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## LIBERTY TRIPADVISOR HOLDINGS, INC.

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

June 14, 2021

Dear Stockholder:

You are cordially invited to attend the 2021 annual meeting of stockholders of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) to be held at 9:15 a.m., Mountain time, on July 28, 2021. Due to concerns about the coronavirus, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LTAH2021](http://www.virtualshareholdermeeting.com/LTAH2021). To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice of Internet Availability of Proxy Materials or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on July 28, 2021.

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 the proxy card if you received a paper copy of the proxy materials by mail.** 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 "Gregory B. Maffei".

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

*The Notice of Internet Availability of Proxy Materials is first being mailed on or about June 15, 2021, and the proxy materials relating to the annual meeting will first be made available on or about the same date.*

# LIBERTY TRIPADVISOR HOLDINGS, INC.

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

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on July 28, 2021

**NOTICE IS HEREBY GIVEN** of the annual meeting of stockholders of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) to be held at 9:15 a.m., Mountain time, on July 28, 2021. Due to concerns about the coronavirus (**COVID-19**), this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LTAH2021](http://www.virtualshareholdermeeting.com/LTAH2021). To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice of Internet Availability of Proxy Materials or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on July 28, 2021. At the annual meeting, you will be asked to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect Gregory B. Maffei, Michael J. Malone and M. Gregory O'Hara to continue serving as Class III members of our board until the 2024 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, 2021;
3. A proposal (which we refer to as the **say-on-pay proposal**) to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading "Executive Compensation"; and
4. A proposal (which we refer to as the **say-on-frequency proposal**) to approve, on an advisory basis, the frequency at which future say-on-pay votes will be held.

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 June 9, 2021, 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. If you have any questions with respect to accessing this list, please contact Liberty TripAdvisor Investor Relations at (844) 826-8736.

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 for inclusion in the proxy materials and recommends that you vote "**FOR**" the election of each director nominee, "**FOR**" the auditors ratification proposal and "**FOR**" the say-on-pay proposal. Our board of directors also recommends that you vote in favor of the "**3 YEARS**" frequency option with respect to the say-on-frequency proposal.

Votes may be cast electronically during the annual meeting via the Internet 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 July 28, 2021: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2020 Annual Report to Stockholders are available at [www.proxyvote.com](http://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 that reads "Michael E. Hurelbrink". The signature is written in a cursive style with a horizontal line at the end.

Michael E. Hurelbrink  
*Assistant Vice President and Secretary*

Englewood, Colorado  
June 14, 2021

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE PROMPTLY VIA TELEPHONE OR ELECTRONICALLY VIA THE INTERNET. ALTERNATIVELY, PLEASE COMPLETE, SIGN AND RETURN THE PROXY CARD IF YOU RECEIVED A PAPER COPY OF THE PROXY MATERIALS BY MAIL.**

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# PROXY STATEMENT SUMMARY

## 2021 ANNUAL MEETING OF STOCKHOLDERS

### WHEN

9:15 a.m., Mountain time, on July 28, 2021

### WHERE

The annual meeting can be accessed virtually via the Internet by visiting [www.virtualshareholdermeeting.com/LTAH2021](http://www.virtualshareholdermeeting.com/LTAH2021)

### RECORD DATE

5:00 p.m., New York City time, on June 9, 2021

### ITEMS OF BUSINESS

1. Election of directors proposal—To elect Gregory B. Maffei, Michael J. Malone and M. Gregory O’Hara to continue serving as Class III members of our board until the 2024 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, 2021.
3. Say-on-pay proposal—To approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading “Executive Compensation.”
4. Say-on-frequency proposal—To approve, on an advisory basis, the frequency at which future say-on-pay votes will be held.

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

### WHO MAY VOTE

Holders of shares of LTRPA and LTRPB

### 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](http://www.proxyvote.com)



By returning a  
properly completed, signed and  
dated proxy card

## ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Election of directors proposal	✓ <b>FOR EACH NOMINEE</b>	9
Auditors ratification proposal	✓ <b>FOR</b>	14
Say-on-pay proposal	✓ <b>FOR</b>	16
Say-on-frequency proposal	✓ <b>3 YEARS</b>	17

# 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 2021 Annual Meeting of Stockholders to be held at 9:15 a.m., Mountain time, on July 28, 2021 or at any adjournment or postponement of the annual meeting. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LTAH2021](http://www.virtualshareholdermeeting.com/LTAH2021). 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

### NOTICE AND ACCESS OF PROXY MATERIALS

We have elected, in accordance with the Securities and Exchange Commission's "Notice and Access" rule, to deliver a Notice of Internet Availability of Proxy Materials (the **Notice**) to our stockholders and to post our proxy statement and our annual report to our stockholders (collectively, the **proxy materials**) electronically. The Notice is first being mailed to our stockholders on or about June 15, 2021. The proxy materials will first be made available to our stockholders on or about the same date.

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

### ELECTRONIC DELIVERY

Registered stockholders may elect to receive future notices and proxy materials by e-mail. To sign up for electronic delivery, go to [www.proxyvote.com](http://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](http://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 9:15 a.m., Mountain time, on July 28, 2021. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LTAH2021](http://www.virtualshareholdermeeting.com/LTAH2021). To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on July 28, 2021.



## PURPOSE

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

- the election of directors proposal, to elect Gregory B. Maffei, Michael J. Malone and M. Gregory O'Hara to continue serving as Class III members of our board until the 2024 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, 2021;
- the say-on-pay proposal, to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading "Executive Compensation"; and
- the say-on-frequency proposal, to approve, on an advisory basis, the frequency at which future say-on-pay votes will be held.

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. Virtual attendance at the annual meeting also constitutes presence in person for purposes of quorum at the meeting. 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 June 9, 2021 (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 say-on-pay 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.

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

Virtual attendance at the annual meeting also constitutes presence in person for purposes of each required vote.

## 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 for inclusion in the proxy materials and recommends that you vote **“FOR”** the election of each director nominee, **“FOR”** the auditors ratification proposal and **“FOR”** the say-on-pay proposal. Our board of directors also recommends that you vote in favor of the **“3 YEARS”** frequency option with respect to the say-on-frequency proposal.

## SHARES OUTSTANDING

As of the record date, 72,290,228 shares of LTRPA and 3,216,047 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, 775 and 40 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 via the Internet at the annual meeting or prior to the annual meeting by telephone or through the Internet. Alternatively, if they received a paper copy of the proxy materials by mail, they may give a proxy by completing, signing, dating and returning the proxy card by mail.

Holders of record may vote their shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LTAH2021](http://www.virtualshareholdermeeting.com/LTAH2021). To enter the annual meeting, holders will need the 16-digit control number that is printed on their Notice or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that they are logged in when the meeting starts. Online check-in will start shortly before the meeting on July 28, 2021.

Instructions for voting prior to the annual meeting by using the Internet are printed on the Notice or the proxy card. In order to vote prior to the annual meeting through the Internet, holders should have their Notices or proxy cards available so they can input the required information from the Notice or proxy card, and log onto the Internet website address shown on the Notice or proxy card. When holders log onto the Internet website address, they will receive instructions on how to vote their shares. The Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which will be provided to each voting stockholder separately. Unless subsequently revoked, shares of our common stock represented by a proxy submitted as described herein and received at or before the annual meeting will be voted in accordance with the instructions on the proxy.

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

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

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

If you do not submit a proxy or you do not vote 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 without specific instructions from their clients with respect to numerous matters, including, in our case, all of the proposals described in this proxy statement other than the auditors ratification proposal. Accordingly, to ensure your shares held in street name are voted on these matters, we encourage you to provide promptly specific voting instructions to your broker, bank or other nominee.

### **Effect of Broker Non-Votes**

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

### **REVOKING A PROXY**

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by attending the annual meeting online and voting via the Internet 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 July 27, 2021.

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 materials on behalf of our board of directors. In addition to this mailing, our employees may solicit proxies personally or by telephone. We pay the cost of soliciting these proxies. We also reimburse brokers and other nominees for their expenses in sending the Notice and, if requested, 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 (outside the United States (303) 562-9272).

### **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.

Unless otherwise indicated, the security ownership information is given as of March 31, 2021 and, in the case of percentage ownership information, is based upon 72,290,228 LTRPA shares and 3,216,047 LTRPB shares, in each case, outstanding on April 30, 2021. 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 (%)
<b>Gregory B. Maffei</b>	LTRPA	—	—	42.6
c/o Liberty TripAdvisor Holdings, Inc. 12300 Liberty Blvd. Englewood, CO 80112	LTRPB	5,468,156 <sup>(1)</sup>	97.4	
<b>BlackRock Inc.</b>	LTRPA	5,430,995 <sup>(2)</sup>	7.5	5.1
55 East 52nd Street New York, NY 10055	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 given as of April 30, 2021, and is set forth in “—Security Ownership of Management.”
- (2) Based on Form 13F, filed May 7, 2021 by BlackRock Inc. (**BlackRock**), which states that, with respect to LTRPA, BlackRock has sole voting power over 5,290,485 shares and sole investment discretion over 5,430,995 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**), (2) our 8% Series A Cumulative Redeemable Preferred Stock (**LTRPP**) and (3) 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**). Unless otherwise indicated, the security ownership information with respect to our common stock is given as of April 30, 2021 and, in the case of percentage ownership information, is based upon 72,290,228 LTRPA shares and 3,216,047 LTRPB shares, in each case, outstanding on that date. Unless otherwise indicated, the security ownership information with respect to LTRPP is given as of April 30, 2021 and, in the case of percentage ownership information, is based on 187,414 LTRPP shares outstanding on that date. Unless otherwise indicated, the security ownership information with respect to Tripadvisor is given as of April 30, 2021 and, in the case of percentage ownership information, is based on 124,109,641 TRIP shares and 12,799,999 Tripadvisor Class B shares, in each case, outstanding on April 30, 2021. The percentage voting power is presented in the table below on an aggregate basis for all series of our common stock. LTRPP shares are non-voting and therefore, in the case of percentage voting power, are not included.

Shares of restricted stock that have been granted pursuant to Liberty 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 April 30, 2021 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 (%)
<b>Gregory B. Maffei</b> Chairman of the Board, President and Chief Executive Officer	LTRPA	—	—	42.6
	LTRPB	5,468 <sup>(1)</sup>	97.4	
	LTRPP	—	—	
	TRIP	38 <sup>(2)</sup>	*	*
<b>M. Gregory O'Hara</b> Director	LTRPA	38	*	*
	LTRPB	—	—	
	LTRPP	187 <sup>(3)</sup>	100.0	
	TRIP	1,725 <sup>(4)</sup>	1.4	*
<b>Michael J. Malone</b> Director	LTRPA	130 <sup>(1)</sup>	*	*
	LTRPB	—	—	
	LTRPP	—	—	
	TRIP	—	—	—
<b>Chris Mueller</b> Director	LTRPA	55 <sup>(1)</sup>	*	*
	LTRPB	—	—	
	LTRPP	—	—	
	TRIP	—	—	—

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
<b>Larry E. Romrell</b> Director	LTRPA	82 <sup>(1)</sup>	*	*
	LTRPB	**	*	
	LTRPP	—	—	
	TRIP	—	—	—
<b>Albert E. Rosenthaler</b> Chief Corporate Development Officer and Director	LTRPA	31	*	*
	LTRPB	—	—	
	LTRPP	—	—	
	TRIP	32 <sup>(5)</sup>	*	*
<b>J. David Wargo</b> Director	LTRPA	120 <sup>(1)(6)</sup>	*	*
	LTRPB	—	—	
	LTRPP	—	—	
	TRIP	—	—	—
<b>Christy Haubegger<sup>(7)</sup></b> Director	LTRPA	—	—	—
	LTRPB	—	—	
	LTRPP	—	—	
	TRIP	—	—	—
<b>Brian J. Wendling</b> Senior Vice President and Chief Financial Officer	LTRPA	7	*	*
	LTRPB	—	—	
	LTRPP	—	—	
	TRIP	—	—	—
<b>Renee L. Wilm</b> Chief Legal Officer and Chief Administrative Officer	LTRPA	9	*	*
	LTRPB	—	—	
	LTRPP	—	—	
	TRIP	—	—	—
<b>All directors and executive officers as a group (10 persons)</b>	LTRPA	471 <sup>(1)(6)</sup>	*	42.8
	LTRPB	5,468 <sup>(1)</sup>	97.4	
	LTRPP	187 <sup>(3)</sup>	100.0	
	TRIP	1,794 <sup>(2)(4)(5)</sup>	1.4	*

\* Less than one percent

\*\* Less than 1,000 shares

(1) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after April 30, 2021.

	LTRPA	LTRPB
Gregory B. Maffei	—	2,396,329
Michael J. Malone	129,745	—
Chris Mueller	35,446	—
Larry E. Romrell	76,568	—
J. David Wargo	110,057	—
Total	<u>351,816</u>	<u>2,396,329</u>

(2) 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. Also includes 7,858 shares of TRIP underlying restricted stock units that vest within 60 days after April 30, 2021.

(3) Reflects securities held directly by Certares LTRIP LLC (**Certares LTRIP**). Certares Holdings LLC (**Certares Holdings**), Certares Holdings (Blockable) LLC (**Certares Blockable**) and Certares Holdings (Optional) LLC (**Certares Optional**) are members of Certares

LTRIP. Certares Management LLC is the manager of each of Certares LTRIP, Certares Holdings, Certares Blockable and Certares Optional. Certares Management LLC is controlled by Clementine Investments LLC (**Clementine**), an entity controlled by Mr. O'Hara, and Pemrose Corporation, an entity wholly-owned by Colin Farmer. Each of the foregoing persons disclaims beneficial ownership of the securities, except to the extent of such person's pecuniary interest therein.

- (4) Includes (i) 7,858 shares of TRIP underlying restricted stock units that vest within 60 days after April 30, 2021 and (ii) 1,713,859 shares of TRIP held by Certares LTRIP acquired pursuant to the Stock Repurchase Agreement, dated as of March 22, 2021, by and between Certares LTRIP and Liberty TripAdvisor. Mr. O'Hara, an employee of Certares Management LLC or one of its affiliates (collectively, **Certares Management**), holds the shares of TRIP beneficially owned by him for the benefit of Certares Management and disclaims beneficial ownership of the securities, except to the extent of his pecuniary interest therein.
- (5) Includes 7,858 shares of TRIP underlying restricted stock units that vest within 60 days after April 30, 2021.
- (6) Includes 390 shares of LTRPA held by Mr. Wargo's spouse as to which Mr. Wargo has disclaimed beneficial ownership.
- (7) Ms. Haubegger was appointed as a director of our company effective May 10, 2021. Information is provided as of May 10, 2021.

## CHANGES IN CONTROL

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



## 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 eight directors, divided among three classes. Our Class III directors, whose term will expire at the annual meeting, are Gregory B. Maffei, Michael J. Malone and M. Gregory O'Hara. These directors are nominated for election to our board to continue to serve as Class III directors, and we have been informed that each of Messrs. Maffei, Malone and O'Hara is willing to continue to serve as a director of our company. The term of the Class III directors who are elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2024. Our Class I directors, whose term will expire at the annual meeting of our stockholders in the year 2022, are Larry E. Romrell and J. David Wargo. Our Class II directors, whose term will expire at the annual meeting of our stockholders in the year 2023, are Christy Haubegger, Chris Mueller and Albert E. Rosenthaler.

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.

Prior to March 29, 2021, Mr. O'Hara, Founder and Senior Managing Director of Certares Management LLC, was appointed by the holder of a majority of the outstanding shares of LTRPP as the Series A Preferred Threshold Director (as defined below). As of March 29, 2021, Mr. O'Hara serves as a Class III director and continues to serve as our Vice Chairman. Currently there is no Series A Preferred Threshold Director and such seat will remain vacant pursuant to the agreed waiver contained in the Stock Repurchase Agreement, dated as of March 22, 2021 (the **Repurchase Agreement**), by and between Liberty TripAdvisor and Certares LTRIP. The Series A Preferred Threshold Director directorship will automatically be eliminated and the total authorized number of directorships will be automatically reduced when less than 25% of the original aggregate liquidation value of the LTRPP shares remains outstanding.

The following lists the three nominees for election as directors at the annual meeting and the five 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. For additional information on our board's evaluation of director candidates or incumbent directors seeking re-election, see "Management and Governance Matters—Committees of the Board of Directors—Nominating and Corporate Governance Committee—Director Candidate Identification Process." 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

##### Gregory B. Maffei

- Age: 61
- 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. He has served as President and Chief Executive Officer and a Director of Liberty Media Corporation (including its predecessor, **Liberty Media**) since May 2007, Liberty Broadband Corporation (**Liberty Broadband**) since June 2014 and Liberty Media Acquisition Corporation (**LMAC**) since November 2020. He has served as the Chairman of the Board of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, **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. Mr. Maffei has also served as the President and Chief Executive Officer and a director of GCI Liberty, Inc. (**GCI Liberty**) from March 2018 until December 2020. 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 Corporation (**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 LMAC since November 2020, (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) a director of GCI Liberty from March 2018 until its December 2020 combination with Liberty Broadband, (ii) Chairman of the Board of Starz from January 2013 until its acquisition by Lions Gate Entertainment Corp. in December 2016, (iii) a director of Barnes & Noble, Inc. from September 2011 to April 2014, (iv) a director of Electronic Arts, Inc. from June 2003 to July 2013, (v) a director of DIRECTV and its predecessors from February 2008 to June 2010 and (vi) 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), Liberty Media, and Liberty Broadband, and his previous positions at GCI Liberty, Oracle, 360networks and Microsoft, as well as 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:* 76
- 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 (i) Expeditors International of Washington, Inc. from August 1999 to May 2017, (ii) Take Two Interactive Software, Inc. from January 2006 through March 2007 and (iii) 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.

