived; (ii) the Company or its designee will retain custody of the Restricted Shares during the Restriction Period as provided in Section 8.2; (iii) other than such dividends and distributions as the Committee may designate, the Company or its designee will retain custody of all distributions (“Retained Distributions”) made or declared with respect to the Restricted Shares (and such Retained Distributions will be subject to the same restrictions, terms and vesting, and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account; (iv) the Holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Shares or any Retained Distributions or such Holder’s interest in any of them during the Restriction Period; and (v) a breach of any restrictions, terms or conditions provided in the Plan or established by the Committee with respect to any Restricted Shares or Retained Distributions will cause a forfeiture of such Restricted Shares and any Retained Distributions with respect thereto.

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

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

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

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

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

ARTICLE IX

Cash Awards and Performance Awards

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

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

9.3 Performance Objectives. The grant or vesting of a Performance Award shall be subject to the achievement of Performance Objectives over a performance period established by the Committee based upon one or more business criteria that apply to the Holder, one or more business units, divisions or Subsidiaries of the Company or the applicable sector of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies. Such business criteria may include, among others: increased revenue; net income measures (including income after capital costs and income before or after taxes); stock price measures (including growth measures and total stockholder return); price per share of Common Stock; market share; earnings per share (actual or targeted growth); earnings before interest, taxes, depreciation and amortization (EBITDA); operating income before depreciation and amortization (OIBDA); economic value added (or an equivalent metric); market value added; debt to equity ratio; cash flow measures (including cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities); return measures (including return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes and production efficiency); expense measures (including overhead cost and general and administrative expense); margins; stockholder value; total stockholder return; proceeds from dispositions; total market value and corporate values measures (including ethics compliance, environmental and safety). Unless otherwise stated, such a Performance Objective need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). The Committee shall have the authority to determine whether the Performance Objectives and other terms and conditions of the Award are satisfied.

ARTICLE X

General Provisions

10.1 *Acceleration of Awards.*

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

(b) *Approved Transactions; Board Change; Control Purchase.* In the event of any Approved Transaction, Board Change or Control Purchase, notwithstanding any contrary waiting period, installment period, vesting schedule or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise:

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

10.2 *Termination of Employment or Service.*

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

Agreement. For the avoidance of doubt, in the discretion of the Committee, an Award may provide that a Holder's service shall be deemed to have continued for purposes of the Award while a Holder provides services to the Company, any Subsidiary, or any former affiliate of the Company or any Subsidiary.

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

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

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

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

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

10.6 *Nontransferability.* Unless otherwise determined by the Committee and expressly provided for in an Agreement, Awards are not transferable (either voluntarily or involuntarily), before or after a Holder's death, except as follows: (a) during the Holder's lifetime, pursuant to a Domestic Relations Order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or any applicable Agreement, and in a form

acceptable to the Committee; or (b) after the Holder's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Awards are transferred in accordance with the provisions of the preceding sentence shall take such Awards subject to all of the terms and conditions of the Plan and any applicable Agreement.

10.7 *Termination and Amendment.*

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

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

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

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

10.10 *Nonexclusivity of the Plan.* The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

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

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

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

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

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

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

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

expiration of six months from the Holder's separation from service, (2) the date of the Holder's death, or (3) such earlier date as complies with the requirements of Code Section 409A.

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

10.19 *Clawback Policy*. Notwithstanding any other provisions in this Plan, any Award shall be subject to recovery or clawback by the Company under any clawback policy adopted by the Company in accordance with SEC regulations or other applicable law, as amended or superseded from time to time.

10.20 *Stock Ownership Guidelines*. Any Award shall be subject to any applicable stock ownership guidelines adopted by the Company, as amended or superseded from time to time.

FORWARD LOOKING STATEMENTS

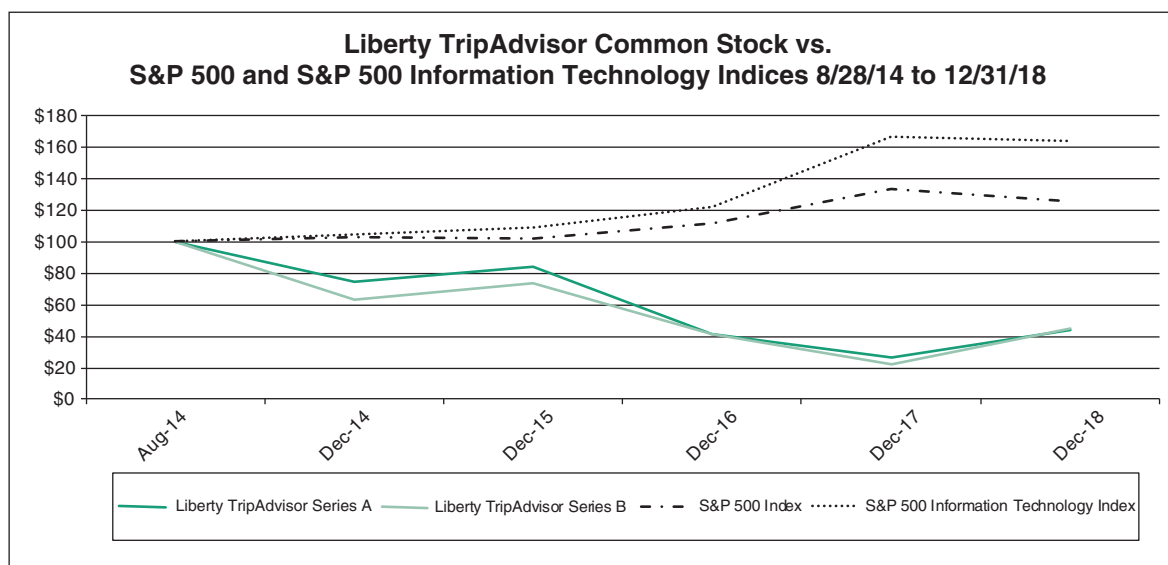
Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new product and service offerings; the recoverability of our goodwill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

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

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind any risk factors identified and other cautionary statements contained in our publicly filed documents, including our most recent Forms 10-K and 10-Q. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement. This Annual Report includes information concerning TripAdvisor, a public company in which we have a controlling interest that files reports and other information with the SEC in accordance with the Securities Exchange Act of 1934, as amended. Information contained in this Annual Report concerning TripAdvisor has been derived from the reports and other information filed by it with the SEC. If you would like further information about TripAdvisor, the reports and other information it files with the SEC can be accessed on the Internet website maintained by the SEC at www.sec.gov. Those reports and other information are not incorporated by reference in this Annual Report.

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on an investment in Liberty TripAdvisor Series A and Series B common stock from August 28, 2014 (the day Liberty TripAdvisor began trading “regular-way” following its spin-off from Liberty Interactive Corporation) through December 31, 2018 to the S&P 500 Index and S&P 500 Information Technology Index.



	8/28/2014	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Liberty TripAdvisor Series A	\$100.00	\$ 74.72	\$ 84.28	\$ 41.81	\$ 26.18	\$ 44.14
Liberty TripAdvisor Series B	\$100.00	\$ 63.48	\$ 73.48	\$ 41.67	\$ 22.38	\$ 45.07
S&P 500 Index	\$100.00	\$103.11	\$102.36	\$112.12	\$133.90	\$125.55
S&P 500 Information Technology Index	\$100.00	\$104.53	\$108.99	\$122.06	\$167.11	\$164.41

Note: Trading data for the Series B shares is limited as they are thinly traded.

FINANCIAL INFORMATION

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

Market Information

Our Series A and Series B common stock trade on the Nasdaq Global Select Market under the symbols “LTRPA” and “LTRPB,” respectively. Stock price information for securities traded on the Nasdaq Global Select Market can be found on the Nasdaq’s website at www.nasdaq.com. The following table sets forth the range of high and low sales prices of shares of our Series B common stock for the years ended December 31, 2018 and 2017. Although our Series B common stock is traded on the Nasdaq Global Select Market, an established published trading market does not exist for the stock, as it is not actively traded.

	Liberty TripAdvisor Holdings, Inc.	
	Series B	
	High	Low
<i>2017</i>		
First quarter	\$ 17.50	13.50
Second quarter	\$ 16.60	11.30
Third quarter	\$ 14.00	11.40
Fourth quarter	\$ 13.90	9.35
<i>2018</i>		
First quarter	\$ 12.42	9.00
Second quarter	\$ 17.05	9.40
Third quarter	\$ 18.00	13.60
Fourth quarter	\$ 21.98	14.75

Holdings

As of January 31, 2019, there were approximately 892 and 50 record holders of our Series A and Series B common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

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

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to our definitive proxy statement for our 2019 Annual Meeting of stockholders.

Purchases of Equity Securities by the Issuer

There were no repurchases of our common stock during the three months ended December 31, 2018. No shares of our common stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended December 31, 2018.

Selected Financial Data.

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. Certain prior period amounts have been reclassified for comparability with current year presentation. The following data should be read in conjunction with our consolidated financial statements.

	December 31,				
	2018	2017	2016	2015	2014
<i>Summary Balance Sheet Data:</i>					
	amounts in millions				
Cash and cash equivalents	\$ 672	695	654	644	509
Intangible assets not subject to amortization (1)	\$ 3,709	3,717	5,476	5,492	5,510
Intangible assets subject to amortization, net	\$ 311	382	487	625	841
Total assets	\$ 5,224	5,484	7,282	7,285	7,366
Long-term debt	\$ 267	704	555	620	662
Deferred income tax liabilities	\$ 325	332	659	719	808
Total stockholders' equity	\$ 336	424	803	808	897
Noncontrolling interest	\$ 3,400	3,329	4,621	4,628	4,450
	Years ended December 31,				
	2018	2017	2016	2015	2014
<i>Summary Statement of Operations Data:</i>					
	amounts in millions, except per share amounts				
Revenue	\$ 1,615	1,569	1,532	1,565	1,329
Impairment of intangible assets (1)	\$ —	(1,798)	—	(2)	(2)
Operating income (loss)	\$ 128	(1,792)	23	15	68
Interest expense	\$ (26)	(25)	(25)	(28)	(13)
Realized and unrealized gains (losses) on financial instruments, net	\$ (59)	24	53	2	1
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (64)	(397)	21	(40)	(22)
Basic net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. stockholders per common share:					
Series A and Series B common stock	\$ (0.86)	(5.29)	0.28	(0.53)	(0.30)
Diluted earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. stockholders per common share:					
Series A and Series B common stock	\$ (0.86)	(5.29)	0.28	(0.53)	(0.30)

(1) During the year ended December 31, 2017, TripCo recorded \$1,798 million of impairment losses related to trademarks and goodwill that were initially recorded in conjunction with the acquisition of TripAdvisor.

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

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

See note 2 in the accompanying consolidated financial statements for an overview of new accounting standards that we have adopted or that we plan to adopt that have had or may have an impact on our financial statements.

Overview

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries ("Liberty") (subsequently renamed Qurate Retail, Inc. ("Qurate Retail")) authorized a plan to distribute to the stockholders of Liberty's Liberty Ventures common stock shares of a wholly-owned subsidiary Liberty TripAdvisor Holdings, Inc. ("TripCo" or the "Company") (the "TripCo Spin-Off"). TripCo holds its subsidiary TripAdvisor, Inc. ("TripAdvisor") and held its former subsidiary, BuySeasons, Inc. ("BuySeasons") until BuySeasons was sold on June 30, 2017. The TripCo Spin-Off was completed on August 27, 2014 and was effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The tax-free TripCo Spin-Off has been accounted for at historical cost due to the pro rata nature of the distribution to shareholders of Liberty Ventures common stock.

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

Our "Corporate and Other" category includes our interest in BuySeasons, until its disposition on June 30, 2017, and corporate expenses.

Strategies and Challenges

Executive Summary

Results for TripCo are largely dependent upon the operating performance of TripAdvisor. Therefore, the executive summary below contains the strategies and challenges of TripAdvisor for an understanding of the business objectives of TripAdvisor.

TripAdvisor's Growth Strategy

TripAdvisor's mission is to help people around the world plan, book and experience the perfect trip. TripAdvisor seeks to deliver on this mission by: increasing and leveraging its rich, user-generated content and global brand to attract consumers to TripAdvisor websites and mobile apps; delivering the best consumer experience throughout all phases of the travel journey from inspiration and travel-planning, to trip-taking and sharing the experience; deepening its relationships with travel partners by providing them an array of advertising opportunities to generate qualified leads or hotel shoppers TripAdvisor passes along to travel partners; and investing in technology, product development, marketing, and other strategic areas that TripAdvisor believes can improve the TripAdvisor experience and improve its long-term business prospects.

- ***Drive consumer engagement with TripAdvisor's platform.*** TripAdvisor is a globally-recognized travel brand built on travel reviews and travel research. A large, global travel audience leverages TripAdvisor's rich content to discover, plan, and book travel experiences. TripAdvisor seeks to further amplify its global brand by raising consumer awareness for – and engagement with – its end-to-end product offerings, such as the ability to seamlessly research, price compare, book and share travel experiences on its platform.

- ***Deliver the best consumer experience possible on its platform.*** TripAdvisor believes delivering consumers a more holistic, end-to-end product experience is critically important for the long-term health of its business. TripAdvisor has invested – and will continue to invest – in product enhancements that ensure TripAdvisor gives consumers an assistive experience throughout all phases of the travel journey – from inspiration and discovery, to researching, price shopping and booking, to finding and booking things to do and places to eat, to sharing.
- ***Deepen relationships with its travel partners.*** TripAdvisor’s large, global audience makes it an attractive platform for listing and advertising opportunities that helps generate impressions, brand awareness, qualified leads and bookings for travel partners. TripAdvisor believes that growing the number of listings and bookable supply, especially in its in-destination Experiences and Restaurants businesses, enables consumers not only to find and book the perfect trip, but also enables partners to drive transactions for their business. TripAdvisor also provides business-to-business services – including subscription-based advertising services, such as TripAdvisor’s Business Advantage for hoteliers and Premium for Restaurants, which are advertising opportunities and marketing analytics tools – that are designed to help TripAdvisor’s partners attract customers, more effectively manage their presence on TripAdvisor, and grow their business.
- ***Invest in technology and product.*** TripAdvisor prioritizes rapid product-testing and speed to market as it seeks to deliver consumers a richer experience. TripAdvisor launches new product features on its websites and mobile apps on a regular product release cycle. Also, during the year ended December 31, 2018, more than half of its average monthly unique visitors came from mobile phones, according to TripAdvisor’s log files. TripAdvisor has invested – and will continue to invest – to improve the features, functionality, consumer engagement, and commercialization of its offerings on all devices to meet, and hopefully, exceed, evolving consumer needs and expectations.

Current Trends Affecting TripAdvisor’s Business

The online travel industry is large and growing and remains highly dynamic and competitive.

Hotel

Over the past year, TripAdvisor has focused on delivering a great product experience and optimizing its paid marketing investments and profit as it drives for long-term, profitable growth. Marketing optimizations have impacted revenue growth, but have successfully generated significant profit growth and margin expansion compared to 2017.

On the product side, TripAdvisor continues to make product enhancements that TripAdvisor believes deliver consumers a more engaging, and comprehensive, hotel shopping experience. Content on travel destinations, properties and room types continues to grow; and TripAdvisor continues to make it easier for consumers to find the best room prices offered by its travel partners. TripAdvisor also continues to focus on increasing supply, and adding more properties from more travel partners. TripAdvisor believes that providing consumers a robust experience, with rich content and a comprehensive selection of accommodations helps increase brand awareness and brand loyalty, which, over time, can result in deeper consumer engagement with TripAdvisor’s platform, more qualified leads delivered to travel partners and higher monetization of its business.

TripsAdvisor seeks to maximize revenue per hotel shopper generated in its Hotel businesses. Revenue per hotel shopper performance improved throughout 2018 and increased 14% for the three months ended December 31, 2018, when compared to the same period in 2017, primarily due to metasearch auction stability throughout 2018 and progress along the aforementioned product enhancements and also marketing efforts, partially offset by the continued hotel shopper growth on mobile phones, which has a significantly lower revenue per hotel shopper compared to desktop and tablet.

TripsAdvisor looks to acquire hotel shoppers that meet or exceed TripAdvisor’s desired marketing return on investment targets on paid online marketing channels. Since mid-2017, TripAdvisor progressively increased profits from its Hotel businesses by significantly reducing investments in direct selling and marketing channels and re-investing some of the savings into brand advertising, or television advertising, in pursuit of TripAdvisor’s long-term strategic growth objectives. As expected, the optimized marketing, as well as product enhancements focused on increasing traffic quality,

has caused hotel shopper growth to slow and decline in recent periods; however, TripAdvisor's marketing portfolio optimizations reduced its total marketing expenses.

Consumers are increasingly using mobile phones to conduct ecommerce activity and mobile average monthly unique visitor growth continues to drive overall user growth on TripAdvisor's platform. TripAdvisor continues to support investments and product enhancements that improve the consumer experience, as opposed to maximizing the number of display advertising impressions it can sell in a given period. Historically, this preference has limited the number and type of display advertising opportunities TripAdvisor makes available to customers, which, in turn, has hampered TripAdvisor-branded display-based advertising revenue growth, particularly on mobile phones. However, TripAdvisor continues to explore product enhancements and media advertising products in order to deliver increased value to both consumers and travel partners, as well as generate more revenue for its business.

Other Hotel revenue, which consists primarily of hotel revenue from non-TripAdvisor branded sites, has decreased in recent periods primarily due to increased marketing efficiency from paid online marketing channels, which has reduced revenue and improved profit at its Hotel businesses. TripAdvisor has also taken certain steps to re-align operations within some of these other Hotel brands which have had a material adverse impact to revenue performance during 2018, while increasing Hotel profitability.

Non-Hotel

TripAdvisor's Non-Hotel businesses – Experiences, Restaurants and Rentals – enable consumers to discover and book great travel experiences across a diversified spectrum of travel offerings.

TripAdvisor's key priority in its Non-Hotel businesses remain revenue growth. To achieve this, TripAdvisor continues to invest in product, supply and marketing to improve the experience for consumers and suppliers on its platform. TripAdvisor believes scaling and presenting a greater selection of offerings will drive more bookings and marketing opportunities for more travel partners and will increase monetization on its platform.

During 2018, Non-Hotel revenue growth was driven by growth in consumer demand, bookable supply and bookings in TripAdvisor's Experiences and Restaurants businesses. Rentals revenue declined primarily due to competition in the alternative accommodations marketplace, as well as TripAdvisor's strategic resource re-allocation within Non-Hotel to Experiences and Restaurants.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our historical Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segment. The “corporate and other” category consists of those assets or businesses which we do not disclose separately,

such as BuySeasons (through June 30, 2017). For a more detailed discussion and analysis of the financial results of the principal reporting segment, see “Results of Operations—TripAdvisor” below.

Operating Results

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
<i>Revenue</i>			
TripAdvisor	\$ 1,615	1,556	1,480
Corporate and other	—	13	52
Consolidated TripCo	<u>\$ 1,615</u>	<u>1,569</u>	<u>1,532</u>
<i>Operating Income (Loss)</i>			
TripAdvisor	\$ 138	(1,775)	47
Corporate and other	(10)	(17)	(24)
Consolidated TripCo	<u>\$ 128</u>	<u>(1,792)</u>	<u>23</u>
<i>Adjusted OIBDA</i>			
TripAdvisor	\$ 422	331	352
Corporate and other	(6)	(9)	(16)
Consolidated TripCo	<u>\$ 416</u>	<u>322</u>	<u>336</u>

Revenue. Our consolidated revenue increased \$46 million and \$37 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. Revenue for TripAdvisor increased \$59 million and \$76 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. Revenue for BuySeasons, the only consolidated subsidiary in Corporate and other until its disposition on June 30, 2017, decreased \$39 million for the year ended December 31, 2017, as compared to the corresponding prior period. The decrease in revenue for BuySeasons for the year ended December 31, 2017 as compared to the corresponding prior year period was attributable to declines in BuySeasons’ sales and the disposition of BuySeasons mid-year. See “Results of Operations—TripAdvisor” below for a more complete discussion of the results of operations of TripAdvisor.

Operating Income (Loss). Our consolidated operating income (loss) increased \$1,920 million and decreased \$1,815 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The primary driver of the changes in operating income for 2018 and 2017 was impairments of \$1,798 million related to goodwill and trademarks that were recorded in 2017 in conjunction with the acquisition of TripAdvisor. TripAdvisor’s stand-alone operating income increased \$59 million and decreased \$42 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. See “Results of Operations—TripAdvisor” below for a more complete discussion of the results of operations of TripAdvisor.

Operating losses for Corporate and other decreased \$7 million and \$7 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. These changes are primarily due to BuySeasons, which was sold on June 30, 2017.

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

with GAAP. See note 13 to the accompanying December 31, 2018 consolidated financial statements for a reconciliation of Adjusted OIBDA to operating income and earnings (loss) before income taxes.

Consolidated Adjusted OIBDA increased approximately \$94 million and decreased \$14 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. Adjusted OIBDA at TripAdvisor increased \$91 million and decreased \$21 million during the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. Adjusted OIBDA at Corporate and other increased \$3 million and \$7 million during the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods, primarily due to the disposition of BuySeasons in 2017. See “Results of Operations—TripAdvisor” below for a more complete discussion of the results of operations of TripAdvisor.

Other Income and Expense

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
<i>Interest expense</i>			
TripAdvisor.....	\$ (12)	(15)	(12)
Corporate and other	(14)	(10)	(13)
Consolidated TripCo	<u>\$ (26)</u>	<u>(25)</u>	<u>(25)</u>
<i>Realized and unrealized gains (losses) on financial instruments, net</i>			
TripAdvisor.....	\$ (3)	(1)	2
Corporate and other	(56)	25	51
Consolidated TripCo	<u>\$ (59)</u>	<u>24</u>	<u>53</u>
<i>Gain (loss) on dispositions, net</i>			
TripAdvisor.....	\$ —	—	—
Corporate and other	—	(18)	—
Consolidated TripCo	<u>\$ —</u>	<u>(18)</u>	<u>—</u>
<i>Other, net</i>			
TripAdvisor.....	\$ 5	2	(5)
Corporate and other	—	(1)	—
Consolidated TripCo	<u>\$ 5</u>	<u>1</u>	<u>(5)</u>

Interest expense. Interest expense increased \$1 million during the year ended December 31, 2018, when compared to the same period in 2017, related to higher average outstanding borrowings and effective interest rates on corporate debt during 2018, partially offset by lower average outstanding borrowings on TripAdvisor’s debt during the year ended December 31, 2018. TripAdvisor’s interest expense increased \$3 million for the year ended December 31, 2017, when compared to the same period in 2016, primarily due to an increase in interest incurred due to higher average outstanding borrowings and effective interest rates during 2017. Interest expense for corporate and other decreased \$3 million for the year ended December 31, 2017, when compared to the same period in 2016, due to lower interest rates on outstanding borrowings.

Realized and unrealized gains (losses) on financial instruments, net. Realized and unrealized gains (losses) on financial instruments, net is primarily comprised of the change in the fair value of the variable postpaid forward.

Gain (loss) on dispositions, net. On June 30, 2017, TripCo sold BuySeasons. The sale resulted in an \$18 million loss.

Other, net. The primary components of other, net are income and interest earned on money market funds and marketable securities offset by net foreign exchange losses. Other, net income increased \$4 million and \$6 million for the

years ended December 31, 2018 and 2017, respectively, when compared to the corresponding prior year periods, primarily due to transactions gains and losses at TripAdvisor as a result of the fluctuation of foreign exchanges rates.

Income taxes. The Company had income tax expense of \$57 million and income tax benefits of \$229 million and \$1 million for the years ended December 31, 2018, 2017, and 2016, respectively.

During 2018, the Company recognized additional tax expense related to the recognition of deferred tax liabilities for basis differences in the stock of a consolidated subsidiary and changes in unrecognized tax benefits. These expense items were partially offset by a net income tax benefit from earnings in foreign jurisdictions taxed at rates other than the 21% U.S. federal tax rate.

The Company recorded a discrete net tax benefit in the period ending December 31, 2017. This net benefit primarily consists of a net benefit for the corporate rate reduction, offset partially by a net tax expense related to a transition tax on the deemed repatriation of foreign earnings.

During 2016, the Company had income tax benefits from earnings in foreign jurisdictions taxed at rates other than the 35% U.S. federal tax rate, partially offset by changes in unrecognized tax benefits and changes in valuation allowance.

Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders. We had net losses attributable to Liberty TripAdvisor Holdings, Inc. shareholders of \$64 million, \$397 million and net earnings of \$21 million for the years ended December 31, 2018, 2017 and 2016, respectively. The changes in net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders were the result of the above-described fluctuations in our revenue, expenses and other gains and losses. Losses attributable to the noncontrolling interests increased during the year ended December 31, 2017 as a result of the goodwill and trademark impairment losses.

Liquidity and Capital Resources

As of December 31, 2018, substantially all of our cash and cash equivalents consist of cash on hand in global financial institutions, money market funds and marketable securities, with maturities of 90 days or less at the date purchased.

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

As of December 31, 2018, TripCo had a cash balance of \$672 million. Approximately \$655 million of the cash balance is held at TripAdvisor. Although TripCo has a 58% voting interest in TripAdvisor, TripAdvisor is a separate public company with a significant non-controlling interest, as TripCo has only a 22% economic interest in TripAdvisor. Even though TripCo controls TripAdvisor through its voting interest and board representation, decision making with respect to using TripAdvisor's cash balances must consider TripAdvisor's minority holders. Accordingly, any potential distributions of cash from TripAdvisor to TripCo would generally be on a pro rata basis based on economic ownership interests. Covenants in TripAdvisor's debt instruments also restrict the payment of dividends and cash distributions to stockholders. See note 7 to the accompanying consolidated financial statements. As of December 31, 2018, approximately \$237 million of TripCo cash is held by TripAdvisor foreign subsidiaries.

Cumulative undistributed earnings of foreign subsidiaries totaled approximately \$651 million as of December 31, 2018. During the year ended December 31, 2018, TripAdvisor made a one-time repatriation of \$325 million of foreign earnings to the United States primarily to repay its remaining outstanding debt under the 2015 Credit Facility. TripAdvisor intends to indefinitely reinvest the remaining foreign undistributed earnings. Should TripAdvisor distribute, or be treated under certain U.S. tax rules as having distributed, the earnings of foreign subsidiaries in the form of dividends or otherwise, TripAdvisor may be subject to U.S. income taxes or tax benefits. The amount of any unrecognized deferred income tax on this temporary difference is not material.

Historically, TripAdvisor's operating cash flows have been sufficient to fund its working capital requirements, capital expenditures and long term debt obligations and other financial commitments and are expected to be sufficient in future periods.

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Cash flow information			
TripAdvisor cash provided (used) by operating activities	\$ 405	238	321
Corporate and other cash provided (used) by operating activities	(5)	(19)	(20)
Net cash provided (used) by operating activities	<u>\$ 400</u>	<u>219</u>	<u>301</u>
TripAdvisor cash provided (used) by investing activities	\$ (49)	6	(163)
Corporate and other cash provided (used) by investing activities	—	(7)	(1)
Net cash provided (used) by investing activities	<u>\$ (49)</u>	<u>(1)</u>	<u>(164)</u>
TripAdvisor cash provided (used) by financing activities	\$ (358)	(200)	(143)
Corporate and other cash provided (used) by financing activities	—	1	33
Net cash provided (used) by financing activities	<u>\$ (358)</u>	<u>(199)</u>	<u>(110)</u>

During the year ended December 31, 2018, TripCo's primary use of cash was net debt repayments of \$238 million. This use of cash was funded primarily with cash on hand, cash provided by operations and approximately \$64 million in sales and maturities of short term investments and other marketable securities. During the year ended December 31, 2017, TripCo's primary use of cash was approximately \$250 million of share repurchases under TripAdvisor's authorized share repurchase program, as well as \$369 million in debt repayments, \$63 million in purchases of short term investments and other marketable securities and \$65 million of capital expenditures. These uses of cash were funded primarily with cash provided by operations, proceeds from sales and maturities of short term investments and other marketable securities and borrowings of debt. During the year ended December 31, 2016, TripCo's primary uses of cash were \$439 million in debt repayments, \$166 million in purchases of short term investments and other marketable securities, \$105 million of subsidiary share repurchases and \$73 million of capital expenditures. These uses of cash were funded primarily with cash provided by operations, proceeds from sales and maturities of short term investments and other marketable securities and borrowings of debt.

The projected use of TripCo's corporate cash will primarily be to pay fees (not expected to exceed \$4 million annually) to Liberty Media for providing certain services pursuant to the services agreement and the facilities sharing agreement, and to pay any other corporate level expenses and may also include repayment of the margin loans (discussed below). We anticipate that TripCo's corporate cash balance (without other financial resources potentially available as discussed above) to be sufficient to maintain operations through a refinancing arrangement on the margin loans and the variable postpaid forward. The debt service costs of two margin loan agreements (the "Margin Loan Agreements") entered into by our bankruptcy remote wholly-owned subsidiary are paid in kind and become outstanding principal. In addition, debt service costs accrue on the variable postpaid forward borrowing described in note 7 to the accompanying consolidated financial statements. At maturity, the accreted loan amount due is approximately \$272 million. At the maturity of the Margin Loan Agreements, in June 2019, a number of options are available to satisfy the obligation as discussed above in potential sources of liquidity.

TripAdvisor's available cash and marketable securities, combined with expected cash flows generated by operating activities and available cash from its credit facilities are expected to be sufficient to fund TripAdvisor's 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. TripAdvisor's future capital requirements may also include capital needs for acquisitions, share repurchases, and/or other expenditures in support of its business strategy, and may potentially reduce TripAdvisor's cash balance and/or increase its debt.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

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

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

	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
<i>Consolidated contractual obligations</i>					
Long-term debt, including current portion (1) . . .	\$ 494	222	272	—	—
Interest payments and commitment fees (2)(3) . . .	\$ 6	2	3	1	—
Lease obligations	\$ 193	25	49	43	76
Total	<u>\$ 693</u>	<u>249</u>	<u>324</u>	<u>44</u>	<u>76</u>

- (1) Amounts are stated at the face amount at maturity of our debt instruments. Amounts do not assume additional borrowings or refinancings of existing debt.
- (2) Amounts (i) are based on our outstanding debt at December 31, 2018, (ii) assume the interest rates on TripAdvisor's variable rate debt remains constant at the December 31, 2018 rates, (iii) assume the interest rates on TripCo's variable rate debt change based on forecasted LIBOR rates and (iv) assume that our existing debt is repaid at maturity.
- (3) Amounts reflect expected commitment fee payments based on the unused portion of the TripAdvisor Credit Facilities (as defined in note 7 in the accompanying consolidated financial statements), issued letters of credit, and current effective commitment fee rate as of December 31, 2018.

Critical Accounting Policies and Estimates

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

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

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

Our non-financial instrument valuations are primarily comprised of our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, such as trademarks and our evaluation of the recoverability of our

other long-lived assets upon certain triggering events and the initial recognition of such assets through the application of the purchase accounting method. If the carrying value of our definite lived intangible assets and long-lived assets exceeds their undiscounted cash flows, we are required to write the carrying value down to fair value. Any such writedown is included in impairment of long-lived assets in our consolidated statement of operations. A high degree of judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value.