#### **M. Gregory O'Hara**

- *Age:* 55
- Vice Chairman of the Board of our company.
- *Professional Background:* Mr. O'Hara has served as Vice Chairman and a director of our company since March 2020. He previously served as the Series A Preferred Threshold Director from March 2020 to March 2021. He founded Certares Management LLC in 2012 and serves as its Senior Managing Director, as the Head of its Investment Committee and as a member of its Management Committee. Mr. O'Hara co-founded GO Acquisition Corp. and serves as its Co-Chief Executive Officer and a director. Mr. O'Hara

serves as the Executive Chairman of American Express Global Business Travel and as a director of Tripadvisor, The Innocence Project, the World Travel & Tourism Council and Certares Holdings. Prior to forming Certares Management LLC, Mr. O'Hara served as Chief Investment Officer of JPMorgan Chase's Special Investments Group and as a Managing Director of One Equity Partners, the private equity arm of JPMorgan. Mr. O'Hara also served as Executive Vice President and a director of Worldspan.

- *Other Public Company Directorships:* Mr. O'Hara has served as a director of Tripadvisor since March 2020 and GO Acquisition Corp. since August 2020.
- *Board Membership Qualifications:* Mr. O'Hara's extensive background in investment analysis and management and his particular expertise in finance and private equity contribute to our board's evaluation of investment and financial opportunities and strategies and strengthen our board's collective qualifications, skills and attributes.
- *Arrangements:* Effective March 26, 2020, Mr. O'Hara was appointed by the holder of a majority of the outstanding shares of LTRPP as the Series A Preferred Threshold Director. Our board of directors also appointed Mr. O'Hara as our Vice Chairman at that time. On March 29, 2021, in connection with the closing of the transactions contemplated by the Repurchase Agreement, Mr. O'Hara delivered a resignation as the Series A Preferred Threshold Director, Certares LTRIP permanently waived its right to appoint the Series A Preferred Threshold Director, the authorized size of the board of directors of Liberty TripAdvisor was increased and Mr. O'Hara was appointed as a Class III member. Our board of directors also reappointed Mr. O'Hara as our Vice Chairman. Under the Repurchase Agreement, Certares LTRIP has the right to nominate Mr. O'Hara to be included in the slate of nominees recommended by Liberty TripAdvisor's board of directors to the stockholders of Liberty TripAdvisor for election as directors at the 2021 annual meeting and to be included in any future slate of such nominees for Class III directors for so long as Certares LTRIP beneficially owns shares of LTRPP with an aggregate Liquidation Price (as such term is defined in the Investment Agreement (as defined below)) equal to at least the Threshold Amount (as such term is defined in the Investment Agreement).

## Directors Whose Term Expires in 2022

### Larry E. Romrell

- *Age:* 81
- 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 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 (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:* 67
- 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 Liberty Broadband since March 2015. He has also 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 2023

### Christy Haubegger

- *Age:* 52
- A director of our company.
- *Professional Background:* Ms. Haubegger has served as a director of our company since May 2021. She is currently Executive Vice President, Communications and Chief Inclusion Officer for WarnerMedia, which she joined in September 2019. Previously, she led multicultural business strategy and was a leading agent for Creative Artists Agency (**CAA**), providing insights on diverse markets to CAA's motion picture, music, marketing and television clients. Prior to that, Ms. Haubegger worked in the publishing and motion picture industries, having founded and served as publisher, president and CEO at Latina magazine, and served as a producer on several motion pictures. She currently serves on the board of Management Leadership for Tomorrow, a non-profit organization that works to increase the number of minority business leaders, and also previously served on the board of Latina Media Ventures from January 2003 to December 2016. Ms. Haubegger is also a founding member of TIME'S UP, an initiative that addresses systematic inequality and injustice in the workplace.
- *Other Public Company Directorships:* Ms. Haubegger has served as a director of Hudson Pacific Properties, Inc. since March 2019. Ms. Haubegger previously served as a director of RTW Retailwinds, Inc. from May 2016 until May 2020.
- *Board Membership Qualifications:* Ms. Haubegger brings extensive experience in strategy development, branding, marketing and customer experience, governance in the media and entertainment industry as well as her knowledge in reaching multicultural consumer markets.

### Chris Mueller

- *Age:* 62
- 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 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:* 61
- 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 and Liberty Broadband since October 2016 and LMAC since November 2020. Mr. Rosenthaler served as Chief Corporate Development Officer of GCI Liberty from March 2018 to December 2020 and Liberty Expedia Holdings, Inc. (**Liberty Expedia**) from October 2016 to July 2019. 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, GCI Liberty 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.

**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. Maffei, Malone and O’Hara as Class III 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, 2021.

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, 2021.

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 2020 and 2019 and fees billed for other services rendered by KPMG LLP:

	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>
Audit fees	\$642,800	\$547,200
Audit related fees	—	—
Audit and audit related fees	642,800	547,200
Tax fees <sup>(2)</sup>	59,900	90,700
Total fees	<u>\$702,700</u>	<u>\$637,900</u>

(1) Such fees with respect to 2020 and 2019 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 \$2,717,500 and \$2,399,700 in 2020 and 2019, 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.



## PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL

Notwithstanding the foregoing general pre-approval, if, in the reasonable judgment of our 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 2020 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 SAY-ON-PAY PROPOSAL

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

Our most recent advisory vote on the compensation of our named executive officers was held at our 2018 annual meeting of stockholders on May 24, 2018, at which stockholders representing a majority of our aggregate voting power present and entitled to vote on the say-on-pay proposal voted in favor of, on an advisory basis, our executive compensation as disclosed in our proxy statement for our 2018 annual meeting of stockholders. At our 2015 annual meeting of stockholders on June 2, 2015, a majority of the votes cast on the say-on-frequency proposal by our stockholders that were present, in person or by proxy, and entitled to vote at the 2015 annual meeting of stockholders, voting together as a single class, voted in favor of holding future advisory votes on executive compensation at a frequency of once every three years, and our board of directors adopted this as the frequency at which future advisory votes on executive compensation would be held. As described in more detail below under “Proposal 4—The Say-on-Frequency Proposal,” we are submitting for stockholder consideration at the 2021 annual meeting of stockholders a resolution for a new advisory vote regarding the frequency at which future advisory votes on executive compensation should be held. Assuming the frequency of every three years is maintained, we currently expect that our next advisory vote on executive compensation will be held in 2024.

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

In accordance with Section 14A of the Exchange Act, and Rule 14a-21(a) promulgated thereunder, and as a matter of good corporate governance, our board of directors is asking stockholders to approve the following advisory resolution at the 2021 annual meeting of stockholders:

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

### ADVISORY VOTE

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

### VOTE AND RECOMMENDATION

This advisory resolution, which we refer to as the say-on-pay proposal, will be considered approved if it receives the affirmative vote of 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.



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

## PROPOSAL 4—THE SAY-ON-FREQUENCY PROPOSAL

In accordance with the requirements of Section 14A of the Exchange Act and Rule 14a-21(b) promulgated thereunder, and as a matter of good corporate governance, we are submitting for stockholder consideration a separate resolution for an advisory vote as to whether a stockholder vote to approve the compensation paid to our named executive officers should occur every one, two or three years.

At our 2015 annual meeting of stockholders on June 2, 2015, a majority of the votes cast on the say-on-frequency proposal by our stockholders that were present, in person or by proxy, and entitled to vote at the 2015 annual meeting of stockholders, voting together as a single class, voted in favor of holding future advisory votes on executive compensation at a frequency of once every three years, and our board of directors adopted this as the frequency at which future advisory votes on executive compensation would be held.

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

Our board of directors believes an advisory vote every three years would allow stockholders to focus on the overall compensation objectives rather than the details of individual compensation decisions. Doing so would be compatible with our compensation philosophy which focuses on compensating our executives in a way that ensures that they have a continuing stake in our long-term success. An advisory vote every three years would allow stockholders to consider the achievement of performance objectives by our executives that focus on mid-to long-term strategies as opposed to immediate results and would allow stockholders to engage in more thoughtful analysis of our company's executive compensation program by providing more time between votes. As a result, our board of directors recommends a vote for the holding of advisory votes on named executive officer compensation every three years.

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

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

### VOTE AND RECOMMENDATION

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

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



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



## 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. Rosenthal, 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.

<b>Name</b>	<b>Positions</b>
<b>Brian J. Wendling</b> Age: 48	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 has served as Chief Accounting Officer and Principal Financial Officer of LMAC since November 2020 and has served as Chief Accounting Officer and Principal Financial Officer, since January 2020 and July 2019, respectively, of Liberty Media, Qurate Retail and Liberty Broadband. He previously served as Chief Accounting Officer and Principal Financial Officer of GCI Liberty from January 2020 and July 2019, respectively, to December 2020, Senior Vice President and Controller of Liberty Media, Qurate Retail and Liberty Broadband from January 2016 to December 2019 and GCI Liberty from March 2018 to December 2019. He also previously served as Senior Vice President of Liberty Expedia from March 2016 to July 2019 and 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. Mr. Wendling has served as a director of comScore, Inc. since March 2021.
<b>Renee L. Wilm</b> Age: 47	Ms. Wilm has served as Chief Legal Officer and Chief Administrative Officer since September 2019 and January 2021, respectively, of our company, Liberty Media, Qurate Retail, and Liberty Broadband, and Chief Legal Officer and Chief Administrative Officer of LMAC since November 2020 and January 2021, respectively. She also served as Chief Legal Officer of GCI Liberty from September 2019 to December 2020. Ms. Wilm has served as a director of LMAC since January 2021. Prior to September 2019, Ms. Wilm was a Senior Partner with the law firm Baker Botts L.L.P., where she represented our company, Liberty Media, Qurate Retail, Liberty Broadband and GCI Liberty and their predecessors for over twenty years, specializing in mergers and acquisitions, complex capital structures and shareholder arrangements, as well as securities offerings and matters of corporate governance and securities law compliance. At Baker Botts, Ms. Wilm was a member of the Executive Committee, the East Coast Corporate Department Chair and Partner-in-Charge of the New York office.

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 or her ability or integrity.

### 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](http://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 Christy Haubegger, Michael J. Malone, Chris Mueller, M. Gregory O'Hara, 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, strategy development, marketing, 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 CLASSIFICATION

As described above under "Proposals of our Board—Proposal 1—The Election of Directors Proposal," our board of directors currently consists of eight directors, divided among three classes. Our board believes that its current classified structure, with directors serving for three-year terms, is the appropriate board structure for our company at this time and is in the best interests of our stockholders for the following reasons.

### Long-Term Focus & Accountability

Our board believes that a classified board encourages our directors to look to the long-term best interest of our company and our stockholders, rather than being unduly influenced by the short-term focus of certain investors and special interests. In addition, our board believes that three-year terms focus director accountability on the board's long-term strategic vision and performance, rather than short-term pressures and circumstances.

### Continuity of Board Leadership

A classified board allows for a greater amount of stability and continuity providing institutional perspective and knowledge to both management and less-tenured directors. By its very nature, a classified board ensures that at any given time there will be experienced directors serving on our board who are fully immersed in and knowledgeable about our businesses, including our relationships with current and potential strategic partners, as well as the competition, opportunities, risks and challenges that exist in the industries in which our businesses operate. We also believe the benefit of a classified board to our company and our stockholders comes not from continuity alone but rather from the continuity of highly qualified, engaged and knowledgeable directors focused on long-term stockholder interests. Each year, our nominating and corporate governance committee works actively to ensure our board continues to be comprised of such individuals.

## BOARD DIVERSITY

Our board understands and appreciates the value and enrichment provided by a diverse board. As such, we actively seek diverse director candidates (see "—Committees of the Board of Directors—Nominating and Corporate Governance Committee—Board Criteria"). Our board membership currently includes one director who identifies as female and Hispanic/Latinx.

## 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 the nomination of individuals with the judgment, skills, integrity, and independence necessary to oversee the key risks associated with our company, as well as risks inherent in our corporate structure. These committees then provide reports periodically to the full board. In addition, the oversight and review of other strategic risks are conducted directly by 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, cybersecurity and other risks, including those related to material environmental and social matters such as climate change, human capital management, diversity, equity and inclusion, and community relations (together with governance concerns, **ESG**). 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 and our Chief Portfolio Officer, who manages our company's ESG efforts and remains in regular contact with senior ESG leaders at Tripadvisor who provide feedback and disclosure on material issues. With our board's oversight, we seek to collaborate with Tripadvisor to drive best practices through regular ESG-focused internal meetings and discussions, including on topics such as ESG disclosure, diversity and inclusion, cybersecurity, and sustainability.

## 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 (although in 2019, our compensation committee determined to delay its evaluation due to the then-ongoing negotiations relating to Mr. Maffei's compensation arrangement). 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. The compensation committee determined to grant equity award compensation for 2020 (see “Executive Compensation—Compensation Discussion and Analysis”).

If we engage a chief executive officer, chief financial officer, chief legal officer, chief administrative officer, chief portfolio officer, chief accounting officer, principal financial 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 any non-public operating subsidiaries of our

company, although at this time our only operating subsidiary is Tripadvisor, which is a publicly-traded company. For a description of our current processes and policies for consideration and determination of executive compensation, including the role of our Chief Executive Officer and an outside consultant 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](http://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 2020 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 Christy Haubegger and Larry E. Romrell. Michael J. Malone also served as a member of the nominating and corporate governance committee during 2020 and from January 2021 to May 2021. 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.

**Board Criteria.** 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. To be nominated to serve as a director, a nominee need not meet any specific minimum criteria. As described in our corporate governance guidelines, director candidates are identified and nominated based on broad criteria, with the objective of identifying and retaining directors that can effectively develop the company’s strategy and oversee management’s execution of that strategy. In the director candidate identification and nomination process, our board seeks a breadth of experience from a variety of industries and from professional disciplines, along with a diversity of gender, ethnicity, age and other characteristics. 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, relevant skill sets and diversity of gender, ethnicity, age and other characteristics;
- 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.

Director Candidate Identification Process. 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.

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. In addition, the nominating and corporate governance committee will consider any outside directorships held by such individual. Given our company's ownership interest in Tripadvisor, our company and our board values the positions our directors and members of management hold on Tripadvisor's board, as they provide our company with unique insight and input into Tripadvisor's business and operations. The nominating and corporate governance committee also recognizes and values the benefits derived by our directors from their service on other public company boards, as such service provides our directors with diverse perspectives, in-depth industry knowledge and cross-industry insights, all of which enhance the knowledge base and skill set of our board as a whole.

The members of our nominating and corporate governance committee have determined that Messrs. Maffei, Malone and O'Hara, who are nominated for election at the annual meeting, continue to be qualified to serve as directors of our company and such nominations were 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](http://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](http://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 applicable requirements of the Public Company Accounting Oversight Board (the **PCAOB**) and the SEC, 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 PCAOB 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, 2020 (the **2020 Form 10-K**), which was filed on February 19, 2021 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 2020, there were eight meetings of our full board of directors, no meetings of our executive committee, six meetings of our compensation committee, one meeting of our nominating and corporate governance committee and five meetings of our audit committee.

## **DIRECTOR ATTENDANCE AT ANNUAL MEETINGS**

Our board of directors encourages all members of the board to attend the 2021 annual meeting of our stockholders and to attend future annual meetings of our stockholders. Six of our seven directors then in office attended our 2020 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. Stockholders are also encouraged to send communications to Liberty TripAdvisor Investor Relations, which conducts robust stockholder engagement efforts for our company and provides our board with insight on stockholder concerns.

## **EXECUTIVE SESSIONS**

In 2020, the independent directors of our company, then serving, met at three 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 Christy Haubegger, Michael J. Malone, Chris Mueller, M. Gregory O'Hara, Larry E. Romrell and J. David Wargo.

### HEDGING DISCLOSURE

We do not have any practices or policies regarding the ability of our employees (including officers) or directors, or any of their designees, to purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds), or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our equity securities.



## 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;
- Brian J. Wendling, our Senior Vice President and Chief Financial Officer;
- Albert E. Rosenthaler, our Chief Corporate Development Officer; and
- Renee L. Wilm, our Chief Legal Officer and Chief Administrative Officer.

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Overview

#### *Services Agreement*

In connection with the Spin-Off, we entered into the services agreement (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 quarterly review by our audit committee (and at least an annual review by our compensation committee). As a result, Liberty Media employees, including our named executive officers other than Mr. Maffei, who is paid certain compensation elements directly by our company pursuant to the amended services agreement as described below, are typically not separately compensated by our company other than with respect to equity awards with respect to our common stock. See “—Equity Incentive Compensation” below for information concerning equity awards that were granted to our named executive officers in 2020.

In December 2019, the services agreement was amended (the **amended services agreement**) in connection with Liberty Media entering into a new employment arrangement with Mr. Maffei (the **2019 Maffei Employment Agreement**). Under the amended services agreement, our company establishes, and pays or grants directly to Mr. Maffei, our allocable portion of his annual performance-based cash bonus, his annual equity-based awards and his upfront awards (as defined below), and we reimburse Liberty Media for our allocable portion of the other components of Mr. Maffei’s compensation, as described in more detail below in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement.” Under the 2019 Maffei Employment Agreement, Mr. Maffei’s compensation was allocated across Liberty Media, and each of our company, Qurate Retail, GCI Liberty (until its services agreement was terminated in December 2020), and Liberty Broadband (each **Service Company**, or, collectively, the **Service Companies**) based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei’s percentage allocation of time across all companies, unless a different allocation method is agreed. Our allocable portion of Mr. Maffei’s compensation was 5% in 2020. The salary, certain perquisite information and other compensation elements of Mr. Maffei that were not paid or granted directly by our company included in the “Summary Compensation Table” below include the portion of his compensation allocable to our company and for which we reimbursed Liberty Media and do not include the portion of his compensation allocable to Liberty Media or any of the other Service Companies. For the year ended December 31, 2020, we accrued management fees payable to Liberty Media under the amended services agreement of \$3.5 million, not including the portion of Mr. Maffei’s compensation allocable to our company and for which we reimbursed Liberty Media.

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

As a result of the management fee paid to Liberty Media, the compensation committee typically does not expect to provide any cash compensation to the executive officers other than Mr. Maffei pursuant to the amended services agreement, rather it may determine to compensate the executive officers with equity incentive compensation. Mr. Maffei may make recommendations with respect to any equity compensation to be awarded to our executive officers. It is expected that Mr. Maffei, in making any related recommendations to our compensation committee, will evaluate the performance and contributions of each of our executive officers, given his or her 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 during the preceding year;

- 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.