As of December 31, 2018, the intangible assets not subject to amortization for each of our significant reportable segments was as follows:

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Total</u>
	amounts in millions		
TripAdvisor	\$ 2,443	1,266	3,709
Corporate and other	—	—	—
	<u>\$ 2,443</u>	<u>1,266</u>	<u>3,709</u>

We perform our annual assessment of the recoverability of our goodwill and other non-amortizable intangible assets during the fourth quarter, or more frequently, if events and circumstances indicate impairment may have occurred. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. The accounting guidance also allows entities the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period. In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis, the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior year for other purposes. If, based on the qualitative analysis, it is more likely than not that an impairment exists, the Company performs the quantitative impairment test.

During the fourth quarter of 2018, we performed a qualitative assessment for each reporting unit and concluded it was not more likely than not that an impairment existed. During the fourth quarter of 2017, we elected to bypass a qualitative assessment and proceed directly to performing a quantitative impairment test for our non-amortizable intangible assets and our hotel and non-hotel reporting units. The fair value of the non-amortizable intangible assets, which consist of indefinite-lived trademarks, was determined using the relief from royalty method. The fair values of the reporting units were determined using a combination of the income approach and the market approach. Due to certain marketplace factors impacting TripAdvisor’s operating results, which led to a decline in TripAdvisor’s stock price, impairments of \$527 million and \$1,271 million were recorded during the year ended December 31, 2017 related to trademarks and goodwill, respectively, related to the hotel reporting unit. There were no impairments during the year ended December 31, 2016.

Income Taxes

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

future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

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

Results of Operations—TripAdvisor

Our economic ownership interest in TripAdvisor is 22% and our results include the consolidated results of TripAdvisor and the elimination of approximately 78% of TripAdvisor's net income (loss), including purchase accounting adjustments, through the noncontrolling interest line item in the consolidated statements of operations. TripAdvisor is a separate publicly traded company and additional information about TripAdvisor can be obtained through its website and its public filings. We believe a discussion of TripAdvisor's results promotes a better understanding of overall results of their business. The results presented for TripAdvisor below include the impacts of acquisition accounting adjustments in the current and prior periods.

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Revenue			
Hotel	\$ 1,157	1,196	1,190
Non-Hotel	458	360	290
Total revenue	<u>1,615</u>	<u>1,556</u>	<u>1,480</u>
Operating expense, excluding stock-based compensation	309	275	274
SG&A, excluding stock-based compensation and legal settlement	884	950	854
Adjusted OIBDA	422	331	352
Legal settlement	5	—	—
Stock based compensation	118	96	85
Depreciation and amortization	161	212	220
Impairment of intangible assets	—	1,798	—
Operating income (loss)	<u>\$ 138</u>	<u>(1,775)</u>	<u>47</u>

Revenue

TripAdvisor's Hotel revenue decreased \$39 million and increased \$6 million during the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The changes in Hotel revenue are detailed as follows:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
TripAdvisor-branded click-based and transaction	\$ 722	756	750
TripAdvisor-branded display-based advertising and subscription	308	292	282
Other hotel revenue	127	148	158
Total Hotel revenue	<u>\$ 1,157</u>	<u>1,196</u>	<u>1,190</u>

TripAdvisor-branded click-based and transaction revenue includes cost-per-click (“CPC”) based advertising revenue from its TripAdvisor-branded websites as well as transaction-based revenue from its hotel instant booking feature. For the years ended December 31, 2018, 2017 and 2016, 62%, 63% and 63%, respectively, of TripAdvisor’s Hotel revenue was derived from its TripAdvisor-branded click-based and transaction revenue.

TripAdvisor-branded click-based and transaction revenue decreased \$34 million during the year ended December 31, 2018, when compared to the same period in 2017, primarily due to a decrease in revenue per hotel shopper of 2% and a decrease in average monthly unique hotel shoppers of 4% during the year ended December 31, 2018, according to TripAdvisor’s internal log files. TripAdvisor believes the decrease in revenue was primarily driven by travel partners bidding to lower CPCs in its click-based metasearch auction during the second half of 2017, which created difficult year-over-year growth comparisons during the first half of 2018, as well as a greater percentage of hotel shoppers visiting TripAdvisor-branded websites and apps on mobile phones, which was partially offset by TripAdvisor’s success in product improvements and increasing traffic quality.

TripAdvisor-branded click-based and transaction revenue increased \$6 million during the year ended December 31, 2017, when compared to the same period in 2016, primarily due to an increase in average monthly unique hotel shoppers of 10%, which was largely offset by a decrease of 9% in revenue per hotel shopper during the year ended December 31, 2017, according to TripAdvisor’s internal log files. TripAdvisor believes the primary drivers of decreases in revenue per hotel shopper were partners bidding to lower CPCs in TripAdvisor’s click-based metasearch auction during the second half of the year, and the general trend of a greater percentage of hotel shoppers visiting TripAdvisor-branded websites and apps on mobile phones. TripAdvisor believes the increases in aggregate average monthly unique hotel shoppers was primarily due to the general trend of an increasing number of hotel shoppers visiting TripAdvisor websites on mobile phones, as well as growth in its paid online marketing channels.

For the years ended December 31, 2018, 2017 and 2016, 27%, 24% and 24%, respectively, of TripAdvisor’s Hotel revenue was derived from TripAdvisor-branded display-based advertising and subscription revenue, which primarily consists of revenue from display-based advertising and subscription-based hotel advertising revenue. TripAdvisor-branded display-based advertising and subscription revenue increased by \$16 million or 5%, during the year ended December 31, 2018, when compared to the same period in 2017, primarily attributable to revenue from TripAdvisor’s new media ad product during 2018, which enables hotels to enhance their visibility on TripAdvisor hotel pages. The increase was partially offset by the general trend of an increasing percentage of TripAdvisor’s traffic visiting its websites on mobile phones, which yields smaller impression opportunities due to the smaller screen size. TripAdvisor-branded display-based advertising and subscription revenue increased by \$10 million or 4% during the year ended December 31, 2017, when compared to the same period in 2016. The increase in display-based advertising revenue in 2017 was primarily due to an increase in impressions sold, as well as an increase in pricing, partially offset by the general trend of an increasing percentage of TripAdvisor’s traffic visiting TripAdvisor websites on mobile phones, in addition to hotel industry consolidation.

Other hotel revenue primarily includes revenue from non-TripAdvisor branded websites, such as bookingbuddy.com, cruisecritic.com, onetime.com, and smartertravel.com, primarily through click-based advertising and display-based advertising. Other hotel revenue decreased by \$21 million and \$10 million during the years ended December 31, 2018 and 2017, respectively, when compared to the same periods in 2017 and 2016, primarily due to increased marketing efficiency from paid online marketing channels, and in 2018, increased with the elimination of some marginal

and unprofitable revenue within these offerings, in addition to the realignment of certain capital resources within the Hotel businesses. These steps have resulted in increased profitability within the Hotel businesses; however, these changes have had an adverse impact to TripAdvisor's other Hotel revenue performance in 2018 and 2017.

For the years ended December 31, 2018, 2017 and 2016, TripAdvisor's Non-Hotel revenue accounted for 28%, 23% and 20%, respectively, of TripAdvisor's total consolidated revenue. TripAdvisor's Non-Hotel revenue increased by \$98 million or 27% and \$70 million or 24%, for the years ended December 31, 2018 and 2017, respectively, when compared to the same periods in 2017 and 2016, respectively, driven by Experiences and Restaurants, as TripAdvisor continues its investment in product, bookable supply and marketing.

Experiences continued to generate strong revenue due to increased growth in bookings, which was primarily driven by an increased and greater selection of bookable supply, and growth in demand from bookings sourced by TripAdvisor. Another contributing factor was the key feature improvements made to the shopping experience, which improvements are ongoing. In addition, TripAdvisor launched a new supplier platform during the fourth quarter of 2018, which increased the efficiency with which suppliers can participate and market their bookable experiences, thereby offering consumers a greater selection of travel activities and experiences. Continued strong revenue growth in Restaurants was primarily due to seated diner growth, mobile bookings growth, user experience improvements, and increased bookable supply of restaurant listings as well as increased revenue from TripAdvisor websites. Rentals' revenue decreased during the year ended December 31, 2018, when compared to the same period in 2017, primarily due to increasing competition in the alternative accommodations marketplace and the strategic re-allocation of resources within the Non-Hotel businesses to support growth in Experiences and Restaurants, and to a lesser extent, the continued migration of TripAdvisor's subscription model to its free-to-list model. Revenue in TripAdvisor's Rentals business decreased slightly during the year ended December 31, 2017, when compared to the same period in 2016, primarily due to the continued migration of TripAdvisor's subscription model to its free-to-list model, in addition to a slower growth rate in its free-to-list revenue than 2016.

Operating Expense

The most significant drivers of operating expense are technology and content costs, which increased by \$21 million during the year ended December 31, 2018 when compared to the same period in 2017, primarily due to increased personnel and overhead costs, primarily as a result of an increase to headcount to support the business growth in TripAdvisor's Non-Hotel businesses, as well as an increase in software and other professional licensing costs. Technology and content costs were flat during the year ended December 31, 2017 when compared to the same period in 2016, primarily due to a decrease in content translation costs, offset by increased personnel and overhead costs to support TripAdvisor's mobile phone and website initiatives, as well as to support business growth.

Selling and Marketing

Selling and marketing expenses primarily consist of direct costs, including traffic generation costs from search engine marketing, or "SEM", and other online traffic acquisition costs, syndication costs and affiliate program commissions, social media costs, brand advertising, television and other offline advertising, promotions and public relations. In addition, indirect sales and marketing expense consists of personnel and overhead expenses, including salaries, commissions, benefits, bonuses for sales, sales support, customer support and marketing employees.

Total selling and marketing costs decreased \$71 million during the year ended December 31, 2018 when compared to the same period in 2017, primarily due to decreased SEM and online traffic acquisition costs in TripAdvisor's Hotel businesses, partially offset by an increase in its Hotel television advertising campaign spend of \$40 million during the year ended December 31, 2018, and by an increase in online and offline advertising costs in its Non-Hotel businesses during the year ended December 31, 2018, when compared to the same period in 2017, as well as increased personnel and overhead costs due to an increase in headcount to support business growth.

Total selling and marketing costs increased \$92 million during the year ended December 31, 2017 when compared to the same period in 2016, primarily due to costs incurred related to the launch of a new television campaign in June of 2017, as well as an increase in SEM and other online traffic acquisition costs in TripAdvisor's Hotel businesses, during

the first half of 2017, partially offset by a decrease in other advertising costs. TripAdvisor spent \$74 million on its television advertising campaign during the year ended December 31, 2017 attributable to its Hotel businesses, which it did not incur during the year ended December 31, 2016.

General and Administrative

General and administrative expense consists primarily of personnel and related overhead costs, including leadership, finance, legal and human resource functions and stock-based compensation as well as professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense and non-income taxes, such as sales, use and other non-income related taxes.

General and administrative expenses increased \$10 million during the year ended December 31, 2018, when compared to the same period in 2017, primarily due to increased professional service fees and, to a lesser extent, increased bad debt expense.

General and administrative expenses increased \$4 million during the year ended December 31, 2017, when compared to the same period in 2016, primarily due to increased personnel and overhead costs and bad debt expense, offset by decreased personal services fees, consulting costs and non-income taxes.

Stock-based compensation

Stock-based compensation increased \$22 million and \$11 million for the years ended December 31, 2018 and 2017, respectively, when compared to the same period in the prior year due to continued grants of stock options.

Quantitative and Qualitative Disclosures about Market Risk.

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

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We expect to manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We expect to achieve this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of December 31, 2018, our debt is comprised of the following amounts:

	<u>Variable rate debt</u>		<u>Fixed rate debt</u>	
	<u>Principal amount</u>	<u>Weighted avg interest rate</u>	<u>Principal Amount</u>	<u>Weighted avg interest rate</u>
	amounts in millions			
TripCo debt	\$ 220	4.8 %	267	1.3 %

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

Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty TripAdvisor Holdings, Inc. are included herein, beginning on Page F-22.

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

None.

Controls and Procedures.

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls

and procedures were effective as of December 31, 2018 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

See page F-18 for Management's Report on Internal Control Over Financial Reporting.

See page F-19 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Liberty TripAdvisor Holdings, Inc.'s (the "Company") management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of 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 and procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2018, using the criteria in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation the Company's management believes that, as of December 31, 2018, its internal control over financial reporting is effective.

The Company's independent registered public accounting firm that audited the consolidated financial statements and disclosures in the Annual Report has issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears on page F-19 of this Annual Report.

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Liberty TripAdvisor Holdings, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2018, 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, 2018, 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, 2018 and 2017, the related consolidated statements of operations, comprehensive earnings (loss), cash flows and equity for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements), and our report dated February 22, 2019 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

Denver, Colorado
February 22, 2019

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Liberty TripAdvisor Holdings, Inc. and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive earnings (loss), cash flows and equity for each of the years in the three-year period ended December 31, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, 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, 2018, 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 22, 2019 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.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Denver, Colorado
February 22, 2019

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Balance Sheets

December 31, 2018 and 2017

	2018	2017
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 672	695
Accounts receivable and contract assets, net of allowance for doubtful accounts of \$21 million and \$16 million, respectively	212	230
Other current assets	48	120
Total current assets.	932	1,045
Property and equipment, at cost	234	226
Accumulated depreciation	(80)	(61)
	154	165
Intangible assets not subject to amortization (note 6):		
Goodwill	2,443	2,445
Trademarks	1,266	1,272
	3,709	3,717
Intangible assets subject to amortization, net (note 6)	311	382
Other assets, at cost, net of accumulated amortization	118	175
Total assets	\$ 5,224	5,484

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Balance Sheets (Continued)

December 31, 2018 and 2017

	2018	2017
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Deferred merchant and other payables	\$ 179	164
Accrued liabilities	144	135
Current portion of debt (note 7)	220	7
Deferred revenue	63	60
Other current liabilities	7	6
Total current liabilities	613	372
Long-term debt (note 7)	267	704
Deferred income tax liabilities (note 8)	325	332
Other liabilities	283	323
Total liabilities	1,488	1,731
<i>Equity</i>		
Preferred stock, \$.01 par value. Authorized 50,000,000 shares; no shares issued. . .	—	—
Series A common stock, \$.01 par value. Authorized 200,000,000 shares; issued and outstanding 72,146,903 at December 31, 2018 and 72,127,285 at December 31, 2017.....	1	1
Series B common stock, \$.01 par value. Authorized 7,500,000 shares; issued and outstanding 2,929,777 at December 31, 2018 and 2017.....	—	—
Series C common stock, \$.01 par value. Authorized 200,000,000 shares; no shares issued.	—	—
Additional paid-in capital	231	250
Accumulated other comprehensive earnings (loss), net of taxes	(29)	(23)
Retained earnings	133	196
Total stockholders' equity	336	424
Noncontrolling interests in equity of subsidiaries	3,400	3,329
Total equity	3,736	3,753
Commitments and contingencies (note 12)		
Total liabilities and equity	\$ 5,224	5,484