When determining the extent to which the 2020 Chief RSUs (as defined below) were earned by our named executive officers, our compensation committee considered the recommendations obtained from Mr. Maffei as to the performance of Messrs. Wendling and Rosenthaler and Ms. Wilm. To make these recommendations, Mr. Maffei evaluated the performance and contributions of each such named executive officer.

In December 2019, our compensation committee approved the amended services agreement, which established the terms and conditions of our allocable portion of Mr. Maffei's compensation for the term of the 2019 Maffei Employment Agreement. See "—Services Agreement" above.

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. At our 2021 annual stockholder meeting, we are submitting for stockholder consideration (i) separate resolution for an advisory vote as to whether a stockholder vote to approve the compensation paid to our named executive officers should occur every one, two or three years, and (ii) a proposal to approve, on an advisory basis, our executive compensation. See "Proposals of Our Board—Proposal 3—The Say-On-Pay Proposal" and "Proposals of Our Board—Proposal 4—The Say-On-Frequency Proposal."

### ***Role of Independent Compensation Consultant***

Prior to entering into the amended services agreement with Liberty Media in connection with the 2019 Maffei Employment Agreement, our compensation committee engaged Frederic W. Cook & Co., Inc. (**FW Cook**), an independent and experienced compensation consultant, to assist in determining the reasonableness of compensation to be allocated to our company under the amended services agreement.

In order to assess the reasonableness of compensation, FW Cook evaluated the market value of Mr. Maffei's role at our company and the proposed allocation to our company under the service arrangement. Given the unique nature of Mr. Maffei's role at our company, FW Cook evaluated the market value of the executive job at our company through three different lenses: as Chief Executive Officer, Chairman of the Board, and managing partner of a private equity firm.

In assessing the reasonableness of pay as Chief Executive Officer or Chairman of the Board, FW Cook and the compensation committee reviewed pay data for companies comparable to ours, including companies in the online travel, real estate, insurance, media and marketplace industries, and companies with which we may compete for executive talent and stockholder investment and also included companies in those industries that are similar to our company in size, geographic location or complexity of operations (the **comparable companies**). In assessing the reasonableness of pay as a managing partner of a private equity firm, FW Cook and the compensation committee reviewed survey data regarding the compensation of private equity professionals.

### **Elements of 2020 Executive Compensation**

For 2020, the principal components of compensation for Mr. Maffei were:

- base salary;
- a one-time award of time-based restricted stock units granted to Mr. Maffei in connection with his offer to restructure his 2020 compensation and reduce his base salary in response to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic;
- a performance-based bonus;
- time-vested stock options and performance-based restricted stock units; and
- perquisites and other limited personal benefits.

### ***Base Salary***

Mr. Maffei's base salary is governed by the terms of the 2019 Maffei Employment Agreement. For 2020, Mr. Maffei's base salary was \$3,000,000, as prescribed by the 2019 Maffei Employment Agreement. Pursuant to the 2019

Maffei Employment Agreement and the amended services agreement, Liberty Media pays Mr. Maffei's base salary directly, and we reimburse Liberty Media for our allocable portion. In 2020, the portion of Mr. Maffei's aggregate annual base salary allocated to our company was 5% or \$150,000. Due to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic, Mr. Maffei offered to waive and restructure a portion of his 2020 calendar year base salary. For the period from April 4, 2020 through December 31, 2020, Mr. Maffei waived the right to receive his base salary (except for amounts sufficient to cover health insurance, flexible spending contributions and certain taxes) and received grants of RSUs (as defined below) on April 14, 2020 from Liberty Media and each of the Service Companies with an aggregate grant date fair value equal to one-half of the base salary waived by Mr. Maffei. Such RSUs (as defined below) were allocated among Liberty Media and each Service Company in accordance with the 2019 Maffei Employment Agreement and vested on December 10, 2020. The other half of Mr. Maffei's base salary for the referenced period was forfeited pursuant to his waiver.

### **2020 Performance-based Bonus**

**Overview.** For 2020, our compensation committee adopted an annual, performance-based bonus program for Mr. Maffei, with a bonus amount payable to Mr. Maffei based on his individual performance.

Pursuant to the 2019 Maffei Employment Agreement, Mr. Maffei was assigned a target bonus opportunity under the performance-based bonus program equal to \$17 million in the aggregate for Liberty Media, our company and each of the other Service Companies. That bonus amount was split among, and payable directly by Liberty Media and each of the Service Companies, with payment subject to the achievement of one or more performance metrics as determined by the applicable company's compensation committee. In 2020, the portion of Mr. Maffei's aggregate target bonus amount allocated to our company was 5% or \$850,000. The portions of Mr. Maffei's aggregate target bonus amount allocated to each of Liberty Media, Qurate Retail, GCI Liberty and Liberty Broadband pursuant to the amended services agreements were 44% (or \$7,480,000), 19% (or \$3,230,000), 14% (or \$2,380,000) and 18% (or \$3,060,000), respectively.

Mr. Maffei was assigned by our compensation committee a maximum bonus opportunity under the performance-based bonus program equal to \$1,700,000 (the **LTAH Maximum Performance Bonus**). The bonus maximum was established by the compensation committee in March 2020 and was determined to be up to 200% of Mr. Maffei's target annual bonus allocated to our company under the 2019 Maffei Employment Agreement. Each of Liberty Media, Qurate Retail, GCI Liberty and Liberty Broadband also established maximum performance-based bonuses for Mr. Maffei of \$14,960,000, \$6,460,000, \$4,760,000 and \$6,120,000, respectively.

The LTAH Maximum Performance Bonus was subject to reduction based on a determination of Mr. Maffei's achievement of qualitative criteria established with respect to the services to be performed by Mr. Maffei on behalf of our company. Under the corollary programs of Liberty Media and Qurate Retail, Mr. Maffei was entitled to receive from Liberty Media and Qurate Retail a maximum individual performance bonus equal to 60% of his Liberty Media and Qurate Retail maximum performance bonuses, subject to reduction based on a determination of his achievement of qualitative criteria established with respect to the services to be performed by him on behalf of Liberty Media and Qurate Retail, respectively, and an amount equal to 40% of his Liberty Media and Qurate Retail maximum performance bonuses, subject to reduction based on a determination of the corporate performance of Liberty Media and Qurate Retail, respectively. Under the corollary programs of each of Liberty Broadband and GCI Liberty, Mr. Maffei was entitled to receive from the applicable Service Company a maximum individual bonus equal to 100% of his maximum performance bonus established by the applicable Service Company, subject to reduction based on a determination of Mr. Maffei's achievement of qualitative criteria established with respect to the services to be performed by him on behalf of that Service Company. Our compensation committee believes this construct was appropriate in light of the amended service agreement and the fact that Mr. Maffei splits his professional time and duties.

In December 2020, our compensation committee and the compensation committees of Liberty Media and each other Service Company reviewed contemporaneously Mr. Maffei's personal performance and, with respect to Liberty Media and Qurate Retail, corporate performance under each company's program. Notwithstanding this joint effort, our compensation committee retained sole and exclusive discretion with respect to the approval of award terms and amounts payable under our bonus program.

Our compensation committee reviewed Mr. Maffei's performance to determine the reduction that would apply to his LTAH Maximum Performance Bonus. Our compensation committee took into account a variety of factors, without assigning a numerical weight to any single performance measure. The determination was based on reports to our board, the observations of committee members throughout the year and Mr. Maffei's self-evaluation. In evaluating the

performance of Mr. Maffei for determining the reduction that would apply to his LTAH Maximum Performance Bonus, the following performance objectives related to our company which has been assigned to him for 2020 were considered:

- Assist Tripadvisor with evaluation of strategic alternatives and investments
- Support Tripadvisor with regard to the coronavirus impact, including activities around capital structure
- Develop succession planning at our company and at Tripadvisor; provide development opportunities to our company's management team
- Develop Environmental, Social and Governance (ESG) program for our company and for Tripadvisor

Following a review of Mr. Maffei's performance and a review of the time allocated to matters for our company, our compensation committee determined to pay Mr. Maffei the following portion of his LTAH Maximum Performance Bonus:

LTAH Maximum Performance Bonus	Percentage Payable	Aggregate Dollar Amount Paid
\$1,700,000	81.25%	\$1,381,250

**Aggregate Results.** To preserve cash due to the financial impact of the coronavirus pandemic, the company paid Mr. Maffei's performance-based bonus amount in stock options to purchase shares of LTRPB, which were granted on December 15, 2020 (the **Maffei 2020 Bonus Options**). The number of options granted, and the exercise price thereof, were based on the fair market value on the date of grant in accordance with the 2019 incentive plan (as defined below) and the corresponding fair market value policy. These options were immediately vested on the date of grant. Our compensation committee then noted that, when combined with the total 2020 performance-based bonus amounts paid by Liberty Media and the other Service Companies, Mr. Maffei received \$27,917,713. For more information regarding this bonus, please see the "Grants of Plan-Based Awards" table below.

### **Equity Incentive Compensation**

The Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan (the **2019 incentive plan**), provides for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units (**RSUs**), stock appreciation rights (**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 2019 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.

As discussed above, our executive officers perform management services for our company pursuant to the amended services agreement, and from the Spin-Off in 2014 until 2019, we did not separately compensate our executive officers for those services, other than to grant a stock option award to Mr. Maffei in 2014. In addition, Liberty TripAdvisor did not incur any of the costs of the equity awards granted by Liberty Media to its executive officers who provided services to our company during that period. Following a review of this practice, our compensation committee determined to grant the equity awards described below to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm after considering the Liberty Media compensation committee's request that our company grant a proportionate share of the aggregate equity grant value to each named executive officer each year for their service to our company and each of Liberty Media and the other Service Companies. The proportionate share for each company was determined based 50% on the relative market capitalization and 50% on relative time spent by Liberty Media's employees working for such issuer. As a result, in March 2019, we began granting equity awards directly to our named executive officers and we granted such awards in 2020 as well. With respect to awards made to Mr. Maffei in 2020, the 2019 Maffei Employment Agreement provides that Mr. Maffei's aggregate annual equity award value will be granted across Liberty Media and the Service Companies by Liberty Media's compensation committee, our compensation committee and the compensation committees of each other Service Company based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei's percentage allocation of time across all companies, unless a different allocation method is agreed.

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 2020, our compensation committee granted the equity awards described below to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm.

**Maffei Annual Equity Awards.** The 2019 Maffei Employment Agreement provides Mr. Maffei with the opportunity to earn equity awards during the employment term. See “—Executive Compensation Arrangements—Gregory B. Maffei” for additional information about the annual awards provided under the 2019 Maffei Employment Agreement.

When structuring the 2019 Maffei Employment Agreement, to further align Mr. Maffei’s interests with those of the other stockholders, the compensation committee structured his annual equity award grants as either option awards or performance-based restricted stock units with meaningful payout metrics determined annually. This structure was designed to provide for alignment of interests with the company’s stockholders and flexibility to the compensation committee to incent achievement of strategic objectives that may change or evolve over the term of the agreement.

The 2019 Maffei Employment Agreement provided that Mr. Maffei was entitled to receive from our company, Liberty Media and the other Service Companies in 2020 a combined target value equity award of \$17.5 million comprised of time-vested stock options, performance-based restricted stock units or a combination of award types, at Mr. Maffei’s election.

In 2020, our compensation committee granted performance-based RSUs to Mr. Maffei in satisfaction of our obligations under the 2019 Maffei Employment Agreement for 5% of Mr. Maffei’s aggregate annual equity award for 2020, or \$875,000. Our compensation committee believed that Mr. Maffei’s RSU grants should be subject to performance metrics that incentivize and reward Mr. Maffei for successful completion of our company’s strategic initiatives.

As a result, our compensation committee granted to Mr. Maffei 242,382 performance-based RSUs with respect to LTRPB shares (the **2020 Maffei RSUs**). The 2020 Maffei RSUs were granted on March 12, 2020 and vest only upon attainment of the performance objectives described below.

Our compensation committee reviewed the financial performance of our company along with the personal performance of Mr. Maffei. Based on the compensation committee’s assessment of his individual performance against the goals established in connection with the performance cash bonus program and general observation of his leadership and executive performance, our compensation committee approved vesting of all of the 2020 Maffei RSUs previously granted to Mr. Maffei.

For more information regarding the equity awards, see the “Grants of Plan-Based Awards” table below.

#### **Other 2020 Awards**

**Multiyear Equity Awards.** Our compensation committee decided to make larger stock option grants (equaling approximately three to four years’ value of the named executive officer’s annual grants) that vest between two and four years after grant, rather than making annual grants over the same period. These multiyear 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 line with this philosophy, in connection with entering into, and pursuant to the terms of, the 2019 Maffei Employment Agreement, Mr. Maffei was entitled to an upfront award, to be granted in two tranches in December 2019 and December 2020 (the **Maffei Term Equity**). Five percent of the 2019 tranche of the Maffei Term Equity, or \$2.25 million, was allocated to our company and 6% of the 2020 tranche of the Maffei Term Equity, or \$2.7 million, was allocated to our company following a reallocation in December 2020. In December 2019, Mr. Maffei received a grant of RSUs with respect to 320,057 LTRPB shares, which vest on December 15, 2023, subject to Mr. Maffei’s continued employment (the **2019 Maffei Term RSUs**). On December 7, 2020, Mr. Maffei received a grant of RSUs with respect to 1,000,000 LTRPB shares, which vest on December 7, 2024, subject to Mr. Maffei’s continued employment (the **2020 Maffei Term RSUs**).

In December 2020, our compensation committee granted to each of Messrs. Wendling and Rosenthaler and Ms. Wilm the following multiyear stock option awards that equal the value of Messrs. Wendling’s and Rosenthaler’s annual grants that are expected to be granted to each for the period from January 1, 2021 through December 31, 2023, and in the case of Ms. Wilm, a top-up in value over grants already made for the period from January 1, 2021 through December 31, 2023 to reflect the increased responsibilities associated with her new role as Chief Administrative Officer: Mr. Wendling—49,491 options to purchase LTRPA shares (the **Wendling 2020 Multiyear Options**); Mr. Rosenthaler—89,404 options to purchase LTRPA shares (the **Rosenthaler 2020 Multiyear Options**);

and Ms. Wilm—24,075 options to purchase LTRPA shares (the **Wilm 2020 Multiyear Options**, and together with the Wendling 2020 Multiyear Options and the Rosenthaler 2020 Multiyear Options, the **2020 NEO Multiyear Options**). The 2020 NEO Multiyear Options vest in equal installments on each of December 7, 2022 and 2023 and expire on the seventh anniversary of the grant date. See the “Grants of Plan-Based Awards” and the “Outstanding Equity Awards at Fiscal Year-End” tables below for more information about the 2020 NEO Multiyear Options.

### **Annual Performance Awards**

**Performance-based RSU Awards.** Our compensation committee granted annual performance-based RSUs to Messrs. Wendling and Rosenthaler and Ms. Wilm in March 2020. Our compensation committee granted to each of Messrs. Wendling and Rosenthaler and Ms. Wilm 7,535, 15,512 and 12,465 LTRPA performance-based RSUs, respectively (collectively, the **2020 Chief RSUs**). The 2020 Chief RSUs would vest subject to the satisfaction of performance objectives described below.

Our compensation committee adopted an annual, performance-based program for payment of the 2020 Chief RSUs and reviewed each named executive officer’s 2020 performance against that performance program to determine which portion of the award would be paid. Our compensation committee reviewed the 2020 personal performance of Messrs. Wendling and Rosenthaler and Ms. Wilm and considered the recommendations from Mr. Maffei. Mr. Maffei recommended that our committee vest 100% of the 2020 Chief RSUs based on his assessment of their individual performance and his general observation of their leadership and executive performance. Accordingly, our compensation committee approved vesting in full of the 2020 Chief RSUs previously granted to Messrs. Wendling and Rosenthaler and Ms. Wilm.

**2020 Maffei Restructuring Restricted Stock Unit Grant.** As described above, in April 2020, Mr. Maffei received a grant of 30,110 LTRPB restricted stock units (the **2020 Maffei Restructuring RSUs**) as a result of Mr. Maffei’s offer to waive and restructure his remaining unpaid 2020 calendar year base salary due to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic. The 2020 Maffei Restructuring RSUs vested on December 10, 2020.

### **Perquisites and Other Personal Benefits**

The perquisites and other personal benefits available to our executives (that are not otherwise available to all of our salaried employees) consist of:

- limited personal use of Liberty Media’s corporate aircraft (pursuant to aircraft time sharing agreements between our company and Liberty Media);
- in the case of Mr. Maffei, payment of legal expenses pertaining to his employment arrangement; and
- occasional, personal use of Liberty Media’s apartment in New York City (pursuant to a sharing arrangement between our company and Liberty Media), which is primarily used for business purposes, and occasional, personal use of a company car and driver.

Taxable income may be incurred by our executives in connection with their receipt of perquisites and personal benefits. We have not provided gross-up payments to our executives in connection with any such taxable income incurred during the past three years.

**Aircraft Usage.** On occasion, and with the approval of the Chairman of Liberty Media, executives may have family members and other guests accompany them on Liberty Media’s corporate aircraft when traveling on business.

Pursuant to a February 5, 2013 letter agreement between Liberty Media and Mr. Maffei, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment with Liberty Media, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. During 2020, pursuant to November 11, 2015 and December 13, 2019 letter agreements between Liberty Media and Mr. Maffei, Mr. Maffei was entitled to 50 additional hours per year of personal flight time if he reimbursed Liberty Media for such usage through the first to occur of (i) the termination of his employment with Liberty Media or (ii) the cessation of ownership or lease of corporate aircraft. If Mr. Maffei’s employment is terminated due to disability, for good reason or without cause, Mr. Maffei would be entitled to continued use of the corporate aircraft for 12 months after termination of his employment. Mr. Maffei incurs taxable income, calculated in accordance with the Standard Industry Fare Level (**SIFL**) rates, for all personal use of the corporate aircraft under the February 5, 2013 letter agreement. Mr. Maffei incurs taxable income at the SIFL rates minus amounts paid under time sharing agreements with Liberty Media for travel. Flights where there are no passengers on company-owned

aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company-owned aircraft.