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statements of Operations

Years ended December 31, 2018, 2017 and 2016

	2018	2017	2016
	amounts in millions, except per share amounts		
Service revenue	\$ 1,615	1,556	1,480
Other revenue	—	13	52
Total revenue, net	1,615	1,569	1,532
Operating costs and expenses:			
Operating expense, including stock-based compensation (note 2 and 9) . . .	361	329	369
Selling, general and administrative, including stock-based compensation (note 2 and 9)	966	1,021	918
Depreciation and amortization	160	213	222
Impairment of intangible assets (note 6)	—	1,798	—
	1,487	3,361	1,509
Operating income	128	(1,792)	23
Other income (expense):			
Interest expense	(26)	(25)	(25)
Realized and unrealized gains (losses) on financial instruments, net	(59)	24	53
Gain (loss) on dispositions, net (note 1)	—	(18)	—
Other, net	5	1	(5)
	(80)	(18)	23
Earnings (loss) before income taxes	48	(1,810)	46
Income tax (expense) benefit (note 8)	(57)	229	1
Net earnings (loss)	(9)	(1,581)	47
Less net earnings (loss) attributable to the noncontrolling interests	55	(1,184)	26
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (64)	(397)	21
Basic net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 2):	\$ (0.86)	(5.29)	0.28
Diluted net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 2):	\$ (0.86)	(5.29)	0.28

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.
Consolidated Statements of Comprehensive Earnings (Loss)
Years ended December 31, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	amounts in millions		
Net earnings (loss)	\$ (9)	(1,581)	47
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	(28)	59	(52)
Other comprehensive earnings (loss)	(28)	59	(52)
Comprehensive earnings (loss)	(37)	(1,522)	(5)
Less comprehensive earnings (loss) attributable to the noncontrolling interests	33	(1,138)	(15)
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (70)	(384)	10

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	amounts in millions		
Cash flows from operating activities:			
Net earnings (loss)	\$ (9)	(1,581)	47
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	160	213	222
Stock-based compensation.	123	103	91
(Gains) losses on dispositions, net (note 4)	—	18	—
Impairment of intangible assets (note 6).	—	1,798	—
Realized and unrealized (gains) losses on financial instruments, net.	59	(24)	(53)
Deferred income tax expense (benefit).	(8)	(329)	(52)
Non-cash interest	15	11	13
Other noncash charges (credits), net.	(5)	(4)	(12)
Changes in operating assets and liabilities			
Current and other assets	38	(71)	(24)
Payables and other liabilities.	27	85	69
Net cash provided (used) by operating activities	<u>400</u>	<u>219</u>	<u>301</u>
Cash flows from investing activities:			
Capital expended for property and equipment, including internal-use software and website development	(61)	(65)	(73)
Acquisitions and other investments, net of cash acquired (note 3).	(24)	—	(43)
Purchases of short term investments and other marketable securities	(16)	(63)	(166)
Sales and maturities of short term investments and other marketable securities	64	133	116
Other investing activities, net.	(12)	(6)	2
Net cash provided (used) by investing activities.	<u>(49)</u>	<u>(1)</u>	<u>(164)</u>
Cash flows from financing activities:			
Borrowings of debt	7	435	440
Repayments of debt	(245)	(369)	(439)
Shares repurchased by subsidiary	(100)	(250)	(105)
Payment of withholding taxes on net share settlements of equity awards	(26)	(17)	(15)
Shares issued by subsidiary	6	3	7
Option exercises	—	1	2
Other financing activities, net	—	(2)	—
Net cash provided (used) by financing activities	<u>(358)</u>	<u>(199)</u>	<u>(110)</u>
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash.	(16)	17	(17)
Net increase (decrease) in cash, cash equivalents and restricted cash	(23)	36	10
Cash, cash equivalents and restricted cash at beginning of period	695	659	649
Cash, cash equivalents and restricted cash at end of period	<u>\$ 672</u>	<u>695</u>	<u>659</u>

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statements of Equity

Years ended December 31, 2018, 2017 and 2016

	Stockholders' equity					Retained earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Series A	Series B	Series C	Additional paid-in capital			
Balance at December 31, 2015	\$ —	1	—	—	260	572	4,628	5,436
Net earnings (loss)	—	—	—	—	—	21	26	47
Other comprehensive earnings (loss)	—	—	—	—	—	—	(41)	(52)
Stock-based compensation	—	—	—	—	26	—	77	103
Issuance of common stock upon exercise of stock options	—	—	—	—	2	—	—	2
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	(15)	—	—	(15)
Shares issued by subsidiary	—	—	—	—	(6)	—	13	7
Shares repurchased by subsidiary	—	—	—	—	(23)	—	(82)	(105)
Other, net	—	—	—	—	1	—	—	1
Balance at December 31, 2016	—	1	—	—	245	593	4,621	5,424
Net earnings (loss)	—	—	—	—	—	(397)	(1,184)	(1,581)
Other comprehensive earnings (loss)	—	—	—	—	—	—	46	59
Stock-based compensation	—	—	—	—	30	—	85	115
Issuance of common stock upon exercise of stock options	—	—	—	—	1	—	—	1
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	(17)	—	—	(17)
Shares issued by subsidiary	—	—	—	—	(7)	—	10	3
Shares repurchased by subsidiary	—	—	—	—	(2)	—	(248)	(250)
Other, net	—	—	—	—	—	—	(1)	(1)
Balance at December 31, 2017	—	1	—	—	250	196	3,329	3,753
Net earnings (loss)	—	—	—	—	—	(64)	55	(9)
Other comprehensive earnings (loss)	—	—	—	—	—	—	(22)	(28)
Stock-based compensation	—	—	—	—	35	—	101	136
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	(26)	—	—	(26)
Shares issued by subsidiary	—	—	—	—	(8)	—	14	6
Shares repurchased by subsidiary	—	—	—	—	(20)	—	(80)	(100)
Cumulative effect of accounting change (note 2)	—	—	—	—	—	1	3	4
Balance at December 31, 2018	\$ —	1	—	—	231	133	3,400	3,736

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(1) Basis of Presentation

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries (“Liberty”) (subsequently renamed Qurate Retail, Inc. (“Qurate Retail”)) authorized a plan to distribute to the stockholders of Liberty’s Liberty Ventures common stock shares of a wholly-owned subsidiary, Liberty TripAdvisor Holdings, Inc. (“TripCo” or the “Company”) (the “TripCo Spin-Off”). TripCo does not have any operations outside of its controlling interest in its subsidiary TripAdvisor, Inc. (“TripAdvisor”) and its former wholly owned subsidiary, BuySeasons, Inc. (“BuySeasons”). TripCo sold its ownership in BuySeasons effective June 30, 2017. BuySeasons included the retail businesses of BuyCostumes.com and Celebrate Express (“BuySeasons”), and both TripAdvisor and BuySeasons operated as stand-alone operating entities. Both TripAdvisor and historically, BuySeasons, have more revenue in the third quarter, based on a higher travel research period and the Halloween period, respectively, as compared to the other quarters of the year.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and represent a consolidation of the historical financial information of TripAdvisor (see note 4 for a more detailed discussion of transactions related to TripAdvisor) and BuySeasons. The results of BuySeasons are included in the accompanying consolidated financial results of TripCo until June 30, 2017. These financial statements refer to the consolidation of TripAdvisor and BuySeasons as “TripCo,” “the Company,” “us,” “we” and “our” in the notes to the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. Additionally, certain prior period amounts have been reclassified for comparability with the current period presentation.

Description of Business

TripAdvisor is an online travel company and its mission is to help people around the world to plan, book and experience the perfect trip. TripAdvisor seeks to achieve its mission by providing consumers and travel partners a global platform with rich consumer-generated content, price comparison tools and online reservation and related services for destinations, travel activities and experiences, and restaurants.

TripAdvisor, by and through its subsidiaries, owns and operates a portfolio of leading online travel brands. Its flagship brand, TripAdvisor, is the world’s largest travel site based on average monthly unique visitors. TripAdvisor-branded websites include www.tripadvisor.com in the United States and localized versions of the website in 48 markets and 28 languages worldwide. TripAdvisor also enables consumers to compare prices and/or book a number of these travel experiences on either a TripAdvisor website or mobile application (“app”), or on the website or mobile app of one of its travel partners. In addition to the flagship TripAdvisor brand, TripAdvisor manages and operates other travel media brands, connected by the common goal of providing consumers the most comprehensive travel-planning and trip-taking resources in the travel industry. TripAdvisor derives the majority of its revenue from its Hotel businesses, which includes TripAdvisor-branded click-based and transaction revenue, TripAdvisor-branded display-based advertising and subscription revenue and other hotel revenue. The remainder of TripAdvisor’s revenue is generated through its Non-Hotel businesses, which includes its experiences, restaurants and rental businesses.

BuySeasons is an online retailer and supplier of costumes, accessories, seasonal décor, and party supplies. BuySeasons is dedicated to offering a large selection at affordable prices through its brands BuyCostumes.com and Celebrate Express. BuySeasons also operates a private-label drop ship program for other Internet retailers. BuySeasons was sold on June 30, 2017.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Spin-Off of TripCo from Qurate Retail

The TripCo Spin-Off was completed on August 27, 2014 and effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The tax-free TripCo Spin-Off was accounted for at historical cost due to the pro rata nature of the distribution to shareholders of Liberty Ventures common stock.

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

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

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

Under the facilities sharing agreement, TripCo shares office space with Liberty Media and related amenities at Liberty Media’s corporate headquarters in Englewood, Colorado.

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

(2) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments, including money market funds and marketable debt securities, with maturities of three months or less at the time of acquisition.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recognized when the right to consideration becomes unconditional and are recorded net of an allowance for doubtful accounts. Such allowance aggregated \$21 million and \$16 million at December 31, 2018 and 2017, respectively. Our customer invoices are generally due 30 days from the time of invoicing. For accounts outstanding longer than the contractual payment terms, the Company determines an allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, a specific customer’s ability to pay its obligations to us, and the condition of the general economy and industry as a whole.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Investments

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

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

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

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

Derivative Instruments

All of the Company's derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive earnings and are recognized in the statement of operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings. If the derivative is not designated as a hedge, changes in the fair value of the derivative are recognized in earnings. None of the Company's derivatives are currently designated as hedges.

The fair value of certain of the Company's derivative instruments are estimated using the Black-Scholes-Merton model. The Black-Scholes-Merton model incorporates a number of variables in determining such fair values, including expected volatility of the underlying security and an appropriate discount rate. The Company obtains volatility rates from pricing services based on the expected volatility of the underlying security over the remaining term of the derivative instrument. A discount rate is obtained at the inception of the derivative instrument and updated each reporting period, based on the Company's estimate of the discount rate at which it could currently settle the derivative instrument. The Company considered its own credit risk as well as the credit risk of its counterparties in estimating the discount rate. Management judgment is required in estimating the Black-Scholes-Merton model variables.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Property and Equipment

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

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Buildings	\$ 123	122
Leasehold improvements	41	39
Computer equipment and purchased software	52	46
Furniture, office equipment and other	18	19
Total property and equipment	<u>\$ 234</u>	<u>226</u>

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment and furniture, office equipment and other. Leasehold improvements are depreciated using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease. TripAdvisor's building, which is considered an asset for accounting purposes, is depreciated over its estimated useful life of 40 years. See note 12 for additional information related to TripAdvisor's building.

Leases

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

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

Intangible Assets

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

In January 2017, the Financial Accounting Standards Board (the "FASB") issued new accounting guidance to simplify the measurement of goodwill impairment. Under the new guidance, an entity no longer performs a hypothetical purchase price allocation to measure goodwill impairment. Instead, a goodwill impairment is measured using the difference between the carrying value and the fair value of the reporting unit. The Company early adopted this guidance during the fourth quarter of 2017.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. The accounting guidance also allows entities the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period.

In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it was more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis, the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current year and prior year for other purposes. If, based on the qualitative analysis, it is more likely than not that an impairment exists, the Company performs the quantitative impairment test.

The quantitative goodwill impairment test compares the estimated fair value of a reporting unit to its carrying value. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in TripCo's valuation analyses, where applicable, are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There can be no assurance that actual results will approximate these forecasts.

The accounting guidance also permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. The accounting guidance also allows entities the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company's indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. See note 6 for discussion of goodwill and trademark impairments.

Websites and Internal Use Software Development Costs

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

Impairment of Long-lived Assets

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangibles) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

is recognized. Such adjustment is measured by the amount that the carrying value of such asset groups exceeds their fair value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. Asset groups to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Noncontrolling Interests

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

Foreign Currency Translation and Transaction Gains and Losses

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

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

Accordingly, we have recorded foreign currency exchange losses of \$6 million, gains of \$1 million and losses of \$4 million for the years ended December 31, 2018, 2017 and 2016, respectively, in other, net on our consolidated statements of operations. These amounts include gains and losses, realized and unrealized, on foreign currency forward exchange contracts.

Revenue Recognition

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers, or ASC 606, *Revenue from Contracts with Customers* (“ASC 606”), which replaced numerous requirements in GAAP, and provides companies with a single model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In addition, the FASB has also issued several amendments to the standard, which clarifies certain aspects of the guidance, including principal versus agent considerations and identifying performance obligations.

In the first quarter of 2018, the Company adopted ASC 606 under the modified retrospective method for all contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are

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presented under the new revenue guidance, while prior period amounts are not adjusted and continue to be reported in accordance with the previous accounting policies under the historical revenue guidance, or ASC 605, *Revenue Recognition*.

As a result of the adoption of ASC 606, certain revenue streams, such as hotel instant booking revenue, recorded under the consumption model, which was previously recorded upon completion of the traveler stay, is now recognized upon booking. The amount of the recognized transaction price for the commission is recorded as revenue, net of the impact of estimated cancellations. TripAdvisor also recorded an adjustment to capitalize certain costs to obtain contracts for existing arrangements as of the implementation date. TripAdvisor expects the adoption of this new revenue standard will not have a material impact, either on an annual or quarterly basis, to its consolidated financial statements on an ongoing basis. Its systems and internal controls were not significantly impacted as a result of the accounting changes and TripAdvisor has made the necessary changes to its accounting policies and internal processes to support the new revenue recognition standard, including the related disclosures.

TripAdvisor recognized the cumulative effect of initial application of ASC 606 as an adjustment to the opening balance of retained earnings. TripAdvisor recorded a net increase in opening retained earnings of \$4 million as of January 1, 2018 due to the cumulative impact of adoption of the new revenue guidance, resulting in a \$1 million increase in TripCo's opening retained earnings and \$3 million increase in TripCo's noncontrolling interest in equity of subsidiaries as of January 1, 2018. All other accounts were not materially impacted.

Revenue Recognition under ASC 606

TripAdvisor generates all of its revenue from contracts with customers. It recognizes revenue when it satisfies a performance obligation by transferring control of the promised services to a customer in an amount that reflects the consideration that it expects to receive in exchange for those services. When TripAdvisor acts as an agent in the transaction under ASC 606, it recognizes revenue for only its commission on the arrangement. TripAdvisor determines 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, TripAdvisor satisfies a performance obligation

At contract inception, TripAdvisor assesses the services promised in its contracts with customers and identifies 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, TripAdvisor considers all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. TripAdvisor has provided qualitative information about its performance obligations for its principal revenue streams discussed below. There was no significant revenue recognized in the year ended December 31, 2018 related to performance obligations satisfied in prior periods. TripAdvisor has applied a practical expedient and does not disclose the value of unsatisfied performance obligations that have an original expected duration of less than one year, and TripAdvisor does not have any material unsatisfied performance obligations over one year. The value related to TripAdvisor's 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. The timing of services, invoicing and payments are discussed in more detail below and do not include a significant financing component. TripAdvisor's customer invoices are generally due 30 days from the time of invoicing.