For disclosure purposes, Liberty Media determines the aggregate incremental cost to Liberty Media of the executives' personal flights by using a method that takes into account all operating costs related to such flights, including:

- landing and parking expenses;
- crew travel expenses;
- supplies and catering;
- aircraft fuel and oil expenses per hour of flight;
- aircraft maintenance and upkeep;
- any customs, foreign permit and similar fees; and
- passenger ground transportation.

Because Liberty Media's aircraft is used primarily for business travel, this methodology excludes fixed costs that do not change based on usage, such as salaries of pilots and crew, and purchase or lease costs of aircraft.

Pursuant to the amended services agreement, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using Liberty Media's corporate aircraft for our company's business matters along with the approved personal use of Liberty Media's corporate aircraft that are allocable to our company under the amended services agreement. Pursuant to aircraft time sharing agreements between Liberty Media and Mr. Maffei, Mr. Maffei was responsible for reimbursing Liberty Media for costs associated with his 50 additional hours per year of personal flight time and such costs include the expenses listed above, insurance obtained for the specific flight and an additional charge equal to 100% of the aircraft fuel and oil expenses for the specific flight.

For purposes of determining an executive's taxable income, personal use of Liberty Media's aircraft is valued using a method based on SIFL rates, as published by the Treasury Department. The amount determined using the SIFL rates is typically lower than the amount determined using the incremental cost method. Under the American Jobs Creation Act of 2004, the amount that may be deducted for a purely personal flight is limited to the amount included in the taxable income of the executives who took the flight. Also, the deductibility of any non-business use will be limited by Section 162(m) of the Code to the extent that the named executive officer's compensation that is subject to that limitation exceeds \$1 million. See "—Deductibility of Executive Compensation" below.

Liberty Media has a fractional ownership contract with NetJets, Inc. for business travel purposes. Given the coronavirus pandemic and the significant reduction in business travel, the minimum use of the NetJets contract would not be met and, therefore, the company's named executive officers and directors were afforded the opportunity to use a portion of the NetJets contract for personal use, provided that each such named executive officer or director was responsible for reimbursing Liberty Media for costs associated therewith. Such use resulted in no incremental cost to the company and the executives did not incur any taxable income in connection therewith.

### **Changes for 2021**

Our company, Liberty Media and each of the other Service Companies approved an annual cash bonus program that will apply to our named executive officers beginning in 2021. The compensation committees of each of these companies approved for each named executive officer target and maximum bonus opportunities, sixty percent of which will be based on the officer's individual performance goals and forty percent on corporate performance goals that relate to our company, Liberty Media and each of the other Service Companies (including subsidiary financial metrics and corporate level achievements). Our company will pay directly to our other named executive officers (in addition to Mr. Maffei) the portion of the annual cash performance bonus that will be allocated to our company according to the same allocation schedule that applies to Mr. Maffei, pursuant to the amended services agreement. Mr. Maffei's compensation is allocated across Liberty Media, and each of our company and the other Service Companies based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees

across all companies and (b) Mr. Maffei's percentage allocation of time across all companies, unless a different allocation method is agreed.

### **Deductibility of Executive Compensation**

In developing the 2020 compensation packages for the named executive officers, the deductibility of executive compensation under Section 162(m) of the Code is considered. That provision prohibits the deduction of compensation of more than \$1 million paid to certain executives, subject to certain exceptions. 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. Although some performance-based awards will not result in a compensation deduction after 2017, we believe the transition rules in effect for binding contracts in effect on November 2, 2017 should continue to allow certain of these awards to maintain their exemption from the \$1 million annual deduction limitation for so long as such awards are not materially modified. 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.

### **Recoupment Provisions**

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. Beginning in December 2020, we also began including in new forms of equity-based award agreements a right, in favor of our company, to require the executive to repay or return to the company, upon a reasonable determination by our compensation committee that the executive breached the confidentiality obligations included in the agreement, all or any portion of the outstanding award, any shares received under awards during the 12-month period prior to any such breach or any time after such breach and any proceeds from the disposition of shares received under awards during the 12-month period prior to any such breach or any time after such breach.



## SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/20)	Year	Salary (\$)	Bonus (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Option Awards (\$) <sup>(4)</sup>	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
<b>Gregory B. Maffei</b>	2020	150,000 <sup>(1)</sup>	—	5,310,861	—	1,377,317 <sup>(5)</sup>	—	47,717 <sup>(6)</sup>	6,885,895
Chairman of the Board, President and Chief Executive Officer	2019	—	250,000	2,813,547	170,196	—	—	—	3,233,743
	2018	—	—	—	—	—	—	—	—
<b>Brian J. Wendling</b>	2020	—	—	9,230	136,488	—	—	—	145,718
Senior Vice President and Chief Financial Officer	2019	—	—	20,433	—	—	—	—	20,433
	2018	—	—	—	—	—	—	—	—
<b>Albert E. Rosenthaler</b>	2020	—	—	19,002	246,561	—	—	—	265,563
Chief Corporate Development Officer	2019	—	—	46,619	—	—	—	—	46,619
	2018	—	—	—	—	—	—	—	—
<b>Renee L. Wilm<sup>(7)</sup></b>	2020	—	—	15,270	66,395	—	—	—	81,665
Chief Legal Officer	2019	—	—	9,368	148,230	—	—	—	157,598
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

- Represents only that portion of Mr. Maffei's base salary allocated to our company under the amended services agreement in connection with the 2019 Maffei Employment Agreement as described in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement." For a description of the allocation of Mr. Maffei's compensation among Liberty Media, our company and the other Service Companies pursuant to the 2019 Maffei Employment Agreement and the amended services agreement, see "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement." Pursuant to the 2019 Maffei Employment Agreement, beginning January 1, 2020 the amount of Mr. Maffei's base salary allocable to our company was \$150,000. Due to the financial impact of the coronavirus pandemic, for the period from April 4, 2020 through December 31, 2020, Mr. Maffei offered to waive the right to his base salary except for amounts sufficient to cover health insurance, flexible spending contributions and certain taxes. In consideration for Mr. Maffei's offer to waive and restructure his base salary, we granted to Mr. Maffei the 2020 Maffei Restructuring RSUs, which had a grant date fair value of \$143,324. Mr. Maffei received an aggregate of \$41,000 in cash salary during 2020. The portion of the grant date fair value of the 2020 Maffei Restructuring RSUs that replaced Mr. Maffei's foregone base salary of \$109,000 is reflected in the "Salary" column of this Summary Compensation Table. The portion of the grant date fair value of the 2020 Maffei Restructuring RSUs that exceeded the amount of Mr. Maffei's foregone base salary was \$34,324 and is reported in the "Stock Awards" column of this Summary Compensation Table in accordance with applicable SEC rules. The grant date fair value of all of the 2020 Maffei Restructuring RSUs is reflected in the "Grants of Plan-Based Awards" table below.
- Represents only that portion of Mr. Maffei's cash commitment bonus allocated to our company under the amended services agreement in connection with the 2019 Maffei Employment Agreement as described in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement."
- Reflects, as applicable, the grant date fair value of the 2020 Maffei Term RSUs and the 2019 Maffei Term RSUs, the 2020 Maffei RSUs, the portion of the 2020 Maffei Restructuring RSUs that exceeded the amount of base salary waived by Mr. Maffei (\$34,324), the 2020 Chief RSUs and the RSUs awarded to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm in 2019. The grant date fair value of these 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 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K).
- The grant date fair values of the 2020 NEO Multiyear Options and the stock options awarded to Mr. Maffei and Ms. Wilm in 2019 have 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 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K).
- Represents Mr. Maffei's annual performance-based bonus. To preserve cash due to the financial impact of the coronavirus pandemic, the company paid Mr. Maffei's performance-based bonus amount in 572,665 stock options to purchase shares of LTRPB, as described in "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonus." Reflects the grant date fair value of those stock options 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 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K).
- Includes the following amounts, which were allocated to our company under the amended services agreement:

	Amounts (\$)
Payment in 2020 for legal expenses pertaining to Mr. Maffei's employment agreement entered into in December 2019	32,641
Compensation related to personal use of corporate aircraft <sup>(a)</sup>	13,395
Life insurance premiums	101
Matching contributions made to the Liberty Media 401(k) Savings Plan <sup>(b)</sup>	1,425

- (a) Calculated based on aggregate incremental cost of such usage allocated to our company.
  - (b) The Liberty Media 401(k) Savings Plan provides employees with an opportunity to save for retirement. The Liberty Media 401(k) Savings Plan participants may contribute up to 75% of their eligible compensation on a pre-tax basis to the plan and an additional 10% of their eligible compensation on an after-tax basis (subject to specified maximums and IRS limits), and Liberty Media contributes a matching contribution that vests based upon the participants' years of service and is based on the participants' own contributions up to the maximum matching contribution set forth in the plan. Our company reimburses Liberty Media under the amended services agreement for our allocable portion of the matching contribution for Mr. Maffei. Mr. Maffei's matching contributions are fully vested. Participant contributions to the Liberty Media 401(k) Savings Plan are fully vested upon contribution.
- Liberty Media owns an apartment in New York City which is primarily used for business purposes. Mr. Maffei occasionally used this apartment for personal reasons during the year indicated above and our company reimburses Liberty Media for our allocable portion.
- (7) Ms. Wilm assumed the role of Chief Legal Officer of our company effective September 23, 2019, and the role of Chief Administrative Officer in January 2021.

## EXECUTIVE COMPENSATION ARRANGEMENTS

### Gregory B. Maffei

#### **2019 Maffei Employment Agreement**

Liberty Media entered into the 2019 Maffei Employment Agreement with Mr. Maffei, effective December 13, 2019. The arrangement provides for a five year employment term beginning January 1, 2020 and ending December 31, 2024, with an annual base salary of \$3 million (with no contracted increase) and a one-time cash commitment bonus of \$5 million, an annual target cash performance bonus equal to \$17 million (with payment subject to the achievement of one or more performance metrics as determined by the applicable company's compensation committee with respect to its allocable portion), upfront awards (with an aggregate grant date fair value of \$90 million to be granted in two equal tranches) and annual equity awards with an aggregate target grant date fair value of \$17.5 million.

Liberty Media paid Mr. Maffei his \$5 million cash commitment bonus in 2019, and we reimbursed Liberty Media for our allocable portion (which was 5%) in 2019.

#### **Maffei Term Equity Awards**

Also, on December 13, 2019, in connection with the execution of the 2019 Maffei Employment Agreement, Mr. Maffei became entitled to receive term equity awards with an aggregate grant date fair value of \$90 million (the **upfront awards**) to be granted in two equal tranches. The first tranche of Mr. Maffei's upfront awards consisted of time-vested stock options from each of Liberty Media, Qurate Retail, Liberty Broadband and GCI Liberty and time-vested restricted stock units from our company (collectively, the **2019 term awards**) that vest, in the case of the stock options, on December 31, 2023 and, in the case of the restricted stock units on December 15, 2023, subject to Mr. Maffei's continued employment, except as described below. Our portion of the first tranche of the upfront awards had an aggregate grant date fair value of \$2,250,000 and consisted of 320,057 LTRPB RSUs.

The second tranche of the upfront awards was granted in December 2020, and consisted of time-vested stock options from each of Liberty Media, Qurate Retail, Liberty Broadband and GCI Liberty and time-vested restricted stock units from our company (collectively, the **2020 term awards**). The stock options will vest on December 31, 2024 and the restricted stock units will vest on December 7, 2024, subject to Mr. Maffei's continued employment, except as described below. Our portion of the 2020 term awards, granted in December 2020, had an aggregate grant date fair value of \$2,700,000 and consisted of 1,000,000 LTRPB RSUs.

#### **Annual Awards**

Pursuant to the 2019 Maffei Employment Agreement, the aggregate grant date fair value of Mr. Maffei's annual equity awards is \$17.5 million for each year during the term of the 2019 Maffei Employment Agreement and is comprised of awards of time-vested stock options (the **Annual Options**), performance-based restricted stock units (**Annual Performance RSUs**) or a combination of award types, at Mr. Maffei's election, allocable across Liberty Media and each of the Service Companies (collectively, the **Annual Awards**). Vesting of any Annual Performance RSUs will be subject to the achievement of one or more performance metrics to be approved by our compensation committee and the compensation committee of Liberty Media or the applicable other Service Company with respect to its allocable portion of the Annual Performance RSUs. For a description of Mr. Maffei's Annual Awards, see "—Compensation Discussion and Analysis—Elements of Executive Compensation—Equity Incentive Compensation—Maffei Annual Equity Awards."

## **Termination Payments and Benefits**

Mr. Maffei will be entitled to the following payments and benefits from Liberty Media (with Liberty Media being reimbursed by our company for its allocated portion of the severance benefits pursuant to the amended services agreement) if his employment is terminated at Liberty Media under the circumstances described below, subject to the execution of releases by Liberty Media and Mr. Maffei in a form to be mutually agreed. The following discussion also summarizes the termination payments and benefits that Mr. Maffei would be entitled to if his services are terminated at our company under the scenarios described below.

**Termination by Liberty Media without Cause or by Mr. Maffei for Good Reason.** If Mr. Maffei's employment is terminated by Liberty Media without cause (as defined in the 2019 Maffei Employment Agreement) or if Mr. Maffei terminates his employment for good reason (as defined in the 2019 Maffei Employment Agreement), he is entitled to the following: (i) his accrued base salary, any accrued but unpaid bonus for the prior completed year, any unpaid expense reimbursements and any amounts due under applicable law; (ii) a severance payment of two times his base salary during the year of his termination to be paid in equal installments over 24 months; (iii) fully vested shares with an aggregate grant date fair value of \$35 million consisting of shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty Broadband and us; (iv) full vesting of his upfront awards and full vesting of the annual equity awards for the year in which the termination occurs (including the grant and full vesting of such annual equity awards if the termination occurs before they have been granted); (v) lump sum cash payment of two times the average annual cash performance bonus paid for the two calendar years ending prior to the termination, but in no event less than two times his target annual cash performance bonus of \$17 million, with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty Broadband and us; (vi) a lump sum cash payment equal to the greater of (x) \$17 million and (y) the annual cash performance bonus otherwise payable for the year of termination, in each case, prorated based on the number of days that have elapsed within the year of termination (including the date of termination), with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty Broadband and us; and (vii) continued use for 12 months after such termination of certain services and perquisites provided by Liberty, including continued use of Liberty Media's aircraft (collectively, the **severance benefits**).

**Termination at our Company by our Company without Cause or by Mr. Maffei for Good Reason.** If Mr. Maffei's services at our company are terminated by us without cause (as defined in the 2019 Maffei Employment Agreement) or by Mr. Maffei for good reason (as defined in the 2019 Maffei Employment Agreement), he will be entitled to full vesting of the upfront awards and the Annual Awards, in each case, granted by us for the year of his termination, and if Mr. Maffei remains employed by Liberty Media at or following the date of termination of his services to our company, he will also be entitled to payment of our allocated portion of the annual cash performance bonus for the year, prorated for the portion of the calendar year in which Mr. Maffei served as an officer of our company. Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to our company.

**Termination by Reason of Death or Disability.** In the event of Mr. Maffei's death or disability, he will be entitled to the same payments and benefits as if his services had been terminated without cause or for good reason as described above in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Employment Agreement—Termination by Liberty Media without Cause or for Mr. Maffei for Good Reason."

**For Cause Termination at our Company.** In the event Mr. Maffei's services to our company are terminated by us for cause, he will forfeit any unvested portion of the upfront awards granted by us, and if the termination for cause occurs before the close of business on December 31 of the relevant grant year, Mr. Maffei will forfeit our allocated portion of the annual cash performance bonus and all of the annual equity awards granted by our company for that grant year. If Mr. Maffei's services are terminated by our company for cause after the close of business on December 31 of the relevant grant year, but prior to the date on which our compensation committee certifies achievement of the performance metric for any outstanding performance-based restricted stock units for the grant year, the award will remain outstanding until such date and will vest to the extent determined by our compensation committee.

**Voluntary Termination at our Company without Good Reason.** If Mr. Maffei voluntarily terminates the services he provides to us without good reason, he will be entitled to pro rata vesting of the upfront awards granted by our company (based on the number of days that have elapsed from the grant date and a four-year vesting period). He will also be entitled to pro rata vesting of his annual equity awards for the year of termination granted by us (based on the elapsed number of days in the calendar year of termination) and a pro rata payment of our allocated portion

of his annual cash performance bonus of \$17 million (based upon the elapsed number of days in the calendar year of termination). Any performance-based restricted stock units for the year of termination that are unvested on the date of termination will remain outstanding until the performance criteria is determined and will vest pro rata (based upon the elapsed number of days in the calendar year of termination) to the extent determined by our compensation committee (at a level not less than 100% of the target award). Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to us. If Mr. Maffei also voluntarily terminates his employment with Liberty Media, rather than being entitled to payment of our allocated portion of his annual cash bonus, Mr. Maffei would be entitled to receive a payment from Liberty Media equal to \$17 million, prorated based upon the elapsed number of days in the calendar year of termination. Our company would reimburse Liberty Media for our allocable portion of this payment.

## Equity Incentive Plans

The 2019 incentive plan is designed, and prior to its expiration, the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (amended and restated March 11, 2015), as amended (the **2014 incentive plan**), was 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. Non-qualified stock options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing may be granted under the 2019 incentive plan (collectively, as used in this description of the 2019 incentive plan, **awards**). The maximum number of shares of our common stock with respect to which awards may be granted is 5,000,000 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) 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, including shares purchased on the open market. The 2019 incentive plan is administered by the compensation committee with regard to all awards granted under the 2019 incentive plan (other than awards granted to the nonemployee directors which may be administered by our full board of directors or the compensation committee), and the compensation committee has full power and authority to determine the terms and conditions of such awards. The 2019 incentive plan is the only incentive plan under which awards will be made.