TripAdvisor recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year. Although the substantial majority of its contract costs have an amortization period of less than one year, TripAdvisor has determined contract costs arising from certain sales incentives have an

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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. Total capitalized costs to obtain a contract were approximately \$2 million as of December 31, 2018. These contract costs are amortized on a straight-line basis over the estimated customer life, which is based on historical customer retention rates. Amortization expense recorded to selling, general and administrative expense during year ended December 31, 2018 was not material. TripAdvisor assesses 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 TripAdvisor's performance obligations does not require significant judgment given that it generally does 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 TripAdvisor recognizes revenue over time, it generally has 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 TripAdvisor's services. When an estimate for cancellations is included in the transaction price, the estimate is based on historical cancellation rates. There have been no significant adjustments to TripAdvisor's cancellation estimates and the cancellation estimates are not material. Taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by TripAdvisor from a customer, are reported on a net basis, or in other words, excluded from revenue on its consolidated financial statements, which is consistent with prior periods. The application of TripAdvisor's revenue recognition policies and a description of the principal activities from which it generates revenue, are presented below.

Hotels

TripAdvisor-branded Click-based Advertising and Transaction Revenue. TripAdvisor's largest source of Hotel revenue is generated from click-based advertising on TripAdvisor-branded websites, which is primarily comprised of contextually-relevant booking links to its travel partners' sites. TripAdvisor's click-based travel partners are predominantly online travel agencies, or "OTAs", and direct suppliers in the hotel category. 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 that travel partners pay are determined in a dynamic, competitive auction process, also known as TripAdvisor's metasearch auction. TripAdvisor records click-based advertising revenue as the click occurs and traveler leads are sent to the travel partner websites as the performance obligation is fulfilled at that time. Click-based revenue is generally billed to travel partners on a monthly basis consistent with the timing of the service.

Transaction revenue is generated from TripAdvisor's hotel instant booking feature, which enables hotel shoppers to book directly with a travel partner, with the latter serving as the merchant of record for the transaction, without leaving TripAdvisor's website. TripAdvisor earns a commission from its travel partners for each consumer that completes a hotel reservation on TripAdvisor's website; based on a pre-determined commission rate. TripAdvisor's hotel instant booking revenue includes (i) arrangements where commissions are billable on all instant booking hotel reservations; and (ii) arrangements where the commission is billable only upon the completion of the traveler's stay resulting from the reservation. The travel partner provides the service to the traveler and TripAdvisor acts as an agent under ASC 606. TripAdvisor's performance obligation in both arrangements is complete at the time of the booking and the commission earned is recognized upon booking, as TripAdvisor has no post-booking service obligations. The amount of revenue recognized for commissions which are billable contingent upon a traveler stay requires an estimate of the impact of cancellations using historical cancellation rates. Contract assets are recognized at the time of booking for commissions that are billable at the time of stay.

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TripAdvisor-branded Display-based Advertising and Subscription Revenue. Travel partners can promote their brands in a contextually-relevant manner through a variety of display-based advertising placements on TripAdvisor websites. TripAdvisor's display-based advertising clients are predominantly direct suppliers of hotels, airlines and cruises, as well as destination marketing organizations. TripAdvisor also sells 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 basis. The performance obligation in TripAdvisor's display based advertising business is to display a number of advertising impressions on TripAdvisor's websites and TripAdvisor recognizes revenue for impressions as they are delivered. Services are generally billed monthly. TripAdvisor has applied the practical expedient to measure progress toward completion, as it has the right to invoice the customer in an amount that directly corresponds with the value to the customer of TripAdvisor's performance to date, which is measured based on impressions delivered.

In addition, TripAdvisor offers subscription-based advertising to hoteliers, owners of B&Bs and other specialty lodging properties. TripAdvisor's performance obligation is generally to enable subscribers to advertise their businesses on TripAdvisor's website, as well as manage and promote their website URL, email address, phone number, special offers and other information related to their business. Subscription 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 advertising services are generally billed in advance of service. When prepayments are received, TripAdvisor recognizes deferred revenue for the amount of prepayment in excess of revenue recognized until the performance obligation is satisfied.

Other Hotel Revenue. TripAdvisor's other hotel revenue primarily includes revenue from non-TripAdvisor-branded websites, such as www.bookingbuddy.com, www.cruisecritic.com, and www.onetime.com and www.smartertravel.com, which primarily includes click-based advertising and display-based advertising revenue. The performance obligations, timing of customer payments for these brands and methods of recognizing revenue are generally consistent with click-based advertising or display-based advertising revenue, as described above.

Non-Hotel

TripAdvisor provides information and services for consumers to research, book and experience activities and attractions in popular travel destinations both through Viator, its dedicated Experiences business, and on its TripAdvisor website and applications. TripAdvisor also powers travel activities and experiences booking capabilities to consumers for affiliate partners, including some of the world's top airlines, hotel chains and online and offline travel agencies. TripAdvisor works with local tour or travel activities/experiences operators ("the supplier") to provide consumers with access to book tours, activities and experiences ("the activity") in popular destinations worldwide. TripAdvisor generates commissions for each booking transaction facilitated through its online reservation system. TripAdvisor provides post-booking service to the consumer until the time of the activity, which is the completion of the performance obligation. Revenue is recognized at the time that the activity occurs. TripAdvisor does not control the activity before the supplier provides the activity to its consumers and therefore acts as agent for nearly all of these transactions under ASC 606. TripAdvisor generally collects payment from the consumer at the time of booking that includes both TripAdvisor's commission revenue and the amount due to the supplier. TripAdvisor's commission revenue is recorded as deferred revenue until revenue is recognized, and the amount due to the supplier is recorded to deferred merchant payables on the consolidated balance sheet, until payment is made to the supplier after the completion of the activity. To a lesser extent, TripAdvisor earns commissions from third-party merchant partners, who display and promote TripAdvisor's supplier activities on their websites to generate bookings. In these transactions, where TripAdvisor is not the merchant of record, TripAdvisor generally invoices and receives commissions directly from the third-party merchant partners. TripAdvisor's performance obligation is to allow the third-party merchant partners to display and promote its supplier activities on their website and TripAdvisor earns a commission when consumers book and complete an activity. TripAdvisor does not control the service and act as an agent for these transactions under ASC 606. TripAdvisor's performance obligation is complete

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and revenue is recognized at the time of the booking, as TripAdvisor has no post-booking obligations. TripAdvisor recognizes this revenue net of an estimate of the impact of cancellations using historical cancellation rates. Contract assets are recognized for commissions that are billable contingent upon completion of the activity.

TriAdvisor also provides information and services for consumers to research and book restaurants in popular travel destinations through its dedicated restaurant reservations business, TheFork, and on TripAdvisor's website and applications. TheFork is an online restaurant booking platform operating on a number of websites (including www.lafourchette.com, www.eltenedor.com and www.iens.nl), with a network of restaurant partners located primarily across Europe and Australia. TripAdvisor's bookable restaurants are available on www.thefork.com and on TripAdvisor-branded websites and mobile apps. TripAdvisor primarily generates transaction fees (or per seated diner fees) that are paid by restaurants 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 restaurant customers. Revenue is billed monthly when the transaction fees are payable, which is at the time the diner is seated. To a lesser extent, TripAdvisor also generates subscription fees for subscription-based advertising to restaurants, access to certain online reservation management services and marketing analytic tools 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, TripAdvisor recognizes deferred revenue for the amount of prepayment in excess of revenue recognized until the performance obligation is satisfied.

TriAdvisor's Rentals businesses generate revenue primarily by offering individual property owners and managers the ability to list their properties on TripAdvisor's websites and mobile apps thereby connecting homeowners 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 TripAdvisor-branded websites and mobile apps. TripAdvisor earns commissions associated with rental transactions through its free-to-list model from both the traveler and the property owner or manager. TripAdvisor provides 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. TripAdvisor acts as an agent under ASC 606, in the transactions, as TripAdvisor does not control any properties before the property owner provides the accommodation to the traveler and does not have inventory risk. TripAdvisor generally collects payment from the traveler at the time of booking that includes TripAdvisor's commissions, which is recorded as deferred revenue until revenue is recognized, and the amount due to the property owner, which is recorded in deferred merchant payables on the consolidated balance sheet, 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. TripAdvisor recognizes deferred revenue for the amount of prepayment in excess of revenue recognized until the performance obligation is satisfied.

Practical Expedients and Exemptions

TriAdvisor expenses costs to obtain a contract as incurred, such as sales incentives, when the amortization period would have been one year or less.

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TripAdvisor does 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 it recognizes revenue at the amount to which it has the right to invoice for services performed.

Impact of Adoption of ASC 606

The impact of the new guidance was not meaningful as of and for the year ended December 31, 2018 for the consolidated statement of operations, consolidated balance sheet and consolidated statement of cash flows, respectively.

Disaggregation of Revenue

TripAdvisor disaggregates revenue from contracts with customers into major products/revenue sources. TripAdvisor has 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. A reconciliation of disaggregated revenue to total hotel and non-hotel revenue is also included below.

	Year ended December 31, 2018
	(in millions)
Major products/revenue sources:	
TripAdvisor-branded click-based advertising and transaction revenue	\$ 722
TripAdvisor-branded display-based advertising and subscription revenue	308
Other hotel revenue	127
Total Hotel Revenue (1)	1,157
Non-Hotel Revenue (1)	458
Total Revenue	\$ 1,615

(1) TripAdvisor's revenue is recognized primarily at a point in time for both Hotel and Non-Hotel revenue.

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, 2018	December 31, 2017
Accounts receivable	\$ 205	230
Contract assets	7	—
Total	\$ 212	230

Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets are rights to consideration in exchange for services that TripAdvisor has 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. 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 TripAdvisor presents as deferred revenue on its consolidated balance sheets. As of January 1, 2018, TripAdvisor

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had \$59 million recorded as deferred revenue on its consolidated balance sheet, of which \$57 million was recognized in revenue and \$2 million was refunded due to cancellations by travelers during the year ended December 31, 2018. The difference between the opening and closing balances of TripAdvisor's deferred revenue primarily results from the timing differences between when TripAdvisor receives customer payments and the time in which TripAdvisor satisfies its performance obligations. The difference between the opening and closing balances of TripAdvisor's contract assets primarily results from the timing difference between when TripAdvisor satisfies its performance obligations and the time when the principal completes the service in the transaction. There were no significant changes in contract assets or deferred revenue during the year ended December 31, 2018 related to business combinations, impairments, cumulative catch-ups or other material adjustments.

Operating Expense

Operating expenses consist primarily of certain technology and content expenses, including personnel and overhead expenses which include salaries, benefits and bonuses for salaried employees and contractors engaged in the design, development, testing content support and maintenance of TripAdvisor's websites and mobile apps. Operating expense also includes to a lesser extent costs of services which are expenses that are closely correlated or directly related to service revenue generated, including 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 transactions. Other costs include licensing, maintenance expense, computer supplies, telecom costs, content translation 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 resource functions as well as professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense and non-income taxes, such as sales, use and other non-income related taxes.

Selling and Marketing

Selling and marketing expenses primarily consist of direct costs, including traffic generation costs from search engine marketing, or SEM, and other online traffic acquisition costs, syndication costs and affiliate program commissions, social media costs, brand advertising, television and other offline advertising, promotions and public relations. In addition, our indirect sales and marketing expense consists of personnel and overhead expenses, including salaries, commissions, benefits, and bonuses for sales, sales support, customer support and marketing employees.

TripAdvisor incurs advertising expense consisting of traffic generation costs from SEM and other online traffic costs, affiliate program commissions, display advertising, social media, other online and offline (primarily television) advertising expense, and promotions and public relations to promote its brands. Costs associated with communicating the advertisements are expensed in the period in which the advertisement takes place. Production costs associated with advertisements are expensed in the period in which the advertisement first takes place.

Stock-Based Compensation

As more fully described in note 9, TripCo grants to its directors, employees and employees of its subsidiaries restricted stock and options (collectively, "Awards") to purchase shares of TripCo common stock. TripCo measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). TripCo measures the cost of employee services

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received in exchange for a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date. Certain outstanding awards that were previously granted by Qurate Retail were assumed by TripCo upon the completion of the TripCo Spin-Off. Additionally, TripAdvisor is a consolidated company and has issued stock-based compensation to its employees related to its common stock. The consolidated statements of operations include stock-based compensation related to TripCo Awards and TripAdvisor equity.

Included in the accompanying consolidated statements of operations are the following amounts of stock-based compensation for the years ended December 31, 2018, 2017 and 2016 (amounts in millions):

	December 31,		
	2018	2017	2016
Operating expense	\$ 52	40	40
Selling, general and administrative	71	63	51
	<u>\$ 123</u>	<u>103</u>	<u>91</u>

During the years ended December 31, 2018, 2017 and 2016, TripAdvisor capitalized \$13 million, \$13 million and \$12 million, respectively, of stock-based compensation expense as internal-use software and website development costs.

In May 2017, the FASB issued new accounting guidance that clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Under the new guidance, an entity will not apply modification accounting to a share-based payment award if the award's fair value (or calculated value or intrinsic value, if those measurement methods are used), the award's vesting conditions, and the award's classification as an equity or liability instrument are the same immediately before and after the change. The guidance also states that an entity is not required to estimate the value of the award immediately before and after the change if the change does not affect any of the inputs to the model used to value the award. The Company adopted this guidance prospectively in the first quarter of 2018. The Company believes the new guidance will likely result in fewer changes to the terms of an award being accounted for as modifications.

Income Taxes

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

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest

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expense is included in income tax (expense) benefit in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in income tax (expense) benefit in the accompanying consolidated statements of operations.

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

In October 2016, the FASB issued new accounting guidance on income tax accounting associated with intra-entity transfers of assets other than inventory. This accounting update, which is part of the FASB's simplification initiative, is intended to reduce diversity in practice and the complexity of tax accounting, particularly for those transfers involving intellectual property. This new guidance requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The Company adopted this new guidance in the first quarter of 2018 on a modified retrospective basis. Accordingly, the Company recognized the cumulative effect of initial application of this new guidance as an adjustment to the opening balance of retained earnings, which was not material to its consolidated financial statements.

Deferred Merchant Payables

In TripAdvisor's Rentals free-to-list model and its Experiences businesses, TripAdvisor receives cash from travelers at the time of booking and it records these amounts, net of commissions, on its consolidated balance sheets as deferred merchant payables. TripAdvisor pays the suppliers, or the vacation rental owners and tour providers, respectively, after the travelers' use. Therefore, it receives cash from the traveler prior to paying the suppliers and this operating cycle represents a working capital source or use of cash to TripAdvisor. TripAdvisor's deferred merchant payables balance was \$164 million and \$156 million for the years ended December 31, 2018 and 2017, respectively.

Certain Risks and Concentrations

The TripAdvisor business is subject to certain risks and concentrations, including concentrations related to dependence on relationships with its customers. For the years ended December 31, 2018, 2017 and 2016, TripAdvisor's two most significant travel partners, Expedia (and its subsidiaries) and Booking Holdings Inc. (and its subsidiaries), each accounted for more than 10% of TripAdvisor's consolidated revenue and combined accounted for approximately 37%, 43% and 46%, respectively, of its total revenue.

Contingent Liabilities

Periodically, the Company reviews 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. The Company provides 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 is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. Accruals are based 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.

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Comprehensive Income (Loss)

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

Earnings (Loss) per Common Share (EPS)

Basic earnings (loss) per common share (“EPS”) is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented. Excluded from EPS for the years ended December 31, 2018, 2017 and 2016 are 2 million, 2 million and 2 million potential common shares, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2018	2017	2016
	number of shares in millions		
Basic EPS	74	75	75
Potentially dilutive shares	—	—	—
Diluted EPS	<u>74</u>	<u>75</u>	<u>75</u>

Estimates

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

New Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued new guidance related to accounting for leases. The new standard amends the existing standards for lease accounting and includes the requirement for lessee recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet for all leases with a term longer than 12 months, which will be initially measured at the present value of the future lease payments over the lease term. Under the new guidance, leases will be classified as either finance or operating leases, with classification affecting the pattern and presentation of expenses and cash flows on the consolidated financial statements. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. In July 2018, the FASB issued additional guidance on the accounting for leases which provides companies with an additional transition method, which allows companies to recognize a cumulative-effect adjustment to the opening balance of retained earnings as of the date of adoption. Under this transition method, previously presented years’ financial positions and financial results would not be adjusted. The Company will adopt the new standard on January 1, 2019 and use the effective date as the date of initial application based on the modified retrospective approach, without adjusting the comparative periods presented. Consequentially, the Company will not update its consolidated financial statements or provide any disclosures required under the new standard for dates and periods prior to January 1, 2019.

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The new guidance provides a number of optional practical expedients and exemptions available upon adoption and for ongoing accounting. The Company plans to elect the following practical expedients: 1) the “practical expedients package of three”, which allows us at transition to continue to maintain prior accounting conclusions under the existing guidance for leases as of the adoption date, such as whether any expired or existing contracts contain leases, the classification of leases, and the accounting treatment for initial direct costs; thereby not being required to reassess these positions upon adoption of the new standard; 2) the “short-term lease recognition exemption”, which allows us to forego recognition of ROU assets and lease liabilities on our consolidated balance sheet for leases with a lease term of twelve months or less and which also do not include an option to renew the lease term that we are reasonably certain to exercise; 3) elect by asset class as an accounting policy, to combine lease and non-lease components as a single component and subsequently account for the combined single component as the lease component; and 4) apply the portfolio approach to similar types of leases where the Company does not reasonably expect the outcome to differ materially from applying the new guidance to individual leases.

In anticipation of adoption, TripAdvisor has updated its accounting policies to reflect the new accounting rules within the new guidance and has completed the implementation of its lease accounting software to support the accounting process, financial reporting and the new financial disclosure requirements. TripAdvisor expects to implement certain new internal controls surrounding its lease accounting process upon the adoption of the new guidance.

The Company currently expects the primary effects of adoption of this new guidance to be as follows:

- *Office space leases.* TripAdvisor’s office space leases, except for its corporate headquarters lease, are operating leases which will be recognized as ROU assets and corresponding lease liabilities on the consolidated balance sheet under the new guidance. TripAdvisor expects to recognize ROU assets ranging from \$70 million to \$80 million and lease liabilities of approximately \$85 million to \$95 million based on the present value of the remaining rental payments for office space leases as of January 1, 2019. The difference in the ROU asset and the lease liability is the result of balances already recognized related to deferred and prepaid rent balances. In addition, TripAdvisor does not expect its short-term lease costs, variable lease costs, primarily from rental payments that are adjusted periodically for inflation, and its initial direct costs to be material to the consolidated financial statements.
- *Corporate headquarters lease.* TripAdvisor is deemed the owner for accounting purposes of its corporate headquarters building under existing GAAP. See note 12 for additional information on the accounting under existing GAAP for TripAdvisor’s corporate headquarters lease. Upon adoption of the new guidance, TripAdvisor expects to derecognize amounts in property and equipment, net and other long-term liabilities on the consolidated balance sheet as of December 31, 2018 of approximately \$62 million and \$70 million, respectively, with the difference recorded to the opening balance of retained earnings as of the adoption date. TripAdvisor expects its corporate headquarters lease to be classified and accounted for as a finance lease under the new guidance as of January 1, 2019. Accordingly, TripAdvisor expects to then recognize an ROU asset ranging from \$105 million to \$120 million and a lease liability of approximately \$85 million to \$95 million based on the initial measurement of the present value of the remaining lease payments over the remaining lease term. The difference between the ROU asset and lease liability relates to a net prepaid rent balance.

The Company does not anticipate the income tax impact to be material to its consolidated financial statements from the adoption of this guidance. It also does not expect the adoption of this new guidance will have a material impact, either on an annual or quarterly basis, to the consolidated statement of operations and consolidated statement of cash flows on a go-forward basis. The Company expects to expand financial disclosure concerning leasing activity, including qualitative and quantitative disclosures.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Acquisitions and other investments, net of cash acquired:			
Intangibles not subject to amortization	\$ 12	—	17
Intangibles subject to amortization	14	—	25
Fair value of other assets acquired.	—	—	9
Net liabilities assumed	—	—	(8)
Deferred tax assets (liabilities).	(2)	—	—
Acquisitions and other investments, net of cash acquired.	<u>\$ 24</u>	<u>—</u>	<u>43</u>
Cash paid for interest	<u>\$ 8</u>	<u>13</u>	<u>10</u>
Cash paid for income taxes.	<u>\$ 53</u>	<u>62</u>	<u>30</u>

In August and November 2016, the FASB issued new accounting standards which add and clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows, and add guidance on the presentation of restricted cash in the statement of cash flows, respectively. This new guidance requires entities to show changes in cash, cash equivalents and restricted cash on a combined basis in the statement of cash flows. In addition, this accounting guidance requires a reconciliation of the total cash, cash equivalent and restricted cash in the statement of cash flows to the related captions in the balance sheet if cash, cash equivalents and restricted cash are presented in more than one line item in the balance sheet. The Company adopted this guidance in the first quarter of 2018 and applied it retrospectively to all prior periods presented in the financial statements as required under the new guidance. The Company does not currently have material amounts described as restricted cash; however, the Company’s consolidated statement of cash flows for the year ended December 31, 2016 has been recast to present \$5 million of restricted cash as beginning of period cash and cash equivalents. This amount was included in other current assets as of December 31, 2016.

(4) Acquisitions and Dispositions

Acquisitions

During the year ended December 31, 2018, TripAdvisor acquired one business for a purchase price and net cash consideration of \$23 million.

During the year ended December 31, 2016, TripAdvisor completed five acquisitions of certain businesses for a total purchase price of \$34 million. TripAdvisor paid net cash consideration of \$29 million, which is net of \$4 million of cash acquired, and includes \$1 million in future holdback payments, which TripAdvisor currently expects to settle with its common stock.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

The following table presents the purchase price allocations recorded on our consolidated balance sheet for the 2018 and 2016 acquisitions (in millions):

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Goodwill.	\$ 11	—	17
Intangible assets.	14	—	25
Deferred tax liabilities, net	(2)	—	—
Net liabilities assumed	—	—	(8)
Total purchase price consideration.	\$ 23	—	34

Intangible assets acquired during 2018 were comprised of supplier relationships of \$6 million and technology and other of \$8 million. The overall weighted-average life of the 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. Intangible assets acquired during 2016 included trade names of \$4 million, customer lists and supplier relationships of \$4 million, subscriber relationships of \$5 million, and technology and other of \$12 million. The overall weighted-average life of the intangible assets acquired in the purchase of these businesses during 2016 was 6 years, and will be amortized on a straight-line basis over their estimated useful lives from acquisition date.

Dispositions

On June 30, 2017, TripCo sold BuySeasons. The sale resulted in an \$18 million loss, which is included in gain (loss) on dispositions, net in the accompanying consolidated statement of operations. BuySeasons is not presented as a discontinued operation as the sale did not represent a strategic shift that had a major effect on TripCo’s operations and financial results. Included in other revenue in the accompanying consolidated statements of operations is \$13 million and \$52 million for the years ended December 31, 2017 and 2016, respectively, related to BuySeasons. Included in net earnings (loss) in the accompanying consolidated statements of operations are losses of \$2 million and \$8 million for the years ended December 31, 2017 and 2016, respectively, related to BuySeasons.

(5) Assets and Liabilities Measured at Fair Value

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

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

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

<u>Description</u>	<u>December 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
			<small>amounts in millions</small>			
Cash equivalents	\$ 145	140	5	32	23	9
Marketable securities	\$ 15	—	15	35	—	35
Variable postpaid forward	\$ 20	—	20	75	—	75

On June 6, 2016, TripCo entered into a variable postpaid forward transaction with a financial institution with respect to 7 million TripAdvisor shares held by the Company with a forward floor price of \$38.90 per share and a forward cap price of \$98.96 per share. TripCo borrowed \$259 million against the variable postpaid forward on June 23, 2016 (see note 7). The asset associated with this instrument is included in the other assets line item in the consolidated balance sheets. Changes in the fair value of the variable postpaid forward are recognized in realized and unrealized gains (losses) on financial instruments in the consolidated statements of operations.

The fair value of Level 2 cash equivalents and marketable securities were obtained from pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets. Marketable securities are included in other current assets in the accompanying consolidated balance sheets. The fair value of Level 2 derivative assets were derived from a Black-Scholes-Merton model using observable market data as the significant inputs.

Other Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include trade receivables, trade payables, accrued and other current liabilities, current portion of debt and long-term debt. With the exception of debt, the carrying amount approximates fair value due to the short maturity of these instruments as reported on our consolidated balance sheets. The carrying value of our debt bears interest at a variable rate and therefore is also considered to approximate fair value.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

(6) Goodwill and Other Intangible Assets

Goodwill and Indefinite Lived Intangible Assets

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

	<u>TripAdvisor</u>	<u>Corporate and Other</u>	<u>Total</u>
Balance at January 1, 2017	\$ 3,694	—	3,694
Impairment (1)	(1,271)	—	(1,271)
Other (2)	22	—	22
Balance at December 31, 2017	2,445	—	2,445
Acquisition (3)	11	—	11
Other (2)	(13)	—	(13)
Balance at December 31, 2018	<u>\$ 2,443</u>	<u>—</u>	<u>2,443</u>

(1) See discussion of impairment below.

(2) Other changes are primarily due to foreign currency translation on goodwill.

(3) Additions to goodwill relate to TripAdvisor's acquisitions (see note 4).

As presented in the accompanying consolidated balance sheets, trademarks are the other significant indefinite lived intangible asset. See the disclosure below for information related to the 2017 impairment of the Company's trademarks. Other fluctuations in the trademark balance from the prior year were due to the change in foreign exchange rates.

Intangible Assets subject to amortization

Intangible assets subject to amortization are comprised of the following:

	<u>December 31, 2018</u>			<u>December 31, 2017</u>			
	<u>Weighted Average Remaining Useful Life in years</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
		amounts in millions					
Customer relationships ..	3	\$ 885	(761)	124	908	(735)	173
Other	4	588	(401)	187	542	(333)	209
Total		<u>\$ 1,473</u>	<u>(1,162)</u>	<u>311</u>	<u>1,450</u>	<u>(1,068)</u>	<u>382</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Intangible assets are being amortized on an accelerated basis as reflected in amortization expense and in the future amortization table below.

Amortization expense was \$137 million, \$188 million and \$198 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The estimated future amortization expense for the next five years related to intangible assets with definite lives as of December 31, 2018, assuming no subsequent impairment of the underlying assets, is as follows (amounts in millions):

2019	\$	91
2020	\$	86
2021	\$	70
2022	\$	28
2023	\$	27

Impairments

Due to certain marketplace factors impacting TripAdvisor's operating results, which led to a decline in TripAdvisor's stock price, impairment losses of \$527 million and \$1,271 million were recorded during the year ended December 31, 2017 related to trademarks and goodwill, respectively, related to the hotel reporting unit. The fair value of the trademarks was determined using the relief from royalty method. The fair values of the reporting units were determined using a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3). As of December 31, 2018, accumulated goodwill impairment losses for TripAdvisor totaled \$1,271 million.

(7) Debt

Outstanding debt at December 31, 2018 and 2017 is summarized as follows:

	December 31, 2018	December 31, 2017
	amounts in millions	
TripAdvisor Credit Facilities	\$ —	230
TripAdvisor Chinese credit facilities	—	7
TripCo margin loans	220	210
TripCo variable postpaid forward	267	264
Total consolidated TripCo debt	\$ 487	711
Less debt classified as current	(220)	(7)
Total long-term debt	\$ 267	704

TripAdvisor Credit Facilities

In June 2015, TripAdvisor entered into a five year credit agreement with a group of lenders which, among other things, provided for a \$1 billion unsecured revolving credit facility (the "2015 Credit Facility") and immediately borrowed \$290 million. In May 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 (the "First Amendment"). Borrowings under the 2015 Credit Facility generally bear interest, at TripAdvisor's option, at a rate per annum equal to either (i) the Eurocurrency Borrowing rate, or the adjusted LIBOR for the interest period in effect for such borrowing; plus an applicable margin ranging from 1.25% to 2.00% ("Eurocurrency Spread"), based on TripAdvisor'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 LIBOR (or LIBOR 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 TripAdvisor's leverage ratio. TripAdvisor may borrow from the 2015 Credit Facility in U.S. dollars, Euros and British pound.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

During the year ended December 31, 2018, TripAdvisor repaid all of its outstanding borrowings, 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. During the year ended December 31, 2017, TripAdvisor borrowed \$435 million and repaid \$296 million of its outstanding borrowings under the 2015 Credit Facility. These net borrowings during the year were primarily used to repurchase shares of TripAdvisor's outstanding common stock under its repurchase program. During the year ended December 31, 2016, TripAdvisor borrowed \$101 million and repaid \$210 million of its outstanding borrowings on the 2015 Credit Facility.

As of December 31, 2018, TripAdvisor had no outstanding borrowings and approximately \$1.2 billion of borrowing capacity under the 2015 Credit Facility. As of December 31, 2017, TripAdvisor had \$230 million of outstanding borrowings under a one-month interest rate period or a weighted average rate of 2.74% per annum.

TripAdvisor is also required to pay a quarterly commitment fee, at an applicable rate ranging from 0.15% to 0.30%, on the daily unused portion of the 2015 Credit Facility for each fiscal quarter and additional fees in connection with the issuance of letters of credit. As of December 31, 2018, TripAdvisor's unused revolver capacity was subject to a commitment fee of 0.15%, given TripAdvisor's leverage ratio. The 2015 Credit Facility includes \$15 million of borrowing capacity available for letters of credit and \$40 million for Swingline borrowings on same-day notice.

The 2015 Credit Facility contains a number of covenants that, among other things, restrict TripAdvisor's ability to: incur additional indebtedness, create liens, enter into sale and leaseback transactions, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions, make investments, loans or advances, prepay certain subordinated indebtedness, make certain acquisitions, engage in certain transactions with affiliates, amend material agreements governing certain subordinated indebtedness, and change its fiscal year. The 2015 Credit Facility also requires TripAdvisor to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the 2015 Credit Facility will be entitled to take various actions, including the acceleration of all amounts due under the 2015 Credit Facility.

TripAdvisor was party to an uncommitted facility agreement which provided for a \$73 million unsecured revolving credit facility (the "2016 Credit Facility" and together with the 2015 Credit Facility, the "TripAdvisor Credit Facilities") with no specific expiration date. TripAdvisor initially borrowed \$73 million from this uncommitted credit facility during the year ended December 31, 2016, which was used for general working capital needs, primarily for partial repayment of the 2015 Credit Facility, and repaid the full amount during the year ended December 31, 2017. As of December 31, 2017, there were no outstanding borrowings under the 2016 Credit Facility. In June 2018, TripAdvisor terminated the 2016 Credit Facility.

TripAdvisor Chinese Credit Facilities

In addition to borrowings under the Trip Advisor Credit Facilities, TripAdvisor maintains two credit facilities in China (jointly, the "Chinese Credit Facilities").

TripAdvisor's Chinese subsidiary is a party to a \$30 million, one year revolving credit facility with Bank of America (the "Chinese Credit Facility—BOA") that is currently subject to review on a periodic basis with no specific expiration period. Borrowings under the Chinese Credit Facility—BOA generally bear interest at a rate based on the People's Bank of China benchmark, including certain adjustments which may be made in accordance with market conditions at the time of borrowing. As of December 31, 2018, there were no outstanding borrowings under the Chinese Credit Facility—BOA.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

In addition, TripAdvisor's Chinese subsidiary is party to a RMB 70,000,000 (approximately \$10 million) one-year revolving credit facility with J.P. Morgan Chase Bank (the "Chinese Credit Facility—JPM"). Borrowings under the Chinese Credit Facility—JPM generally bear interest at a rate based on the People's Bank of China benchmark, including certain adjustments which may be made in accordance with market conditions at the time of borrowing. During the year ended December 31, 2018, TripAdvisor repaid all outstanding borrowings, and as of December 31, 2018, there were no outstanding borrowings under the Chinese Credit Facility—JPM. As of December 31, 2017, TripAdvisor had \$7 million of outstanding borrowings from the Chinese Credit Facility—JPM at a weighted average rate of 5.00%.