In connection with the Spin-Off, new equity incentive awards with respect to our common stock (the **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, 2020, 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, 2020, which consisted of employees located in the U.S., Europe and throughout the rest of the world, representing all full-time, part-time 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 2020, consisting of annualized base salary, short-term bonus at target and annual long-term equity incentive award at target. Tripadvisor annualized the compensation of approximately 409 full-time and part-time employees who were hired in 2020 but who did not work for the entire fiscal 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	\$6,885,895
Median Employee Total Annual Compensation	\$ 79,909
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	86:1

Pursuant to the terms of the 2019 Maffei Employment Agreement, Mr. Maffei received the 2020 Maffei Term RSUs. Our portion of the 2020 Maffei Term RSUs, granted in December 2020, had an aggregate grant date fair value of \$4,530,000. Given that this grant was made outside of our normal, annual compensation practices, we have also included a ratio that eliminates from the total compensation the grant date fair value of our portion of the 2020 Maffei Term RSUs:

Chief Executive Officer Total Annual Compensation (without Maffei 2020 Term RSUs)	\$2,355,895
Median Employee Total Annual Compensation	\$ 79,909
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	29:1



## GRANTS OF PLAN-BASED AWARDS

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2020 to the named executive officers.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$) <sup>(1)</sup>	Target (\$) <sup>(1)</sup>	Maximum (\$)	Threshold (#) <sup>(2)</sup>	Target (#) <sup>(2)</sup>	Maximum (#) <sup>(3)</sup>				
<b>Gregory B. Maffei</b>											
	03/12/2020 <sup>(4)</sup>	—	—	850,000	1,700,000 <sup>(5)</sup>	—	—	—	—	—	—
LTRPB	03/12/2020 <sup>(6)</sup>	—	—	—	—	242,382	363,573	—	—	—	746,537
LTRPB	04/14/2020 <sup>(7)</sup>	—	—	—	—	—	—	30,110 <sup>(8)</sup>	—	—	143,324
LTRPB	12/07/2020 <sup>(9)</sup>	—	—	—	—	—	—	1,000,000 <sup>(10)</sup>	—	—	4,530,000
<b>Brian J. Wendling</b>											
LTRPA	03/12/2020 <sup>(6)</sup>	—	—	—	—	7,535	—	—	—	—	9,230
LTRPA	12/07/2020 <sup>(9)</sup>	—	—	—	—	—	—	—	49,491 <sup>(11)</sup>	4.31	136,488
<b>Albert E. Rosenthaler</b>											
LTRPA	03/12/2020 <sup>(6)</sup>	—	—	—	—	15,512	—	—	—	—	19,002
LTRPA	12/07/2020 <sup>(9)</sup>	—	—	—	—	—	—	—	89,404 <sup>(11)</sup>	4.31	246,561
<b>Renee L. Wilm</b>											
LTRPA	03/12/2020 <sup>(6)</sup>	—	—	—	—	12,465	—	—	—	—	15,270
LTRPA	12/07/2020 <sup>(9)</sup>	—	—	—	—	—	—	—	24,075 <sup>(11)</sup>	4.31	66,395

- (1) Mr. Maffei's 2020 performance-based bonus program does not provide for a threshold bonus amount. The program does provide for a target bonus amount that would be payable upon satisfaction of the performance criteria under the 2020 performance-based bonus program. For a discussion of the 2020 performance-based bonus, see "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonus" and footnote number 5 of this table, below.
- (2) The terms of each of the 2020 Maffei RSUs and the 2020 Chief RSUs do not provide for a threshold amount that would be payable upon satisfaction of the performance criteria established by the compensation committee. With respect to the 2020 Maffei RSUs, the amount in the Target column represents the target amount that would have been payable to Mr. Maffei assuming achievement of the target performance goals. With respect to the 2020 Chief RSUs, the amounts in the Target column represent the target amount that would have been payable to the award holder assuming our compensation committee determined not to reduce such payout after considering the performance of each named executive officer. For the actual 2020 Maffei RSUs and 2020 Chief RSUs that vested, see "—Compensation Discussion and Analysis—Compensation Overview—Equity Incentive Compensation."
- (3) With respect to the 2020 Maffei RSUs, the amount in the Maximum column represents the maximum amount that would have been payable assuming maximum achievement of the performance goals.
- (4) Reflects the date on which our compensation committee established the terms of Mr. Maffei's 2020 performance-based bonus program, as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonus."
- (5) In light of the financial impact of the coronavirus pandemic, the company determined to settle Mr. Maffei's bonus in stock options to purchase 572,665 LTRPB shares at an exercise price of \$3.76, instead of cash, as described in "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonus." The grant date fair value of those stock options was \$1,377,317 as 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 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K). The committee acted on December 10, 2020 and the options were granted on December 15, 2020. The target and maximum bonus opportunities for Mr. Maffei are reflected in the "Estimated Future Payouts under Non-Equity Incentive Plan Awards" column of this Grants of Plan-Based Awards table and the options are not reflected in the "All Other Option Awards" column in accordance with SEC interpretive guidance.
- (6) Reflects the date on which our compensation committee established the terms of the 2020 Maffei RSUs and the 2020 Chief RSUs as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Maffei Annual Equity Awards" and "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Other 2020 Awards—Annual Performance Awards."
- (7) Reflects the date on which our compensation committee established the terms of the 2020 Maffei Restructuring RSUs as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Maffei Restructuring RSUs."
- (8) The 2020 Maffei Restructuring RSUs awards, which vested in full on December 10, 2020.
- (9) Reflects the date on which our compensation committee established the terms of the 2020 Maffei Term RSUs and the 2020 NEO Multiyear Options as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Other 2020 Awards—Multiyear Equity Awards."
- (10) Vests in full on December 7, 2024.
- (11) Vests 50% on December 7, 2022 and 50% on December 7, 2023.



## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table contains information regarding unexercised options and unvested RSUs which were outstanding as of December 31, 2020 and held by the named executive officers.

Name	Option awards					Stock Awards				
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option exercise price (\$)	Option expiration date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
<b>Gregory B. Maffei</b>										
<i>Option Awards</i>										
LTRPB	1,797,107	—	—	27.83	12/21/2024	—	—	—	—	
LTRPB	26,557	—	—	14.28	03/06/2026	—	—	—	—	
LTRPB	572,665	—	—	3.76	12/15/2027	—	—	—	—	
<i>RSU Awards</i>										
LTRPB	—	—	—	—	—	320,057 <sup>(1)</sup>	9,419,278	—	—	
LTRPB	—	—	—	—	—	—	—	242,382 <sup>(2)</sup>	7,133,302	
LTRPB	—	—	—	—	—	1,000,000 <sup>(3)</sup>	29,430,000	—	—	
<b>Brian J. Wendling</b>										
<i>Option Awards</i>										
LTRPA	—	49,491 <sup>(4)</sup>	—	4.31	12/07/2027	—	—	—	—	
<i>RSU Awards</i>										
LTRPA	—	—	—	—	—	—	—	7,535 <sup>(2)</sup>	32,702	
<b>Albert E. Rosenthaler</b>										
<i>Option Awards</i>										
LTRPA	—	89,404 <sup>(4)</sup>	—	4.31	12/07/2027	—	—	—	—	
<i>RSU Awards</i>										
LTRPA	—	—	—	—	—	—	—	15,512 <sup>(2)</sup>	67,322	
<b>Renee L. Wilm</b>										
<i>Option Awards</i>										
LTRPA	—	44,414 <sup>(5)</sup>	—	7.07	11/11/2026	—	—	—	—	
LTRPA	—	24,075 <sup>(4)</sup>	—	4.31	12/07/2027	—	—	—	—	
<i>RSU Awards</i>										
LTRPA	—	—	—	—	—	—	—	12,465 <sup>(2)</sup>	54,098	

(1) Vests on December 15, 2023.

(2) Represents the target number of 2020 Maffei RSUs that Mr. Maffei could earn and the maximum number of 2020 Chief RSUs that Messrs. Wendling and Rosenthaler and Ms. Wilm could earn based on performance in 2020.

(3) Vests on December 7, 2024.

(4) Vests 50% on December 7, 2022 and 50% on December 7, 2023.

(5) Vests 50% on September 23, 2022 and 50% on September 23, 2023.

## OPTION EXERCISES AND STOCK VESTED

The following table sets forth information concerning the vesting of RSUs held by our named executive officers during 2020. None of our named executive officers exercised any options during 2020.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting(#) <sup>(1)</sup>	Value realized on vesting (\$)
<b>Gregory B. Maffei</b>				
LTRPB	—	—	65,363 <sup>(2)</sup>	240,138
<b>Brian J. Wendling</b>				
LTRPA	—	—	1,442	2,192
<b>Albert E. Rosenthaler</b>				
LTRPA	—	—	3,290	5,001
<b>Renee L. Wilm</b>				
LTRPA	—	—	1,325	2,014

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

(2) Includes the 2020 Maffei Restructuring RSUs.

## 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, 2020, which was the last business day of our last completed fiscal year. For purposes of the following table, we have assumed that Mr. Maffei's employment had terminated at each of Liberty TripAdvisor, Liberty Media and the other Service Companies. 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 table are based on the closing market prices on December 31, 2020 for our Series A common stock and Series B common stock, which were \$4.34 and \$29.43, respectively. The value of the options shown in the table is based on the spread between the exercise price of the award and the applicable closing price. Any of the named executive officers' option awards that had exercise prices that were more than the closing market price of our Series A common stock and Series B common stock on December 31, 2020 have been excluded from the table below. The value of the RSUs shown in the table is based on the applicable closing market price and the number of unvested RSUs.

Each of our named executive officers has received awards and payments under our incentive plans. Additionally, Mr. Maffei is entitled to certain payments and acceleration rights upon termination under his employment agreement. See “—Executive Compensation Arrangements” above and “—Termination Without Cause or for Good Reason” 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

The stock options awarded to Mr. Maffei in 2014 (the **2014 Options**) and in 2019 were issued under the 2014 incentive plan. The 2019 Maffei Term RSUs and 2020 Maffei Term RSUs, the Maffei 2020 Bonus Options, the 2020 Maffei RSUs, the stock options awarded to Ms. Wilm in 2019, the 2020 NEO Multiyear Options and the 2020 Chief RSUs were issued under the 2019 incentive plan. Under these plans and the related award agreements, in the event of a voluntary termination of his or her employment with our company for any reason, each named executive officer would typically only have a right to the equity grants that vested prior to his or her termination date. However, if Mr. Maffei had voluntarily terminated his employment at December 31, 2020, (i) his 2020 Maffei RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and a prorated amount of RSUs (based on the number of days Mr. Maffei was employed during the calendar year) would have vested to the extent determined by the compensation committee and (ii) his 2019 Maffei Term RSUs and 2020 Maffei Term RSUs would have been subject to pro rata vesting (based on the number of days elapsed during the four-year vesting period). Mr. Maffei would have been entitled to certain other benefits upon a voluntary termination of his employment with our company as of December 31, 2020. The type and amount of severance pay and benefits Mr. Maffei would receive would depend on whether he remained employed by Liberty Media at or following the date of termination of his services to our company or whether his employment with Liberty Media was also voluntarily terminated. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Arrangement” above. Messrs. Wendling and Rosenthaler and Ms. Wilm are not entitled to any severance payments or other benefits upon a voluntary termination of his or her respective employment for any reason. The foregoing discussion assumes that the named executive officers voluntarily terminated his or her 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 or her employment for good reason.

### Termination for Cause

All outstanding equity grants constituting options, whether unvested or vested but not yet exercised, and unvested RSUs under the existing incentive plans would typically 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.” However, if Mr. Maffei's employment had been terminated for cause after the close of business on December 31, 2020, his 2020 Maffei RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. Unless there is a different definition in the applicable award agreement, each of the 2014 incentive plan and the 2019

incentive plan define “cause” as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform 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 stock options granted to him in 2014, “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.”

### **Termination Without Cause or for Good Reason**

As of December 31, 2020, Mr. Maffei’s unvested equity awards consisted of the 2019 Maffei Term RSUs, the 2020 Maffei Term RSUs and the 2020 Maffei RSUs. The 2019 Maffei Term RSUs, 2020 Maffei Term RSUs and 2020 Maffei RSUs would have vested in full upon a termination of his employment by our company without cause (as defined in the 2019 Maffei Employment Agreement) or by him for good reason (as defined in the 2019 Maffei Employment Agreement) as of December 31, 2020. Mr. Maffei would also be entitled to severance pay and benefits from our company upon a termination without cause or by him for good reason. The type and amount of severance pay and benefits Mr. Maffei would receive would depend on whether he remained employed by Liberty Media at or following the date of termination of his services to our company or whether his employment with Liberty Media was also terminated without cause or for good reason. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination Payments and Benefits.”

As of December 31, 2020, Messrs. Wendling’s and Rosenthaler’s and Ms. Wilm’s only unvested equity awards were the 2020 Chief RSUs, the 2020 NEO Multiyear Options and the stock options granted to Ms. Wilm in 2019. The 2020 Chief RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. The stock options granted to Ms. Wilm in 2019 and the 2020 NEO Multiyear Options provide for vesting upon termination of employment without cause of a pro rata portion of each vesting tranche of the applicable award (based on the number of days that have elapsed from the grant date through the termination date, plus an additional 365 days, over the applicable tranche’s vesting period). Neither Messrs. Wendling or Rosenthaler nor Ms. Wilm is entitled to any severance pay or other benefits from our company upon a termination without cause or for good reason.

### **Death**

In the event of death of any of the named executive officers as of December 31, 2020, the incentive plans and applicable award agreements would have provided for vesting in full of any outstanding options and unvested RSUs. Mr. Maffei is also entitled to certain payments and other benefits if he dies while providing services to our company. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination Payments and Benefits.” None of the other named executive officers would have been entitled to any severance pay or other benefits from our company if he or she had died while employed by our company, assuming a termination date as of December 31, 2020.

### **Disability**

If the employment of any of the named executive officers had been terminated as of December 31, 2020 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 and unvested RSUs. Mr. Maffei is also entitled to certain payments and other benefits upon a termination of his employment due to disability. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination Payments and Benefits.” None of the other named executive officers would have been entitled to any severance pay or other benefits from our company upon a termination due to disability, assuming a termination date as of December 31, 2020.

## Change in Control

In case of a change in control, the incentive plans provide for vesting in full of any outstanding options and unvested RSUs (other than, in the case of a change of control as of December 31, 2020, the 2020 Maffei Term RSUs and 2019 Maffei Term RSUs) 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. For purposes of the tabular presentation below, we have assumed that our named executive officers' existing unvested equity awards (other than the 2019 Maffei Term RSUs and the 2020 Maffei Term RSUs) would vest in full in the case of a change in control described in the last bullet. A change in control (as defined in the 2019 Maffei Employment Agreement) of our company would provide Mr. Maffei with a short time period during which to exercise his rights to terminate his employment for good reason, which would result in vesting of his 2019 Maffei Term RSUs and 2020 Maffei Term RSUs. For purposes of the tabular presentation below, we have assumed that Mr. Maffei does not exercise his right to terminate his employment for good reason in connection with a change in control of our company.

## 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 (\$)
<b>Gregory B. Maffei</b>						
Severance	850,000 <sup>(1)</sup>	—	3,750,000 <sup>(2)</sup>	3,750,000 <sup>(2)</sup>	3,750,000 <sup>(2)</sup>	—
Options	17,978,020 <sup>(3)</sup>	17,978,020 <sup>(4)</sup>	17,978,020 <sup>(5)</sup>	17,978,020 <sup>(5)</sup>	17,978,020 <sup>(5)</sup>	17,978,020 <sup>(6)</sup>
RSUs	10,081,570 <sup>(3)</sup>	7,133,302 <sup>(4)</sup>	45,982,580 <sup>(5)</sup>	45,982,580 <sup>(5)</sup>	45,982,580 <sup>(5)</sup>	7,133,302 <sup>(6)</sup>
Perquisites <sup>(7)</sup>	—	—	29,752	—	29,752	—
<b>Total</b>	<b>28,909,591</b>	<b>25,111,323</b>	<b>67,740,352</b>	<b>67,710,600</b>	<b>67,740,352</b>	<b>25,111,323</b>
<b>Brian J. Wendling</b>						
Options	— <sup>(8)</sup>	— <sup>(8)</sup>	659 <sup>(9)</sup>	1,485 <sup>(10)</sup>	1,485 <sup>(10)</sup>	1,485 <sup>(11)</sup>
RSUs	— <sup>(8)</sup>	— <sup>(8)</sup>	32,702 <sup>(9)</sup>	32,702 <sup>(10)</sup>	32,702 <sup>(10)</sup>	32,702 <sup>(11)</sup>
<b>Total</b>	<b>—</b>	<b>—</b>	<b>33,361</b>	<b>34,187</b>	<b>34,187</b>	<b>34,187</b>
<b>Albert E. Rosenthaler</b>						
Options	— <sup>(8)</sup>	— <sup>(8)</sup>	1,191 <sup>(9)</sup>	2,682 <sup>(10)</sup>	2,682 <sup>(10)</sup>	2,682 <sup>(11)</sup>
RSUs	— <sup>(8)</sup>	— <sup>(8)</sup>	67,322 <sup>(9)</sup>	67,322 <sup>(10)</sup>	67,322 <sup>(10)</sup>	67,322 <sup>(11)</sup>
<b>Total</b>	<b>—</b>	<b>—</b>	<b>68,513</b>	<b>70,004</b>	<b>70,004</b>	<b>70,004</b>
<b>Renee L. Wilm</b>						
Options	— <sup>(8)</sup>	— <sup>(8)</sup>	321 <sup>(9)</sup>	722 <sup>(10)</sup>	722 <sup>(10)</sup>	722 <sup>(11)</sup>
RSUs	— <sup>(8)</sup>	— <sup>(8)</sup>	54,098 <sup>(9)</sup>	54,098 <sup>(10)</sup>	54,098 <sup>(10)</sup>	54,098 <sup>(11)</sup>
<b>Total</b>	<b>—</b>	<b>—</b>	<b>54,419</b>	<b>54,820</b>	<b>54,820</b>	<b>54,820</b>