TripCo Margin Loans and Variable Postpaid Forward

On August 21, 2014, a wholly owned subsidiary of TripCo ("TripSPV"), entered into two margin loan agreements which aggregated total borrowings of \$400 million. Interest on the margin loans accrues at a rate of 3.65% plus LIBOR for six months and 3.25% plus LIBOR thereafter. Interest on the margin loans was paid in kind and added to the principal amount on the loans.

In connection with the variable postpaid forward transaction entered into on June 6, 2016, as described in note 5, TripCo borrowed \$259 million against the variable postpaid forward on June 23, 2016. The term of the forward is four years. At maturity, the accreted loan amount due is approximately \$272 million. The proceeds from the forward were used to repay \$200 million in principal and \$29 million of paid in kind interest on the margin loans with the remainder being used for general corporate purposes.

On June 23, 2016, TripCo amended the terms of the margin loan agreements with respect to the remaining borrowings of \$200 million. Common Stock and Class B Common Stock of TripAdvisor were pledged as collateral pursuant to these agreements. Each agreement contains language that indicates that the Company, as borrower and transferor of underlying shares as collateral, has the right to exercise all voting, consensual and other powers of ownership pertaining to the transferred shares for all purposes, provided that TripCo agrees that it will not vote the shares in any manner that would reasonably be expected to give rise to transfer or certain other restrictions. Similarly, the loan agreements indicate that no lender party shall have any voting rights with respect to the shares transferred, except to the extent that a lender party buys any shares in a sale or other disposition made pursuant to the terms of the loan agreements. The agreements also contain certain restrictions related to additional indebtedness and margin calls. The initial margin call would require the outstanding balance to be reduced to \$150 million if at any time the closing price per share of TripAdvisor common stock were to fall below a certain minimum value. Pursuant to the amendments, interest on the margin loans accrued at a rate of 2.0% plus LIBOR. On November 7, 2017, pursuant to another amendment to the margin loan agreements, the interest rate on the margin loans increased to 2.4% plus LIBOR per year. The interest can be paid in kind or cash at the election of TripCo. The Company expects that interest on the loan will be paid in kind and added to the principal amount on the loan. The term of the loan is three years and the maturity date is June 21, 2019. Accordingly, the loans are classified as current as of December 31, 2018.

During the year ended December 31, 2018, TripCo recorded \$10 million and \$3 million of non-cash interest related to the amended margin loans and variable postpaid forward, respectively.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

As of December 31, 2018, the values of TripAdvisor’s shares pledged as collateral pursuant to the margin loan agreements and variable postpaid forward, determined based on the trading price of the Common Stock and on an as-if converted basis for the Class B Common Stock, are as follows:

<u>Pledged Collateral</u>	Number of Shares Pledged as Collateral as of December 31, 2018	Share value as of December 31, 2018
	amounts in millions	
Common Stock	18.2	\$ 982
Class B Common Stock	12.8	\$ 690

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

Fair Value

Due to the primarily variable rate nature, TripCo believes that the carrying amount of its debt approximated fair value at December 31, 2018 and 2017.

Debt Covenants

As of December 31, 2018, each of the Company and TripAdvisor was in compliance with its respective debt covenants.

(8) Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act made broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) bonus depreciation that allows for full expensing of qualified property; (3) creating a new limitation on deductible interest expense; (4) eliminating the corporate alternative minimum tax (“AMT”) and changing how existing AMT credits can be realized; (5) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; (6) limitations on the deductibility of certain executive compensation; and (7) requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries that is payable over eight years. Additional requirements of the Tax Act include a tax on global low-tax income (“GILTI”) and deductions related to foreign derived intangible income. The SEC issued guidance on accounting for the tax effects of the Tax Act. The Company reflected the income tax effects of those aspects of the Tax Act for which the accounting was known as of December 31, 2017 and made immaterial revisions to such amounts during the allowed one year measurement period. The Company elected to account for GILTI as a period cost, and therefore included GILTI expense in the effective income tax rate calculation. As of December 31, 2018, the Company has completed its analysis of the tax effects of the Tax Act.

The corporate tax rate reduction was applied to our inventory of deferred tax assets and deferred tax liabilities, which resulted in the net tax benefit in the period ending December 31, 2017. Additionally, we are subject to the one-time transition tax on certain unrepatriated earnings on previously untaxed accumulated and current earnings and profits.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Current:			
Federal	\$ (39)	(92)	(33)
State and local	(12)	(2)	(3)
Foreign	(14)	(6)	(15)
	\$ (65)	(100)	(51)
Deferred:			
Federal	\$ 14	288	30
State and local	(5)	30	6
Foreign	(1)	11	16
	8	329	52
Income tax benefit (expense)	\$ (57)	229	1

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

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Domestic	\$ 3	(1,720)	24
Foreign	45	(90)	22
Total	\$ 48	(1,810)	46

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for the year ended December 31, 2018 and 35% for both of the years ended December 31, 2017 and 2016 as a result of the following:

	Years ended December 31,		
	2018	2017	2016
	amounts in millions		
Computed expected tax benefits (expense)	\$ (10)	634	(16)
State and local taxes, net of federal income taxes	(14)	17	(3)
Foreign taxes, net of foreign tax credits	11	2	28
Transition tax	—	(67)	—
Change in tax rate due to Tax Act	—	139	—
Basis difference in consolidated subsidiary	(17)	(8)	6
Change in valuation allowance	(4)	(27)	(9)
Change in unrecognized tax benefits	(12)	(11)	(11)
Federal tax credits	9	8	10
Stock-based compensation	(8)	(12)	(2)
Impairment of nondeductible goodwill	—	(445)	—
Other	(12)	(1)	(2)
Income tax (expense) benefit	\$ (57)	229	1

During 2018, the Company recognized additional tax expense related to the recognition of deferred tax liabilities for basis differences in the stock of a consolidated subsidiary and changes in unrecognized tax benefits. These expense items were partially offset by a net income tax benefit from earnings in foreign jurisdictions taxed at rates other than the 21% U.S. federal tax rate.

During 2017, the Company recognized an impairment loss on its goodwill that is not deductible for tax purposes. In connection with the initial analysis of the impact of the Tax Act, the Company estimated a one-time increase in tax expense of \$67 million on the deemed repatriation of undistributed earnings of non-U.S. shareholders as a result of the Tax Act. In addition, the Company recorded a discrete net tax benefit of \$139 million in the period ending December 31, 2017. This net benefit primarily consists of a net benefit for the corporate rate reduction.

During 2016, the Company had income tax benefits from earnings in foreign jurisdictions taxed at rates other than the 35% U.S. federal tax rate, partially offset by changes in unrecognized tax benefits and changes in valuation allowance.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

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

	December 31,	
	2018	2017
	amounts in millions	
Deferred tax assets:		
Loss carryforwards	\$ 77	99
Stock-based compensation	48	40
Lease financing obligation	22	22
Other	78	60
Total deferred tax assets	225	221
Less: valuation allowance	(60)	(64)
Net deferred tax assets	165	157
Deferred tax liabilities:		
Intangible assets	(387)	(392)
Investments	(41)	(38)
Other	(62)	(59)
Total deferred tax liabilities	(490)	(489)
Net deferred tax liability	\$ (325)	(332)

During the year ended December 31, 2018, there was \$4 million decrease in the Company's valuation allowance that affected tax expense.

Cumulative undistributed earnings of TripAdvisor's foreign subsidiaries totaled approximately \$651 million as of December 31, 2018. During the year ended December 31, 2018, TripAdvisor made a one-time repatriation of \$325 million of foreign earnings to the U.S. primarily to repay remaining outstanding debt under the 2015 Credit Facility. TripAdvisor intends to indefinitely reinvest the remaining foreign undistributed earnings of \$651 million, although it will continue to evaluate the impact of the Tax Act on capital deployment within and outside the U.S. Should TripAdvisor distribute, or be treated under certain U.S. tax rules as having distributed, the earnings of foreign subsidiaries in the form of dividends or otherwise, TripAdvisor may be subject to U.S. income taxes or tax benefits. The amount of any unrecognized deferred income tax on this temporary difference is not material.

At December 31, 2018, the Company has a deferred tax asset of \$77 million for federal, state, and foreign loss carryforwards. Of this amount, \$38 million is recorded at TripAdvisor. If not utilized to reduce income tax liabilities at TripAdvisor in future periods, these loss carryforwards will expire at various times between 2019 and 2037. The remaining deferred tax asset of \$39 million relates to federal and state net operating loss carryforwards recorded at TripCo. If not utilized to reduce income tax liabilities at TripCo in future periods, these net operating loss carryforwards will expire at various times between 2019 and 2037. The loss carryforwards recorded at TripAdvisor and TripCo are expected to be utilized prior to expiration, except for \$57 million of foreign net operating losses (on a tax-effected basis), which based on current projections of foreign taxable income may expire unused.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

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

	Years ended		
	December 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$ 123	105	89
Additions based on tax positions related to the current year	11	17	16
Additions for tax positions of prior years	2	1	1
Reductions for lapse of statute of limitations	—	—	(1)
Balance at end of year	<u>\$ 136</u>	<u>123</u>	<u>105</u>

As of December 31, 2018, 2017 and 2016, the Company had recorded tax reserves of \$136 million, \$123 million and \$105 million, respectively, related to unrecognized tax benefits for uncertain tax positions, which is classified as long-term and included in other long-term liabilities on the consolidated balance sheets. Prior to the acquisition of a controlling interest in TripAdvisor in December 2012, the Company did not have any unrecognized tax benefits for uncertain tax positions. If the unrecognized tax benefits were to be recognized for financial statement purposes, approximately \$87 million, \$78 million and \$63 million for the years ended December 31, 2018, 2017 and 2016, respectively, would be reflected in the Company's tax expense and affect its effective tax rate. The Company's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment. The Company does not anticipate any material changes in the next fiscal year.

As of December 31, 2018 and 2017, the Company had recorded approximately \$20 million and \$13 million, respectively, of accrued interest and penalties related to uncertain tax positions.

As of December 31, 2018, TripCo's tax years prior to 2015 are closed for federal income tax purposes, and the Internal Revenue Service ("IRS") has completed its examination of TripCo's 2015, 2016 and 2017 tax years. TripCo's 2018 tax year is being examined currently as part of the IRS's Compliance Assurance Process program. Because TripCo's ownership of TripAdvisor is less than the required 80%, TripAdvisor does not consolidate with TripCo for federal income tax purposes.

Prior to December 2011, TripAdvisor was included in the consolidated federal income tax returns filed by Expedia. Expedia's 2009, 2010 and short-period 2011 tax years are currently being audited by the IRS. TripAdvisor and Expedia are parties to a tax sharing agreement whereby TripAdvisor is generally required to indemnify Expedia for any taxes resulting from the Expedia spin-off (and any related interest, penalties, legal and professional fees, and all costs and damages associated with related stockholder litigation or controversies) to the extent such amounts resulted from (i) any act or failure to act by TripAdvisor described in the covenants in the tax sharing agreement, (ii) any acquisition of TripAdvisor's equity securities or assets or those of a member of its group, or (iii) any failure of the representations with respect to TripAdvisor or any member of its group to be true or any breach by TripAdvisor or any member of its group of any covenant, in each case, which is contained in the separation documents or in the documents relating to the IRS private letter ruling and/or the opinion of counsel.

TripAdvisor is undergoing an audit by the IRS for the short-period 2011, 2012 and 2013 tax years. Various states are currently examining TripAdvisor's prior year's state income tax returns. TripAdvisor is no longer subject to tax examinations by tax authorities for years prior to 2009. As of December 31, 2018, no material assessments have resulted for the 2012 and 2013 tax years.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

In January 2017, as part of Expedia's IRS audit, TripAdvisor received Notices of Proposed Adjustment from the IRS for the 2009 and 2010 tax years. These proposed adjustments are related to certain transfer pricing arrangements with TripAdvisor's foreign subsidiaries, and would result in an increase to TripAdvisor's worldwide income tax expense in an estimated range of \$10 million to \$14 million for 2009 and 2010 after consideration of competent authority relief, exclusive of interest and penalties. TripAdvisor disagrees with the proposed adjustments and intends to defend its position through applicable administrative and, if necessary, judicial remedies. TripAdvisor's policy is to review and update tax reserves as facts and circumstances change. Based on TripAdvisor's interpretation of the regulations and available case law, it believes the position taken with regard to transfer pricing with its foreign subsidiaries is sustainable. In addition to the risk of additional tax for 2009 and 2010 transactions, if the IRS were to seek transfer pricing adjustments of a similar nature for transactions in subsequent years, TripAdvisor would be subject to significant additional tax liabilities.

(9) Stock-Based Compensation

TripCo Incentive Plans

Pursuant to the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015) (the "2014 Plan"), the Company may grant Awards in respect of a maximum of 6.7 million shares of TripCo common stock. Awards generally vest over 1-5 years and have a term of 7-10 years. TripCo issues new shares upon exercise of equity awards.

TripCo - Grants

During the years ended December 31, 2018, 2017 and 2016, TripCo granted 59 thousand, 105 thousand and 67 thousand options, respectively, to purchase shares of Series A common stock to its non-employee directors. Such options had a weighted average grant-date fair value ("GDFV") of \$8.83, \$4.11 and \$6.63 per share, respectively, and cliff vest over a 1-year vesting period. There were no options to purchase shares of Series B common stock granted and no exercises, forfeitures or cancellations of Series B common stock during the year ended December 31, 2018.

The Company has calculated the GDFV for all of its equity classified awards and any subsequent remeasurement of its liability classified awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2018, 2017 and 2016, the range of expected terms was 4.8 years to 5.7 years. The volatility used in the calculation for Awards is based on the historical volatility of TripCo common stock and the implied volatility of publicly traded TripCo options. For grants made in 2018, 2017 and 2016, the range of volatilities was 40.6% to 49.5%. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options. The Company recognizes the cost of an Award over the period during which the employee is required to provide service (usually the vesting period of the Award).

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

TripCo - Outstanding Awards

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

	<u>Series A</u> <u>in thousands</u>	<u>WAEP</u>	<u>Weighted average remaining contractual life</u> <u>in years</u>	<u>Aggregate intrinsic value</u> <u>in millions</u>
Outstanding at January 1, 2018	681	\$ 14.68		
Granted	59	\$ 19.51		
Exercised	(21)	\$ 12.67		
Forfeited/Cancelled.	<u>(149)</u>	<u>\$ 14.13</u>		
Outstanding at December 31, 2018	<u>570</u>	\$ 15.40	3.2	\$ 1
Exercisable at December 31, 2018.....	<u>509</u>	\$ 14.87	2.8	\$ 1

	<u>Series B</u> <u>in thousands</u>	<u>WAEP</u>	<u>Weighted average remaining contractual life</u> <u>in years</u>	<u>Aggregate intrinsic value</u> <u>in millions</u>
Outstanding at January 1, 2018	1,797	\$ 27.83		
Granted	—	\$ —		
Exercised	—	\$ —		
Forfeited/Cancelled.	<u>—</u>	<u>\$ —</u>		
Outstanding at December 31, 2018	<u>1,797</u>	\$ 27.83	6.0	\$ —
Exercisable at December 31, 2018.....	<u>899</u>	\$ 27.83	6.0	\$ —

As of December 31, 2018, the total unrecognized compensation cost related to unvested equity Awards was \$5 million. Such amount will be recognized in the Company’s statements of operations over a weighted average period of approximately 1 year.