- (1) If Mr. Maffei had voluntarily terminated his employment without good reason at Liberty TripAdvisor, Liberty Media and each of the other Service Companies (as defined in the 2019 Maffei Employment Agreement) as of December 31, 2020, he would have been entitled to receive in a lump sum \$17 million, prorated based on the number of days that have elapsed within the year of termination, with up to 25% of such amount payable in shares of common stock of Liberty Media or the applicable Service Company. See “—Executive Compensation Arrangement—Gregory B. Maffei” above. The amount in the table includes our allocable portion of this payment (5%) for which we would reimburse Liberty Media.
- (2) If Mr. Maffei’s employment at Liberty TripAdvisor, Liberty Media and each of the other Service Companies had been terminated by Liberty TripAdvisor, Liberty Media and each of the other Service Companies without cause (as defined in the 2019 Maffei Employment Agreement), by him for good reason (as defined in the 2019 Maffei Employment Agreement) (whether before or within a specific period following a change in control), in each case, subject to execution of a mutual release, or due to Mr. Maffei’s death or disability as of December 31, 2020, he would have been entitled to receive (i) a payment of two times his 2020 base salary payable in 24 equal monthly installments, (ii) fully vested shares of common stock with an aggregate grant date fair value of \$35 million, (iii) a lump sum payment of an amount equal to two times his average annual bonus paid for the two calendar years prior to separation, but in no event an amount that is less than two times his aggregate target bonus of \$17 million and (iv) a lump sum cash payment equal to the greater of \$17 million and the annual cash performance bonus otherwise payable for the year of termination, in each case, prorated based on the number of days that have elapsed within the year of termination, with up to 25% of such amount payable in shares of common stock of Liberty Media or the applicable Service Company. See “—Executive Compensation Arrangement—Gregory B. Maffei” above. The amount in the table includes our allocable portion of this payment (5%) for which we would reimburse Liberty Media. The amount in the table does not include the lump sum cash payment described in (iv) because Mr. Maffei had already been paid his 2020 cash bonus prior to December 31, 2020.
- (3) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested options and RSUs that would vest pursuant to the following: If Mr. Maffei’s employment had been terminated without good reason as of December 31, 2020, he would have been entitled to pro rata vesting of the 2019 Maffei Term RSUs and 2020 Maffei Term RSUs (based on the number of days that had elapsed from the date of grant over the four-year vesting period) and the 2020 Maffei RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested on a pro rata basis (based on the elapsed number of days in the calendar year of termination) to the extent determined by the compensation committee. As described above in “—Compensation Discussion and Analysis—Equity Incentive Compensation,” our compensation committee vested all of the 2020 Maffei RSUs, which is reflected in the table above.
- (4) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested RSUs that would vest pursuant to the following: If Mr. Maffei’s employment had been terminated for cause as of December 31, 2020, he would have forfeited his 2019 Maffei Term RSUs and 2020 Maffei Term RSUs. His 2020 Maffei RSUs would remain outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. As described above in “—Compensation Discussion and Analysis—Equity Incentive Compensation,” our compensation committee vested all of the 2020 Maffei RSUs, which is reflected in the table above.
- (5) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested RSUs that would vest pursuant to the following: If Mr. Maffei’s employment had been terminated without cause (as defined in the 2019 Maffei Employment Agreement), for good reason (as defined in the 2019 Maffei Employment Agreement) (whether before or within a specific



period following a change in control) or due to Mr. Maffei's death or disability as of December 31, 2020, his 2019 Maffei Term RSUs, 2020 Maffei Term RSUs and 2020 Maffei RSUs would have vested in full.

- (6) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested RSUs that would vest pursuant to the following: Upon a change in control, we have assumed for purposes of the tabular presentation above that Mr. Maffei's 2020 Maffei RSUs would have vested in full. See the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (7) If Mr. Maffei's employment had been terminated at our company's election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) or by reason of disability, as of December 31, 2020, he would have been entitled to receive personal use of the corporate aircraft for 120 hours per year over a 12-month period. Perquisite amount of \$595,044 represents the maximum potential cost of using the corporate aircraft for 120 hours based on an hourly average of the incremental cost of use of the corporate aircraft. The amount in the table includes our allocable portion of this payment (5%) for which we would reimburse Liberty Media.
- (8) Each of Messrs. Wendling and Rosenthaler and Ms. Wilm would have forfeited his or her 2020 NEO Multiyear Options and 2020 Chief RSUs if his or her employment had been terminated without good reason or for cause as of December 31, 2020. Ms. Wilm would have forfeited the stock options awarded to her in 2019 if her employment had been terminated by her without good reason or by the company for cause as of December 31, 2020.
- (9) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: If Messrs. Wendling's or Rosenthaler's or Ms. Wilm's employment had been terminated without cause or for good reason as of December 31, 2020, their 2020 Chief RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. As described above in "—Compensation Discussion and Analysis—Equity Incentive Compensation," our compensation committee vested all of the 2020 Chief RSUs, which is reflected in the table above. Additionally, the portion of Messrs. Wendling's and Rosenthaler's and Ms. Wilm's 2020 NEO Multiyear Options and Ms. Wilm's stock options granted in 2019 that would have vested pursuant to the forward-vesting provisions in such named executive officer's award agreements.
- (10) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: If Messrs. Wendling's or Rosenthaler's or Ms. Wilm's employment had been terminated due to death or disability as of December 31, 2020 all of the 2020 NEO Multiyear Options, 2020 Chief RSUs and Ms. Wilm's stock options granted in 2019 would have vested in full.
- (11) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: Upon a change of control, we have assumed for purposes of the tabular presentation above that the 2020 NEO Multiyear Options, 2020 Chief RSUs and Ms. Wilm's stock options granted in 2019 would have vested in full. See the "Outstanding Equity Awards at Fiscal Year-End" table above.

# DIRECTOR COMPENSATION

## NONEMPLOYEE DIRECTORS

### Director Fees

Each of our directors who is not an employee of, or service provider to, our company is paid an annual fee of \$162,000 (which we refer to as the **director fee**) for 2021 (\$159,000 for 2020), 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 2020 were issued in December 2019, except with respect to Mr. O'Hara, whose prorated awards were issued in March 2020. See “—Director RSU Grants” and “—Director Option Grants” below for information on the equity awards granted in 2020 to the nonemployee directors with respect to service on our board in 2021. Fees for service on our audit committee, compensation committee, executive committee and nominating and corporate governance committee are the same for 2020 and 2021. 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 2019 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 2019 incentive plan is designed to provide additional remuneration to our nonemployee directors for services rendered, 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 2019 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 2019 incentive plan, we granted the following RSU awards during 2020:

Name	03/26/2020 Award of LTRPA RSUs (#)	12/07/2020 Award of LTRPA RSUs (#)
Michael J. Malone	—	63,035
Chris Mueller	—	63,035
M. Gregory O'Hara	38,116 <sup>(1)</sup>	31,518

(1) These RSUs were granted to Mr. O'Hara upon his appointment to our board of directors and vested in full on December 10, 2020.

The RSUs granted in December 2020 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 2019 incentive plan, on December 7, 2020, Mr. Romrell was granted options to purchase 49,263 LTRPA shares and Mr. Wargo was granted options to purchase 98,526 LTRPA shares, all of which had an exercise price equal to \$4.31, 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.

## Aircraft Usage

Liberty Media has a fractional ownership contract with NetJets, Inc. for business travel purposes. Given the coronavirus pandemic and the significant reduction in business travel, the minimum use of the NetJets contract would not be met and, therefore, the company's named executive officers and directors were afforded the opportunity to use a portion of the NetJets contract for personal use, provided that each such named executive officer or director was responsible for reimbursing Liberty Media for costs associated therewith. Such use resulted in no incremental cost to the company and the directors did not incur any taxable income in connection therewith.

## 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 <sup>(1)</sup>	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(2)(3)</sup>	Option Awards (\$) <sup>(2)(4)</sup>	All other compensation (\$)	Total (\$)
Michael J. Malone	35,000	271,681	—	—	306,681
Chris Mueller	69,750	271,681	—	—	341,431
M. Gregory O'Hara (5)	60,987	224,272	—	—	285,259
Larry E. Romrell	104,500	—	135,859	—	240,359
J. David Wargo	40,000	—	271,718	—	311,718

(1) Gregory B. Maffei and Albert E. Rosenthaler, each of whom is a director of our company and a named executive officer, received no compensation for serving as a director of our company during 2020. Christy Haubegger was not a director of our company during 2020.

(2) As of December 31, 2020, our directors (other than Mr. Maffei and Mr. Rosenthaler, 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	M. Gregory O'Hara	Larry E. Romrell	J. David Wargo
<b>Options (#)</b>					
LTRPA	129,745	35,446	—	125,831	208,583
<b>RSUs (#)</b>					
LTRPA	63,035	63,035	31,518	—	—

(3) Reflects the grant date fair value of RSUs awarded to Messrs. Malone, Mueller and O'Hara, 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 12 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K).

(5) Mr. O'Hara was appointed to our board of directors effective March 26, 2020.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2020 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>			
<b>Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan</b>			1,722,272 <sup>(1)</sup>
LTRPA	798,165	\$ 4.71	
LTRPB	572,665	\$ 3.76	
<b>Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015), as amended</b>			— <sup>(2)</sup>
LTRPA	273,067	\$16.09	
LTRPB	1,823,664	\$27.63	
<i>Equity compensation plans not approved by security holders:</i>			
<b>Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan, as amended<sup>(3)</sup></b>			— <sup>(3)</sup>
LTRPA	15,021	\$20.25	
LTRPB	—	—	
<b>Total</b>			
LTRPA	<u>1,086,253</u>		
LTRPB	<u>2,396,329</u>		
			<u>1,722,272</u>

(1) The 2019 incentive plan permits grants of, or with respect to, shares of any series of our common stock.

(2) Upon adoption of the 2019 incentive plan, the board of directors ceased making any further grants under the 2014 incentive plan.

(3) 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.

## INVESTMENT AGREEMENT

On March 26, 2020, pursuant to the Investment Agreement, dated as of March 15, 2020 (the **Investment Agreement**), among our company, Certares Holdings LLC, Certares Holdings (Blockable) LLC and Certares Holdings (Optional) LLC (collectively, **Assignor**) and solely for the purposes of certain provisions specified therein, Gregory B. Maffei, as assigned pursuant to the Assignment and Assumption Agreement, dated as of March 26, 2020, by and among the Assignor and Certares LTRIP LLC (the **Purchaser**, and together with Assignor, **Certares**), we issued and sold to the Purchaser 325,000 shares of LTRPP, for a purchase price of \$1,000 per share. Effective as of March 29, 2021, the Stock Repurchase Agreement, dated as of March 22, 2021 (the **Repurchase Agreement**), between our company and the Purchaser, among other things, amended certain terms of the Investment Agreement. For more information regarding such amended terms of the Investment Agreement, see “—Stock Repurchase Agreement.”

The Investment Agreement contains certain covenants of our company and Certares, including, among other things, a covenant that, subject to certain exceptions, Certares will not transfer, or agree to transfer, any of its shares of LTRPP.

*Board Matters.* Pursuant to the Investment Agreement, for so long as at least 25% of the original aggregate liquidation value of the LTRPP shares remains outstanding (the **Threshold Amount**), the holders of a majority of the LTRPP shares may appoint one director (the **Series A Preferred Threshold Director**) to our board of directors. Upon the closing of the transactions pursuant to the Investment Agreement, Mr. M. Gregory O’Hara, Founder and Senior Managing Director of Certares Management LLC, was appointed as the Series A Preferred Threshold Director and Vice Chairman of our board of directors. Pursuant to the Repurchase Agreement, effective as of March 29, 2021, Mr. O’Hara resigned as the Series A Preferred Threshold Director and the Purchaser permanently waived its right to appoint the Series A Preferred Threshold Director. As a condition to the transfer of any LTRPP shares, the transferee must agree to such waiver. For more information regarding board matters with respect to the Repurchase Agreement, see “—Stock Repurchase Agreement—Matters Relating to the Board.”

*Consent Rights.* For so long as the Threshold Amount remains outstanding, we will not pay any dividends on or repurchase shares of our common stock without the prior written consent of the holders of a majority of the LTRPP shares (subject to certain exceptions). In addition, for so long as the Purchaser beneficially owns a number of shares of LTRPP with an aggregate liquidation value at least equal to the Threshold Amount, we are required to obtain the prior written consent of the holders of at least a majority of the LTRPP shares prior to incurring certain indebtedness, issuing any stock which ranks on a parity basis with or senior to the LTRPP shares, issuing LTRPB shares, subject to certain exceptions, entering into certain affiliate transactions and transferring shares of Tripadvisor Class B and TRIP.

*Sales Process.* If our board of directors approves the initiation of a sale process to effect a change in control of itself or the entry into negotiations with a third party for a change in control, and, at such time, the Purchaser beneficially owns a number of shares of LTRPP with an aggregate liquidation value equal to at least the Threshold Amount, the Investment Agreement requires us to provide notice of such intent to the Purchaser, designate a nationally recognized investment bank to act as financial advisor, and provide the Purchaser the opportunity to participate as a potential buyer. In addition, if the Purchaser owns a number of shares of LTRPP with an aggregate liquidation value equal to at least the Threshold Amount, subject to certain exceptions, the Purchaser is entitled to certain rights to match offers consisting of at least 90% of cash consideration to acquire our company or LTRPB shares owned by Mr. Maffei, as the case may be.

*Consultation.* For so long as the Purchaser owns shares of LTRPP having a liquidation value equal to at least the Threshold Amount, the Purchaser is entitled to certain consultation rights with our company with respect to any matter on which we vote our shares of Tripadvisor equity and with Mr. Maffei with respect to any matter on which he votes his LTRPB shares.



*Tripadvisor Board.* The Investment Agreement also required our company, upon closing, to nominate an individual designated by the Purchaser to the board of directors of Tripadvisor for so long as (i) the Purchaser beneficially owns a number of shares with an aggregate liquidation value equal to at least the Threshold Amount and (ii) we have a right to nominate at least two directors to Tripadvisor's board of directors under the Governance Agreement among Tripadvisor, Qurate Retail and Barry Diller, dated as of December 20, 2011, as amended by the Assignment and Assumption of Governance Agreement among Tripadvisor, our company and Qurate Retail, dated August 12, 2014. On March 27, 2020, Mr. O'Hara was appointed to the board of directors of Tripadvisor.

The description of the Investment Agreement is qualified in its entirety by reference to the full text of the Investment Agreement, which is incorporated by reference herein and filed as Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC March 16, 2020.

## STOCK REPURCHASE AGREEMENT

On March 29, 2021, pursuant to the First Closing (as defined in the Repurchase Agreement) under the Repurchase Agreement, we, among other things, repurchased from the Purchaser 126,921 LTRPP shares at a per share price of \$2,174.29, which represented 39% of the LTRPP shares held by the Purchaser, for an aggregate value of approximately \$344 million. The aggregate consideration consisted of a combination of a portion of the net proceeds of our private offering of \$300 million aggregate principal amount of exchangeable senior debentures due 2051 (**Debentures**), which closed on March 25, 2021, and 1,713,859 shares of TRIP. On April 6, 2021, pursuant to the Second Closing (as defined in the Repurchase Agreement) under the Repurchase Agreement, we repurchased from the Purchaser an additional 10,665 LTRPP shares at a per share price of \$2,174.29, which represented an additional 3% of the LTRPP shares held by the Purchaser prior to the completion of the transactions contemplated by the Repurchase Agreement. The consideration for the Second Closing consisted of the net proceeds from the sale of additional Debentures following the exercise in full by the initial purchasers of their option to purchase additional Debentures. Following the completion of the Second Closing, we have outstanding 187,414 LTRPP shares with a redemption value, as of March 22, 2021, of approximately \$509 million based on the last reported sale price of TRIP on the Nasdaq Global Select Market on March 22, 2021.

The Repurchase Agreement contains customary representations, warranties and covenants of the parties. In addition, the Repurchase Agreement provides as follows:

*Permanent Waiver of Put Right.* The Purchaser permanently waived its put right with respect to our LTRPP shares contained in the Certificate of Designations (the **Put Right**).

*Liberty TripAdvisor Call Right.* We have the option, from time to time commencing on March 27, 2024, to call and repurchase (the **Optional Repurchase Right**) any and all of the outstanding LTRPP shares at the Optional Repurchase Price (as such term is defined in the Repurchase Agreement).

*Restriction on Transfer of LTRPP Shares.* Subject to exceptions contained in the Investment Agreement and the Repurchase Agreement, the LTRPP shares generally are non-transferable; provided that we have agreed not to unreasonably withhold our consent to certain transfers of up to 49% of the remaining LTRPP shares outstanding following the completion of the repurchase pursuant to the Repurchase Agreement (so long as there are no more than six holders of the LTRPP shares at any one time). Any transferee of LTRPP shares must agree to the permanent waiver of the Put Right, the permanent waiver of the right to appoint the Series A Preferred Threshold Director (as described below) and to the Optional Repurchase Right.

*Lock-up on TRIP.* Pursuant to the Repurchase Agreement, and subject to the limited exceptions described therein, the Purchaser will be restricted from transferring TRIP shares for a period of six months commencing on March 22, 2021.

*Matters Relating to the Board.* Pursuant to the Repurchase Agreement, (i) Mr. O'Hara delivered a resignation to our board of directors as the Series A Preferred Threshold Director, (ii) the Purchaser permanently waived its right to appoint the Series A Preferred Threshold Director, (iii) the authorized size of our board of directors increased by two members (the **LTRP New Board Seats**) and (iv) Mr. O'Hara was appointed to one of the LTRP New Board Seats as a Class III member with a term expiring at our 2021 annual meeting of stockholders (the **LTRP 2021 Annual Meeting**) and Vice Chairman of our board of directors. Pursuant to the Repurchase Agreement, the Purchaser has nominated Mr. O'Hara to be included in the slate of nominees recommended by our board of directors to our stockholders for election as directors at the 2021 Annual Meeting and to be included in any future slate of such nominees for Class III directors for so long as Purchaser beneficially owns LTRPP shares equal to at least the Threshold Amount. In the event Mr. O'Hara is not elected as a director of our board of directors, we will appoint



Mr. O'Hara as a non-voting observer of our board of directors, subject to certain customary conditions, for so long as the Purchaser beneficially owns LTRPP shares equal to at least the Threshold Amount. In the event the Purchaser ceases to beneficially own LTRPP shares equal to at least the Threshold Amount, the Purchaser will cause Mr. O'Hara to immediately resign from our board of directors or, if applicable, his non-voting board observer position, which will automatically terminate at such time.

The description of the Repurchase Agreement is qualified in its entirety by reference to the full text of the Repurchase Agreement, which is incorporated by reference herein and filed as Exhibit 7(f) to our Amendment No. 4 to Schedule 13D filed with the SEC on March 24, 2021.

## REGISTRATION RIGHTS AGREEMENT

Our company and the Purchaser entered into a Registration Rights Agreement at the closing of the sale of the LTRPP shares under the Investment Agreement (the **Registration Rights Agreement**). Under the Registration Rights Agreement, the Purchaser is entitled to demand and piggyback registration rights with respect to the shares of LTRPP and any shares of common stock of our company paid to satisfy our obligations under the Investment Agreement and the Certificate of Designations. The Purchaser will be entitled to four demand registration rights, subject to certain limitations, including that each demand must cover at least \$15,000,000 in value of shares to be registered and that we will not be required to effect more than one underwritten shelf takedown during any 180 day period. We will pay the costs associated with such registrations (other than underwriting discounts, fees and commissions).

The description of the Registration Rights Agreement is qualified in its entirety by reference to the full text of the Registration Rights Agreement, which is incorporated by reference herein and filed as Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC March 16, 2020.

## LETTER AGREEMENT WITH MR. 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 the State 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.

Although certain portions of the Standstill Letter terminated in accordance with their terms on December 21, 2019, Mr. Maffei agreed, subject to certain exceptions, to certain customary standstill provisions, which remain in effect. Such provisions prohibit Mr. Maffei and his Controlled Affiliates (as defined in the Standstill Letter), 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

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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 (as defined in the Standstill Letter) 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 herein and filed as Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on December 29, 2014.

## STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2021 which will take place on July 28, 2021. Based solely on the date of our 2021 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 February 15, 2022 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2022 (the **2022 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 April 29, 2022 and not later than May 31, 2022 to be considered for presentation at the 2022 annual meeting. We currently anticipate that the 2022 annual meeting will be held during the second quarter of 2022. If the 2022 annual meeting takes place more than 30 days before or 30 days after July 28, 2022 (the anniversary of the 2021 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 2022 annual meeting is communicated to stockholders or public disclosure of the date of the 2022 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2022 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 inspect such filings on the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Additional information can also be found on our website at [www.libertytripadvisorholdings.com](http://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 2020 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 2020 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).**

## 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 business, product and marketing strategies; the impacts of the novel coronavirus (**COVID-19**); improvements in revenue; cost reduction measures and related impacts; new product and service offerings; the recoverability of our goodwill and other long-lived assets; projected sources and uses of cash; anticipated debt obligations; fluctuations in interest rates and foreign exchange rates; and the anticipated impact of certain contingent liabilities related to tax rules 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:

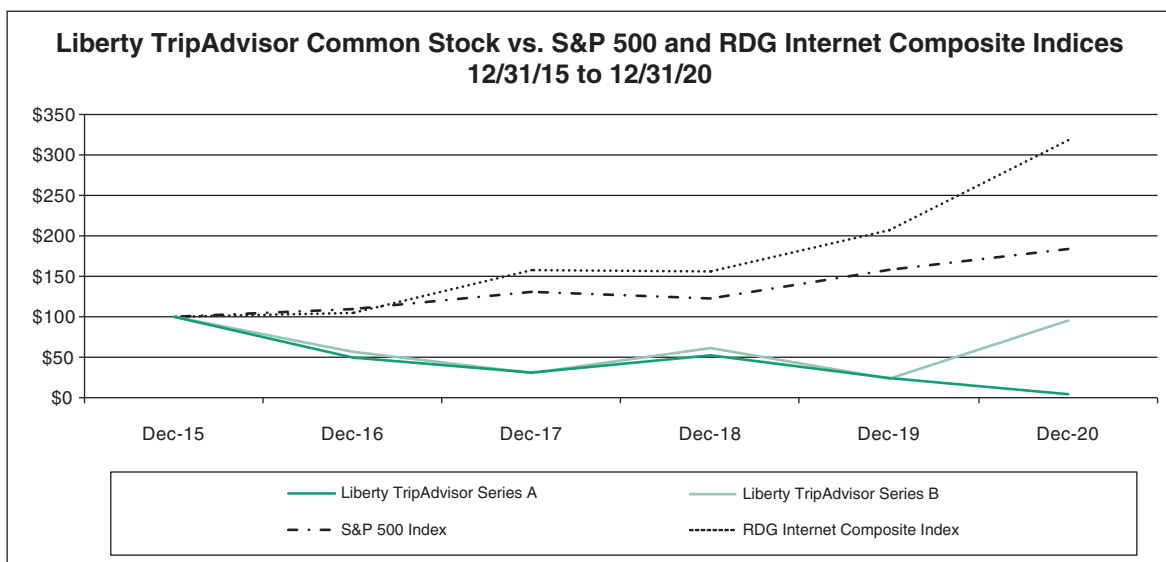
- our ability to obtain cash in amounts sufficient to service our financial obligations and other commitments due to the fact we are a holding company;
- our ability to access the cash that Tripadvisor, Inc. (**Tripadvisor**) generates from its operating activities;
- the ability of our company and Tripadvisor to obtain additional financing or refinance our existing indebtedness, on acceptable terms;
- the existence of our 8% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, and its rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stockholders;
- our ability to realize the full value of our intangible assets;
- the impacts of COVID-19;
- declines or interruptions in the travel industry;
- Tripadvisor’s ability to attract a significant amount of visitors and cost-effectively convert these visitors into revenue-generating consumers;
- failure of internet search engines and application marketplaces to continue to prominently display links to Tripadvisor’s websites;
- reduction in spending by advertisers on Tripadvisor’s platforms or the loss of Tripadvisor’s significant travel partners;
- Tripadvisor’s failure to maintain, protect or enhance its brands;
- the ability of Tripadvisor to offer compelling products on mobile devices or continue to operate effectively on such platforms;
- declines or disruptions in the economy in general and in the travel industry in particular;
- failure of Tripadvisor to effectively compete in the global environment in which it operates;
- Tripadvisor’s failure to adapt to technological developments or industry trends;
- the ability of Tripadvisor to innovate and provide products, services and features that are useful to consumers;
- Tripadvisor’s potential for prioritizing rapid innovation and consumer experience over short-term financial results;
- the ability of Tripadvisor to maintain a quality of traffic in its network to provide value to its travel partners;
- real or perceived inaccuracies of the assumptions and estimates and data Tripadvisor relies on to calculate certain of its key metrics;
- the ability of Tripadvisor to retain the highly skilled personnel on which it relies;

- disruptions resulting from any acquisitions, investments, significant commercial arrangements and/or new business strategies;
- risks due to Tripadvisor operating in many jurisdictions inside and outside the U.S.;
- claims, lawsuits, government investigations and other proceedings to which Tripadvisor is regularly subject;
- the ability of Tripadvisor to protect its intellectual property from copying or use by others;
- risks due to Tripadvisor's processing, storage and use of personal information and other data;
- risks resulting from system security issues, data protection breaches, cyberattacks and system outage issues;
- Tripadvisor's indebtedness and the resulting impacts on its business and financial condition;
- limitations imposed by the various covenants in Tripadvisor's credit facilities and indentures;
- fluctuations of Tripadvisor's financial results;
- factors that determine Tripadvisor's effective income tax rate;
- changes in tax laws that affect Tripadvisor or the examination of Tripadvisor's tax positions;
- changes in the tax treatment of companies engaged in ecommerce;
- challenges by tax authorities in the jurisdictions where Tripadvisor operates;
- fluctuations in foreign currency exchange rates which affect Tripadvisor; and
- risks associated with our stock price being disproportionately affected by the results of operations of Tripadvisor and developments in its business.

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 Securities and Exchange Commission (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](http://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 December 31, 2015 through December 31, 2020 to the S&P 500 Index and the RDG Internet Composite Index.



	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Liberty TripAdvisor Series A	\$100.00	\$ 49.60	\$ 31.06	\$ 52.37	\$ 24.23	\$ 14.30
Liberty TripAdvisor Series B	\$100.00	\$ 56.71	\$ 30.46	\$ 61.34	\$ 23.49	\$ 95.37
S&P 500 Index	\$100.00	\$109.54	\$130.81	\$122.65	\$158.07	\$183.77
RDG Internet Composite Index	\$100.00	\$104.75	\$157.67	\$156.03	\$207.10	\$318.18

*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](http://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, 2020 and 2019. 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>2019</i>		
First quarter . . . . .	\$ 18.29	14.35
Second quarter . . . . .	\$ 14.71	12.44
Third quarter . . . . .	\$ 12.92	9.17
Fourth quarter . . . . .	\$ 9.71	6.72
<i>2020</i>		
First quarter . . . . .	\$ 9.28	2.10
Second quarter . . . . .	\$ 134.00	3.67
Third quarter . . . . .	\$ 74.47	33.00
Fourth quarter . . . . .	\$ 37.92	28.31

#### *Holders*

As of January 31, 2021, there were approximately 783 and 42 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 2021 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, 2020. Our officers and employees surrendered 259 shares of our Series A common stock to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended December 31, 2020.

## **Selected Financial Data.**

Not applicable.

## **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***

Liberty TripAdvisor Holdings, Inc. (“TripCo” or the “Company”) holds its subsidiary Tripadvisor, Inc. (“Tripadvisor”). As of December 31, 2020, TripCo held an approximate 23% economic interest and 58% voting interest in Tripadvisor.

The financial information represents the historical consolidated results of TripCo and its subsidiaries as discussed in note 1 in the accompanying consolidated financial statements. In the following discussion, TripCo and its subsidiaries are referred to 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 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 Long-term Growth Strategy***

Tripadvisor’s long-term growth strategy aims to increase customer engagement on its platform and drive profitable growth through:

- building products that delight travelers by reducing friction throughout the travel planning and trip-taking journey;
- driving consumer loyalty to Tripadvisor’s platform by offering products and services that increase engagement with Tripadvisor’s platform and result in membership growth, mobile app engagement and repeat usage;
- investing in technology (e.g. machine learning) to further improve the experiences Tripadvisor can deliver to consumers and travel partners on its platform;
- deepening travel partner engagement on Tripadvisor’s platform by expanding the number of products and services offered;
- leveraging its platform’s unique attributes to expand and grow its offerings, such as hotel business to business (“B2B”) services, direct-to-consumer products and services where consumers pay Tripadvisor on a per trip

planned or annual subscription basis, both click-based and display-based media advertising, and experiences and restaurants;

- driving operational efficiencies; and
- opportunistically pursuing strategic acquisitions.

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

### ***Current Trends Affecting Tripadvisor's Business***

The online travel industry is large and highly dynamic and competitive. Tripadvisor's overall strategy is to deliver more value to consumers and travel partners in order to generate more monetization on its platform. While Tripadvisor operates with a long-term growth focus, its specific growth objectives and resource allocation strategies can differ in both duration and magnitude within its segments. Descriptions of these dynamics, as well as the current trends affecting its overall business and reportable segments, key drivers of financial results, and uncertainties that may impact Tripadvisor's ability to execute on its objectives and strategies, are below.

The COVID-19 pandemic has caused a significant negative impact on the travel, hospitality, restaurant, and leisure industry and consequently adversely and materially affected Tripadvisor's business, results of operations, liquidity and financial condition during the year ended December 31, 2020. Among other impacts, COVID-19 has negatively impacted global consumer demand and consumers' ability to travel, thereby resulting in many of Tripadvisor's travel partners operating at significantly reduced service levels.

Commencing in late February 2020 and progressively worsening through March 2020, Tripadvisor experienced a significant decline in user demand for its products and services, concurrent with intensifying concerns about COVID-19 on a global basis, in conjunction with widespread travel restrictions imposed by governments and businesses. The adverse impact to Tripadvisor's business from COVID-19 intensified in the second half of March, driven by the pandemic's proliferation and increased governmental restrictions and mandates globally that additionally impacted the travel, hospitality, restaurant and leisure industry and further dampened consumer demand for Tripadvisor's products and services. In the second half of March and throughout April, significant year-over-year revenue declines generally stabilized across Tripadvisor's segments and products which generally continued throughout the second quarter of 2020, and modestly improved during the third quarter of 2020. Tripadvisor's consolidated revenue for the year ended December 31, 2020 was approximately 40% of the prior year's comparable period. In the second half of 2020, Tripadvisor's revenue averaged approximately 35% of the prior year's comparable period, while revenue performance in the months of November and December was approximately 33% of the prior year's comparable periods. This trend compares favorably to the trends observed in months of April 2020 and May 2020, where Tripadvisor's revenue for those months was approximately 10% of the prior year's comparable periods. In addition, traffic trends on Tripadvisor's websites have improved since the significant declines seen in the second half of March and throughout April 2020. In the second half of 2020, monthly unique users on Tripadvisor websites averaged approximately 67% of the prior year's comparable periods, while in April and May of 2020, monthly unique users on Tripadvisor websites were approximately 33% and 45%, respectively, of the prior year's comparable periods, respectively. While Tripadvisor's revenue and traffic trends generally improved since April and May 2020, these trends began to flatten out in September 2020. Beginning in the fourth quarter of 2020, governments again, particularly in Europe, began to impose new restrictions to mitigate the spread of the virus, which negatively impacted these recent trends, as monthly unique users on Tripadvisor websites during the fourth quarter of 2020 declined to approximately 60% of the prior year's comparable period, in comparison to approximately 70% of the prior year's comparable period, during the third quarter of 2020.

Tripadvisor has also incurred significant and unanticipated cancellations by travelers related to future travel, accommodations and tour bookings, which had been reserved by travelers in the pre-COVID-19 timeframe, and included a significant number of bookings recorded as deferred revenue as of December 31, 2019. During the course of 2020,

Tripadvisor has worked with travelers and travel partners to address cancellations, re-bookings, and in certain cases it has provided its travel partners extended payment terms, discounts and other incentives.

While we have seen varying degrees of containment of the virus in certain countries and some signs of travel recovery during points in time during 2020, the degree of containment and the recovery in travel has varied region-to-region globally, as well as state-to-state in the U.S. Most notably, a resurgence of COVID-19 has occurred again, after a period of decline, during the fourth quarter of 2020 and the beginning of the first quarter of 2021, followed by the reinstatement of government restrictions and mandates in certain geographies globally and the identification of new variants of the virus. There remains uncertainty around when remaining or reinstated restrictions will be lifted, where additional restrictions may be initiated, or where restrictions that have been previously lifted may be reinstated due to resurgence of the virus, nor is it clear when the short or long-term changes to consumer usage patterns on its platform or travel behavior patterns when travel bans and other government restrictions and mandates are fully lifted, or the timing of widespread distribution and administration of the vaccine globally. Tripadvisor believes the travel industry and its business will continue to be materially and adversely affected while such travel restrictions remain in place and COVID-19 continues to proliferate. Although Tripadvisor cannot predict with certainty the full impact of the COVID-19 pandemic on its full year 2021 financial results, it currently expects that its first quarter 2021 financial results will continue to be negatively impacted by the pandemic to a material degree.

In addition, the ultimate extent of the COVID-19 pandemic's impact on travel, regional and global markets, and overall economic activity remains difficult to predict. Therefore, the ultimate extent and duration of the impact of COVID-19 on Tripadvisor's business, results of operations, liquidity and financial condition remains largely uncertain and is dependent on future developments that cannot be accurately predicted at this time, such as the continued resurgence and severity of the virus, continued transmission rate of COVID-19, the extent and effectiveness of containment actions taken, the timing or extent of widespread distribution and administration of the vaccine, mobility and travel restrictions, and the impact of these and other factors on consumer travel behavior.

In response to the impact of COVID-19, Tripadvisor has taken several steps to further strengthen its financial position and balance sheet, and maintain financial liquidity and flexibility during 2020, including, but not limited to, restructuring activities, reducing its ongoing operating expenses and headcount, additional borrowings of debt, and amendments to Tripadvisor's 2015 Credit Facility, all of which are described in more detail below.

During the first quarter of 2020, Tripadvisor borrowed \$700 million under the 2015 Credit Facility (as defined below) as a precautionary measure to reinforce its liquidity position and preserve financial flexibility in light of uncertainty in the global markets resulting from the COVID-19 pandemic. Tripadvisor repaid these borrowings during the third quarter of 2020. In May 2020, Tripadvisor amended its 2015 Credit Facility to, among other things, suspend the leverage ratio covenant on this facility beginning in the second quarter of 2020 and ending prior to September 30, 2021 or such earlier date as elected by Tripadvisor (such period, the "Leverage Covenant Holiday"), add a minimum liquidity covenant to be applicable during the Leverage Covenant Holiday, secure the obligations under the agreement, as well as downsize the capacity of the facility to \$1.0 billion from \$1.2 billion. In December 2020, Tripadvisor again amended the 2015 Credit Facility, to among other things, continue the suspension of the requirement for quarterly testing of compliance under the leverage ratio covenant until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed \$200 million, and (b) the election of Tripadvisor (the "Covenant Changeover Date"), at which time the leverage ratio covenant will be reinstated. At this time, Tripadvisor also downsized the capacity to \$500 million from \$1.0 billion and extended the maturity date from May 12, 2022 to May 12, 2024. Tripadvisor believes this additional flexibility will be important given its continued limited ability to predict its future financial performance due to the uncertainty associated with COVID-19, as well as consumer behavior, and restrictive measures put in place in response to COVID-19.

In addition, in July 2020, Tripadvisor completed the sale of \$500 million aggregate principal amount of Senior Notes in a private offering. The Indenture pursuant to which the Senior Notes were issued provides, among other things, that interest will be payable on the Senior Notes at 7.000% per annum, on January 15 and July 15 of each year, beginning on January 15, 2021, until their maturity date of July 15, 2025. Tripadvisor used the net proceeds received of \$490 million, net of deferred financing costs, to repay a portion of its 2015 Credit Facility borrowings.

During the first quarter of 2020, Tripadvisor instituted a cost reduction initiative to preserve cash flows, including targeted workforce reduction measures largely in the Experiences & Dining segment and optimizing and reducing brand advertising as Tripadvisor pivots to leverage newer mediums it believes will be more effective than its historically television-focused campaign.