As of December 31, 2018, TripCo reserved 2.4 million shares of Series A and Series B common stock for issuance under exercise privileges of outstanding stock Awards.

TripCo - Exercises

The aggregate intrinsic value of all TripCo options exercised during the years ended December 31, 2018, 2017 and 2016 was \$117 thousand, \$478 thousand and \$1.2 million, respectively.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

TripCo — Restricted Stock

The aggregate fair value of all restricted shares of TripCo common stock that vested during the years ended December 31, 2018, 2017 and 2016 was \$9 thousand, \$13 thousand and \$284 thousand, respectively.

As of December 31, 2018, the Company had approximately 20 thousand unvested restricted shares of Series A TripCo common stock held by certain directors, officers and employees of the Company with a weighted average GDFV of \$9.42 per share.

TripAdvisor Equity Grant Awards

On June 21, 2018, TripAdvisor's stockholders approved the 2018 Stock and Annual Incentive Plan (the "2018 Plan") primarily for the purpose of providing sufficient reserves of shares of TripAdvisor's common stock to ensure its ability to continue to provide new hires, employees and management with equity incentives. The number of shares reserved and available for issuance under the 2018 Plan is 6,000,000 plus the number of shares available for issuance (and not subject to outstanding awards) under the Amended and Restated 2011 Stock and Annual Incentive Plan (the "2011 Plan"), as of the effective date of the 2018 Plan. Both plans provide for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), and other stock-based awards to TripAdvisor's directors, officers, employees and consultants, although no additional awards will be granted pursuant to the 2011 Plan. Grants were valued using a volatility of 41.9% and the applicable risk free rate for an expected term of 5.5 years for the year ended December 31, 2018, volatility of 42.1% and the applicable risk free rate for an expected term of 6.1 years for the year ended December 31, 2017 and a volatility of 41.8% and the applicable risk free rate for an expected term of 4.9 years for the year ended December 31, 2016.

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

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

The following table presents the number, WAEP and aggregate intrinsic value of stock options to purchase TripAdvisor common stock granted under their 2011 Plan and 2018 Plan:

	Number of Options in thousands	WAEP	Weighted Average Remaining Contractual Life in years	Aggregate Intrinsic Value in millions
Outstanding at January 1, 2018	6,853	\$ 52.78		
Granted	762	\$ 43.53		
Exercised	(1,162)	\$ 37.26		
Cancelled or expired	(412)	\$ 61.46		
Outstanding at December 31, 2018	<u>6,041</u>	\$ 54.00	6.5	\$ 47
Exercisable at December 31, 2018	<u>3,217</u>	\$ 61.85	4.7	\$ 15

The weighted average GDFV of service based stock options under their 2011 Plan and 2018 Plan was \$18.11 for the year ended December 31, 2018. These 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. As of December 31, 2018, the total number of shares reserved for future stock-based awards under the 2018 Plan is approximately 13.5 million shares. TripAdvisor related stock-based compensation for the year ended December 31, 2018 was approximately \$118 million. As of December 31, 2018, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately \$37 million and will be recognized over a weighted average period of approximately 2.8 years.

Restricted Stock Units and Market-based Restricted Stock Units

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

Market-based restricted stock units (“MSUs”) vest upon achievement of specified levels of market conditions. The fair value of the 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.

During the year ended December 31, 2018, TripAdvisor granted approximately 3 million of primarily service-based RSUs and market-based MSUs under the 2018 Plan and the 2011 Plan. The RSUs’ fair value was measured based on the quoted price of TripAdvisor common stock at the date of grant. As the MSUs provide for vesting based upon TripAdvisor’s total shareholder return, or “TSR,” performance, the potential outcomes of future stock prices and TSR of TripAdvisor and the Nasdaq Composite Total Return Index, was used to calculate the GDFV of these awards. The weighted average GDFV for RSUs and MSUs granted during 2018 was \$43.38 per share. As of December 31, 2018, the total unrecognized compensation cost related to 7 million unvested TripAdvisor RSUs and MSUs outstanding was approximately \$225 million which will be recognized over the remaining vesting term of approximately 2.6 years.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

(10) Employee Benefit Plans

TripAdvisor and BuySeasons sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in TripCo common stock, as well as other mutual funds. The Company's consolidated companies make matching contributions to the plans based on a percentage of the amount contributed by employees. Employer cash contributions related to BuySeasons and TripAdvisor were \$13 million, \$9 million and \$9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

(11) Related Party Transactions

Agreement with Chairman, President and CEO

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

(12) Commitments and Contingencies

Operating Leases

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

In June 2013, TripAdvisor entered into a lease to move its headquarters to Needham, Massachusetts in 2015. TripAdvisor was the deemed owner (for accounting purposes only) of the new building during the construction period under build to suit lease accounting. As building construction began in the fourth quarter of 2013, TripAdvisor recorded project construction costs incurred by the landlord as a construction-in-progress asset and a corresponding construction financing obligation in "Property and equipment, at cost" and "Other liabilities," respectively, in the consolidated balance sheets.

Upon completion of construction at the end of the second quarter of 2015, TripAdvisor evaluated the construction-in-progress asset and construction financing obligation for de-recognition under the criteria for "sale-leaseback" treatment under GAAP. TripAdvisor has continued economic involvement in the facility, and therefore did not meet the provisions for sale-leaseback accounting. This determination was based on TripAdvisor's continuing involvement with the property in the form of non-recourse financing to the lessor. Therefore, the lease has been accounted for as a financing obligation. Accordingly, TripAdvisor began depreciating the building asset over its estimated useful life and incurring interest expense related to the financing obligation imputed using the effective interest rate method. TripAdvisor bifurcates the lease payments into (i) a portion that is allocated to the building (a reduction to the construction financing obligation) and; (ii) a portion that is allocated to the land on which the building was constructed. The portion of the lease payments allocated to the land is treated as an operating lease that commenced in 2013. The lease costs allocated to the land are recognized as rent expense on a straight-line basis over the term of the lease and are recorded in general and administrative expense in the consolidated statements of operations. The construction financing obligation is considered a long-term finance lease obligation and is recorded to noncurrent "Other liabilities" in the consolidated balance sheets.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Excluding TripAdvisor's corporate headquarters lease, discussed above, TripAdvisor also leases an aggregate of approximately 450,000 square feet at approximately 40 other locations across North America, Europe and Asia Pacific, in cities such as New York, Boston, London, Sydney, Barcelona, Paris and Beijing, primarily for its sales offices, subsidiary headquarters, and international management teams, pursuant to leases with various expiration dates, with the latest expiring in June 2027.

See note 2 for information on the potential impact of new lease accounting guidance on TripAdvisor's property leases which the Company will adopt on January 1, 2019.

For the years ended December 31, 2018, 2017 and 2016, TripCo recorded rental expense of \$17 million, \$19 million and \$21 million, respectively. The following table presents TripCo's estimated future minimum rental payments under operating leases with non-cancelable lease terms, including TripAdvisor's headquarters lease, that expire after December 31, 2018 (amounts in millions):

2019	\$	25
2020		25
2021		24
2022		24
2023		19
Thereafter		76
	<u>\$</u>	<u>193</u>

Off-Balance Sheet Arrangements

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

Litigation

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

(13) Segment Information

TripCo, through its ownership interests in subsidiaries and other companies, is primarily engaged in the online commerce industries. TripCo identifies its reportable segments as (A) those consolidated companies that represent 10% or more of its consolidated annual revenue, annual adjusted operating income before depreciation and amortization ("Adjusted OIBDA") or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of TripCo's annual pre-tax earnings.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

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

TripCo defines Adjusted OIBDA as revenue less operating expenses, and selling, general and administrative expenses (excluding stock-based compensation), adjusted for specifically identified non-recurring transactions. TripCo believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, equity settled liabilities (including stock-based compensation), separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. TripCo generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

For the year ended December 31, 2018, TripCo has identified the following consolidated company as its reportable segment:

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

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

Performance Measures

	Years ended December 31,					
	2018		2017		2016	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions					
TripAdvisor	\$ 1,615	422	1,556	331	1,480	352
Corporate and other	—	(6)	13	(9)	52	(16)
Consolidated TripCo	<u>\$ 1,615</u>	<u>416</u>	<u>1,569</u>	<u>322</u>	<u>1,532</u>	<u>336</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

Other Information

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Total Assets</u>	<u>Capital expenditures</u>	<u>Total Assets</u>	<u>Capital expenditures</u>
	amounts in millions			
TripAdvisor	\$ 5,187	61	5,387	64
Corporate and other	37	—	97	1
Consolidated TripCo	<u>\$ 5,224</u>	<u>61</u>	<u>5,484</u>	<u>65</u>

Revenue by Geographic Area

During the fourth quarter of 2018, the Company revised the basis in which it measures geographic revenue information to the physical location of the TripAdvisor subsidiary which generates the revenue, which is consistent with the measurement of long-lived physical assets, or property and equipment, net. All prior periods have been reclassified to conform to the current period presentation. These reclassifications had no effect on our consolidated financial statements.

	<u>December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
	amounts in millions		
United States	\$ 835	815	770
United Kingdom	508	530	564
Other countries	272	224	198
Consolidated TripCo	<u>\$ 1,615</u>	<u>1,569</u>	<u>1,532</u>

Long-lived Assets by Geographic Area

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
	amounts in millions	
United States	\$ 137	147
Other countries	17	18
Consolidated TripCo	<u>\$ 154</u>	<u>165</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2018, 2017 and 2016

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

	<u>Years ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
	amounts in millions		
Consolidated Adjusted OIBDA	\$ 416	322	336
Legal settlement	(5)	—	—
Stock-based compensation	(123)	(103)	(91)
Depreciation and amortization	(160)	(213)	(222)
Impairment of intangible assets	—	(1,798)	—
Operating income	<u>128</u>	<u>(1,792)</u>	<u>23</u>
Interest expense	(26)	(25)	(25)
Realized and unrealized gains (losses) on financial instruments, net	(59)	24	53
Gain (loss) on dispositions, net	—	(18)	—
Other, net	5	1	(5)
Earnings (loss) before income taxes	<u>\$ 48</u>	<u>(1,810)</u>	<u>46</u>

(14) Quarterly Financial Information (Unaudited)

	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>
	amounts in millions, except per share amounts			
2018:				
Revenue	\$ 378	433	458	346
Operating income (loss)	\$ 9	34	76	9
Net earnings (loss)	\$ (35)	(22)	57	(9)
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc.				
Series A and Series B stockholders	\$ (31)	(39)	14	(8)
Basic earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc.				
Series A and Series B stockholders per common share	\$ (0.41)	(0.52)	0.19	(0.11)
Diluted earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc.				
Series A and Series B stockholders per common share	\$ (0.41)	(0.52)	0.19	(0.11)

	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>
	amounts in millions, except per share amounts			
2017:				
Revenue	\$ 378	431	439	321
Operating income (loss)	\$ (7)	13	16	(1,814)
Net earnings (loss)	\$ (9)	(7)	(7)	(1,558)
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc.				
Series A and Series B stockholders	\$ (3)	(12)	(13)	(369)
Basic earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc.				
Series A and Series B stockholders per common share	\$ (0.04)	(0.16)	(0.17)	(4.92)
Diluted earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc.				
Series A and Series B stockholders per common share	\$ (0.04)	(0.16)	(0.17)	(4.92)

LIBERTY TRIPADVISOR HOLDINGS, INC.

CORPORATE DATA

Board of Directors

Gregory B. Maffei

Chairman of the Board, President and Chief Executive Officer
Liberty TripAdvisor Holdings, Inc.

Michael J. Malone

Chief Executive Officer and Principal
Hunters Capital, LLC

Chris Mueller

Managing Partner
Post Closing 360 LLC

Larry E. Romrell

Retired Executive Vice President
Tele-Communications, Inc.

Albert E. Rosenthaler

Chief Corporate Development Officer
Liberty TripAdvisor Holdings, Inc.

J. David Wargo

Founder and President
Wargo & Company, Inc.

Executive Committee

Gregory B. Maffei**Chris Mueller****Albert E. Rosenthaler**

Compensation Committee

Larry E. Romrell (Chairman)**Michael J. Malone****J. David Wargo**

Audit Committee

Chris Mueller (Chairman)**Michael J. Malone****J. David Wargo**

Nominating & Corporate

Governance Committee

J. David Wargo (Chairman)**Michael J. Malone****Larry E. Romrell**

Senior Officers

Gregory B. Maffei

President and Chief Executive Officer

Richard N. Baer

Chief Legal Officer

Albert E. Rosenthaler

Chief Corporate Development Officer

Brian J. Wendling

Senior Vice President and Chief Financial Officer

Corporate Secretary

Michael E. Hurelbrink

Corporate Headquarters

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

Stock Information

Series A Common Stock (LTRPA) and Series B Common Stock (LTRPB) trade on the NASDAQ Global Select Market.

CUSIP Numbers

LTRPA – 531465 102

LTRPB – 531465 201

Transfer Agent

Liberty TripAdvisor Holdings, Inc.
Shareholder Services
c/o Broadridge Corporate Issuer Solutions
P.O. Box 1342
Brentwood, NY 11717
Phone: (888) 789-8410
Toll Free: (303) 562-9272
<https://shareholder.broadridge.com/ltah>

Investor Relations

Courtnee Chun
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(844) 826-8736

On the Internet

Visit the Liberty TripAdvisor Holdings, Inc. website at
www.libertytripadvisorholdings.com

Financial Statements

Liberty TripAdvisor Holdings, Inc. financial statements are filed with the Securities and Exchange Commission. Copies of these financial statements can be obtained from the Transfer Agent or through the Liberty TripAdvisor Holdings, Inc. website.

OUR ENVIRONMENT

Liberty believes in working to keep our environment cleaner and healthier. We are proud to have our headquarters overlooking the Colorado Rockies. Every day, Liberty takes steps to preserve the natural beauty of the surroundings that we are privileged to enjoy.

ELECTRONIC DELIVERY



We encourage Liberty stockholders to voluntarily elect to receive future proxy and annual report materials electronically.

- If you are a registered stockholder, please visit www.proxyvote.com for simple instructions.
- Beneficial shareowners can elect to receive future proxy and annual report materials electronically as well as vote their shares online at www.proxyvote.com.
 - ▶ Faster ▶ Economical ▶ Cleaner ▶ Convenient

SCAN THE QR CODE

- to vote using your mobile device, sign up for e-delivery or download annual meeting materials.



▶ Liberty's initiative in reducing its carbon footprint by promoting electronic delivery of shareholder materials has had a positive effect on the environment. Based upon 2018 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:



Using approximately 9.5 fewer tons of wood, or 56.9 fewer trees



Using approximately 64.6 million fewer BTUs, or the equivalent of the amount of energy used by 77 residential refrigerators operated/year



Using approximately 44,700 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent to 4.06 cart/year



Saving approximately 56,000 gallons of water, or the equivalent to 40.4 clothes washers operated/year



Saving approximately 3,090 pounds of solid waste



Reducing hazardous air pollutants by approximately 4.2 pounds

Environmental impact estimates calculated using the Environmental Paper Network Paper Calculator. For more information visit www.papercalculator.org.

2019 ANNUAL MEETING OF STOCKHOLDERS

- 📅 Thursday, May 23, 2019
- 🕒 8:15 a.m. Local Time
- 📍 Corporate Offices of Liberty TripAdvisor Holdings, Inc.
12300 Liberty Boulevard, Englewood, Colorado 80112