During the latter part of the first quarter of 2020, and in response to the COVID-19 pandemic, Tripadvisor instituted additional cost reduction measures, including the elimination of the majority of discretionary spending, business travel, non-critical vendor relationships, brand advertising, cessation of nearly all new hiring and contingent staff, reduction of targeted employee benefits, and the furloughing of over 100 employees. On April 28, 2020, management approved and Tripadvisor announced an additional cost reduction initiative in response to the continued economic and financial impacts to Tripadvisor as a result of the COVID-19 pandemic, which included the following:

- Enacting a workforce reduction eliminating more than 900 employees;
- Furloughing additional employees bringing the total furloughed employees during March and April 2020 to approximately 850 employees, primarily in Tripadvisor's European operations at TheFork; and
- Making targeted reductions of Tripadvisor's office lease portfolio, primarily either through subleasing or allowing property leases to expire.

By the end of the third quarter of 2020, a majority of Tripadvisor's previously furloughed employees had returned to their jobs. However, during the fourth quarter of 2020, Tripadvisor again furloughed approximately 400 employees, primarily in its European operations of TheFork. This action taken by Tripadvisor was a direct result of the reinstatement of government restrictions related to restaurants in various countries within Europe, in response to the resurgence of COVID-19 in those markets.

During the year ended December 31, 2020, Tripadvisor incurred total pre-tax restructuring and other related reorganization costs of approximately \$41 million as a result of these measures, all of which were paid by Tripadvisor as of December 31, 2020.

In March 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act is an emergency economic stimulus package in response to the COVID-19 pandemic, which includes numerous income tax provisions, some of which are effective retroactively. Tripadvisor anticipates that it will benefit from certain of these provisions and has accordingly recorded income tax benefits of \$23 million during the year ended December 31, 2020.

In addition, certain other governments have passed legislation to help businesses during the COVID-19 pandemic through loans, wage subsidies, tax relief or other financial aid. Some of these governments have extended or are considering extending these programs. Tripadvisor has participated in several of these programs, including the CARES Act in the U.S., the United Kingdom's job retention scheme, as well as other certain jurisdictions' programs. During the year ended December 31, 2020, Tripadvisor recognized government grants and other assistance benefits of \$12 million as a reduction of personnel and overhead costs in the consolidated statements of operations.

Due to the impact of COVID-19 on Tripadvisor's future revenue outlook, TripCo recorded a trademark impairment of \$250 million during the three months ended June 30, 2020 related to the hotels, media and platform reporting unit. Based on the quantitative assessment performed during the three months ended June 30, 2020 and the resulting impairment loss recorded, the carrying fair value of the trademark approximates its estimated fair value. Further declines in Tripadvisor's future revenue outlook could result in a decrease in the fair value of the trademark. TripCo will continue to monitor events and circumstances that may affect the fair value or carrying value of Tripadvisor's trademark.

Due to the impact of COVID-19 on Tripadvisor's operating results, which led to a decline in Tripadvisor's stock price, TripCo recorded a goodwill impairment of \$279 million during the three months ended June 30, 2020, related to the hotels, media and platform reporting unit. Based on the quantitative assessment performed during the second quarter and the resulting impairment loss recorded, the carrying value of the Hotels, Media and Platform reporting unit approximates its estimated fair value. Declines in the future revenue outlook, cash flows, or other changes in the business, may necessitate future impairments, which could be material. TripCo will continue to monitor Tripadvisor's financial

performance, stock price and other events and circumstances that may negatively impact the estimated fair values to determine if future impairment assessments may be necessary.

Tripadvisor's stock price declined in March 2020, which triggered the mandatory prepayment of TripCo's Margin Loan (as defined in note 7 in the accompanying notes to the consolidated financial statements). In order to repay the Margin Loan, TripCo entered into an agreement with Certares LTRIP LLC ("Certares"), with respect to 325,000 shares of TripCo's newly-created 8% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock") (see note 10 in the accompanying notes to the consolidated financial statements).

### *Hotels, Media & Platform Segment*

In Tripadvisor's Hotels, Media & Platform segment its strategic objective is to preserve profit and drive increased customer engagement and monetization on the Tripadvisor platform. Tripadvisor seeks to achieve this by delivering consumers compelling products and holistic user experience as well as by offering travel partners a diverse set of advertising opportunities.

For consumers, Tripadvisor tests and implements product enhancements that deliver a more engaging and comprehensive hotel shopping experience. This includes providing rich, immersive content – reviews, photos, videos and ratings, among other contributions – as well as increasing the number of travel partners and properties as well as the available hotel supply on its platform. Tripadvisor believes providing consumers tools to discover, research, price shop and book a comprehensive selection of accommodations, helps increase brand awareness and brand loyalty and, over time, can result in deeper consumer engagement, more qualified leads delivered to travel partners and greater monetization on its platform.

Tripadvisor seeks to monetize its influence through hotel-related product improvements, supply and marketing efforts and customer advertising opportunities. Historically, Tripadvisor has generated a significant amount of hotel shoppers from search engines, such as Google. A hotel shopper is a visitor to Tripadvisor's sites that views either a listing of hotels in a city or a specific hotel page. Tripadvisor's key ongoing objective related to traffic acquisition is to attract or acquire hotel shoppers at or above its desired marketing return on investment targets. Over the long-term, Tripadvisor is focused on driving a greater percentage of its traffic from direct traffic sources, which comes with little to no traffic acquisition costs.

Tripadvisor's business, including the Hotels, Media & Platform segment, has been adversely and materially impacted by the COVID-19 pandemic, which was the primary and material driver of this segment's unfavorable results during the year ended December 31, 2020 as noted in the COVID-19 discussion above. During the third quarter of 2020, Tripadvisor's Hotels, Media & Platform segment demonstrated modest month-over-month performance improvements; however, beginning in the fourth quarter of 2020, governments again, particularly in Europe, began to impose restrictions to mitigate the spread of the virus, which negatively impacted this recent trend, particularly in its European business. In addition, most notably in the pre-COVID time period, Tripadvisor experienced revenue headwinds in its SEO marketing channel, which it believes has been impacted by search engines (primarily Google) increasing the prominence of their own hotel products in search results. Tripadvisor expects this trend may continue.

In Tripadvisor-branded display and platform revenue, Tripadvisor enables travel partners to amplify their brand, generate brand impressions, and potentially drive qualified leads and bookings for their businesses. Historically, Tripadvisor has limited both the type and number of display-based advertising opportunities it makes available to travel partners, particularly on mobile phone, which, in turn, has limited display-based advertising revenue growth. However, Tripadvisor is continuing to work on initiatives to better leverage its audience, content, data, travel influence and platform breadth to open up new media advertising opportunities through a more modern, high-powered advertising suite spanning native, video and programmatic solutions. Tripadvisor intends to broaden its solution to a larger set of advertising travel endemic and non-travel endemic advertising partners, including industries such as airlines and finance.

In addition, Tripadvisor has historically and will continue to focus on initiatives to increase its traffic quality and deepen customer engagement on its platform, including driving membership growth, increasing personalization, and innovating its mobile app experience. Tripadvisor believes improving the user experience on its platform will lead to



higher monetization over time. Further, Tripadvisor believes there remains an opportunity to continue to grow its member base, as well as to deepen member engagement by making membership more valued, building communities and leveraging its content to further personalize trip-planning features. As an example, during December 2020, Tripadvisor introduced direct-to-consumer initiatives, which included a beta-launch of an annual subscription-based membership that offers discounts to consumers for hotels and experiences, and also a travel concierge service that connects travelers with a curated community of expert trip designers in local travel destinations.

### *Experiences & Dining Segment*

Tripadvisor's Experiences & Dining offerings contribute to the comprehensive user experience it delivers, which Tripadvisor believes helps to increase awareness of, loyalty to, and engagement with its products, drive more bookings to Experiences & Dining partners and generate greater revenue and increased profitability on its platform. Given the significant market opportunities in these large categories, Tripadvisor expects to continue to invest in building these offerings to drive consumer engagement, bookings and revenue growth for the long-term.

During the year ended December 31, 2020, Tripadvisor's Experiences & Dining segment's financial results were adversely and materially impacted by the COVID-19 pandemic. Restaurants across European markets saw restrictions ease during the second quarter of 2020, which was met with an increase in consumer demand. As a result, in the month of September 2020, TheFork business unit, primarily based in Europe, had largely regained the revenue level of the prior year's comparable period; however, beginning in the fourth quarter of 2020, governments again, particularly in Europe, imposed new restrictions to try to mitigate the resurgence of the virus, which negatively and materially impacted this recent trend. Throughout the pandemic, Tripadvisor has explored new initiatives to delight and engage consumers. For example, Tripadvisor began offering virtual tours to its consumers and beta-launched an annual subscription-based membership, as discussed above, which offers consumers discounts on experience bookings.

In December 2019, TripAdvisor acquired U.K.-based Bookatable, which offers an online restaurant reservation and booking platform. This further strengthened Tripadvisor's position in certain of its existing European markets as well as expands Tripadvisor into new countries for its Dining offering, such as the U.K., Germany, Austria, Finland and Norway. TheFork's online restaurant booking platform, including Bookatable, had approximately 76,000 total bookable restaurants as of December 31, 2020.

### *Corporate and other*

Corporate and other is a combination of the Rentals, Flights & Car, and Cruise businesses. Profits and revenue have declined during the year ended December 31, 2020, primarily due to the COVID-19 pandemic, similar to Tripadvisor's other business units, and to a lesser extent, due to the sale of its SmarterTravel business in the second quarter of 2020. Tripadvisor operates these businesses opportunistically as they complement its overall strategic objectives to deliver more value to consumers and travel partners.

## 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 segments.

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in millions		
Revenue			
Hotels, Media & Platform . . . . .	\$ 361	939	1,001
Experiences & Dining . . . . .	186	456	372
Corporate and other . . . . .	57	165	242
Total revenue . . . . .	<u>604</u>	<u>1,560</u>	<u>1,615</u>
Operating expense, excluding stock-based compensation . . . . .	230	331	309
SG&A, excluding stock-based compensation . . . . .	435	799	895
Stock-based compensation . . . . .	112	131	123
Depreciation and amortization . . . . .	168	169	160
Restructuring and other related reorganization costs . . . . .	41	1	—
Impairment of intangible assets . . . . .	550	288	—
Operating income . . . . .	<u>(932)</u>	<u>(159)</u>	<u>128</u>
Other income (expense):			
Interest expense . . . . .	(41)	(22)	(26)
Realized and unrealized gains (losses) on financial instruments, net . . . . .	(19)	36	(59)
Other, net . . . . .	<u>(22)</u>	<u>13</u>	<u>5</u>
	<u>(82)</u>	<u>27</u>	<u>(80)</u>
Earnings (loss) before income taxes . . . . .	(1,014)	(132)	48
Income tax (expense) benefit . . . . .	<u>152</u>	<u>16</u>	<u>(57)</u>
Net earnings (loss) . . . . .	<u>\$ (862)</u>	<u>(116)</u>	<u>(9)</u>
Adjusted OIBDA . . . . .	\$ (61)	430	416

**Revenue.** Tripadvisor's Hotels, Media & Platform revenue decreased by \$578 million and \$62 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. Tripadvisor's Hotels, Media & Platform segment has two revenue sources, as described below: (1) Tripadvisor-branded hotels, which includes Hotel auction and B2B revenue; and (2) Tripadvisor-branded display and platform. The decreases in Hotels, Media & Platform revenue are detailed as follows:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tripadvisor-branded hotels . . . . .	\$ 292	779	848
Tripadvisor-branded display and platform . . . . .	69	160	153
Total Hotels, Media & Platform . . . . .	<u>\$ 361</u>	<u>939</u>	<u>1,001</u>

Tripadvisor-branded hotels revenue primarily includes hotel auction revenue, and to a lesser extent, hotel B2B revenue, which includes click-based revenue generated from hotel sponsored placement advertising that enable hotels to enhance their visibility on Tripadvisor hotel pages, and subscription-based advertising services that Tripadvisor offers to travel partners. For the years ended December 31, 2020, 2019 and 2018, 81%, 83% and 85%, respectively, of Tripadvisor's total Hotels, Media & Platform segment revenue was derived from Tripadvisor-branded hotels revenue. Tripadvisor-branded hotels revenue decreased \$487 million or 63% during the year ended December 31, 2020 when compared to the same period in 2019. This decrease was primarily driven by reduced consumer demand as a result of COVID-19, concurrent with widespread travel restrictions and service limitations on our travel partners imposed by local and federal governments at various stages during the course of the year in response to the pandemic.

Tripadvisor-branded hotels revenue decreased \$69 million or 8% during the year ended December 31, 2019 when compared to the same period in 2018. This decrease was due to factors impacting Tripadvisor's hotel metasearch auction revenue, primarily reduced revenue generated through its SEO marketing channel, which Tripadvisor believes is impacted by search engines (primarily Google) increasing the prominence of their own hotel products in search results. Tripadvisor-branded hotels revenue was also impacted by its progressive optimizations in search engine marketing, or SEM, and other online paid traffic acquisition spend, and to a lesser extent, the general trend of an increasing percentage of hotel shoppers visiting via mobile phones which monetize at a significantly lower rate than hotel shoppers visiting via desktop or tablet. Declines in Tripadvisor-branded hotels was partially offset, to a lesser extent, by growth in hotel sponsored placements revenue.

For the years ended December 31, 2020, 2019, and 2018, 19%, 17%, and 15%, respectively, of Tripadvisor's total Hotels, Media & Platform segment revenue was derived from Tripadvisor-branded display and platform revenue, which consists of revenue from display-based advertising across all its websites. Tripadvisor-branded display and platform revenue decreased \$91 million or 57% during the year ended December 31, 2020, when compared to the same period in 2019, primarily driven by a decrease in marketing spend from Tripadvisor's advertisers due to lack of consumer demand resulting from the impact of COVID-19. Tripadvisor-branded display and platform revenue increased \$7 million or 5% during the year ended December 31, 2019, when compared to the same period in 2018, primarily due to an increase in pricing, and to a lesser extent, new initiatives launched in the later part of 2019.

For the years ended December 31, 2020, 2019 and 2018, Tripadvisor's Experiences & Dining segment revenue accounted for 31%, 29% and 23%, respectively, of total consolidated revenue. Experiences & Dining segment revenue decreased by \$270 million or 59% during the year ended December 31, 2020 when compared to the same period in 2019. Revenue growth in this segment was negatively impacted by a significant reduction in consumer demand as a result of COVID-19, concurrent with many jurisdictions globally adopting laws, rules, regulations or decrees intended to address COVID-19, including implementing various travel restrictions, "shelter in place" or "social distancing" mandates, or restricting access to city centers or popular tourist destinations, restaurants and limiting access to experience offerings in surrounding areas at various stages during the course of the year. Restaurants across many European markets saw restrictions ease during the second quarter of 2020, which was met with an increase in consumer demand. As a result, in the month of September 2020, TheFork business unit had largely regained its revenue level of the prior year's comparable period; however, beginning in the fourth quarter of 2020, governments again, particularly in Europe, began to impose new restrictions to try to mitigate the spread of the virus, which negatively impacted this recent trend. The negative impact of COVID-19 to this segment's revenue was partially offset by incremental revenue of approximately \$31 million during the year ended December 31, 2020, related to Tripadvisor's December 2019 acquisitions of Bookatable and SinglePlatform. Experiences & Dining segment revenue increased by \$84 million or 23% during the year ended December 31, 2019 when compared to the same period in 2018, primarily driven by growth in both Experiences & Dining bookings, including increased bookings and revenue from Tripadvisor websites, partially offset by adverse changes in foreign currency, which Tripadvisor estimates negatively impacted Experiences & Dining revenue by 4%.

Corporate and other revenue, which includes Rentals revenue, in addition to primarily click-based advertising and display-based advertising revenue from Flights, Cars, and Cruises offerings on Tripadvisor websites, decreased by \$108 million or 65% during the year ended December 31, 2020, when compared to the same period in 2019. The decrease was primarily due to decreased consumer demand, similar to Tripadvisor's other businesses, as a result of COVID-19, and subsequent widespread global travel restrictions and service limitations on travel partners imposed by local and federal

governments at various stages during the course of the year, and reduced travel partner spend in response to COVID-19 and, to a lesser extent, the sale of Tripadvisor's SmarterTravel business during the second quarter of 2020.

**Operating Expense.** Operating expense declined \$101 million and increased \$22 million for the years ended December 31, 2020 and 2019, respectively, compared to the same periods in the prior year. The most significant drivers of operating expense are technology and content costs, which decreased by \$62 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due personnel and overhead costs across Tripadvisor's business as a result of a reduction in headcount driven by cost-reduction measures in response to COVID-19, as well as reductions in personnel costs related to government grants and other assistance benefits received as COVID-19 relief from various governments. Technology and content costs increased \$15 million during the year ended December 31, 2019, when compared to the same period in 2018, primarily due to additional headcount in the Experiences & Dining segment to support business growth, partially offset by a decrease of personnel and overhead costs in Corporate and other as a result of strategic personnel re-allocation across the business.

**Selling, general and administrative.** Selling, general and administrative expense declined \$364 million and \$96 million for the years ended December 31, 2020 and 2019, respectively, compared to the same periods in the prior year. The most significant driver of selling, general and administrative expense is selling and marketing expenses. These include direct costs, including traffic generation costs from SEM and other online traffic acquisition costs, syndication costs and affiliate marketing commissions, social media costs, brand advertising (including television and other offline advertising), promotions and public relations. In addition, 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 \$349 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to a decrease in SEM and other online traffic acquisition costs across all segments and businesses and, to a lesser extent, a decrease in television advertising costs in the Hotels, Media & Platform segment, driven by cost reduction measures primarily in response to the financial impact to Tripadvisor and decline in consumer demand caused by COVID-19. In addition, personnel and overhead costs decreased during the year ended December 31, 2020, when compared to the same period in 2019, as a result of a reduction in headcount related to Tripadvisor's cost-reduction measures in response to COVID-19, as well as a reduction in personnel costs related to government grants and other assistance benefits received as COVID-19 relief from various governments.

Total selling and marketing costs decreased \$108 million during the year ended December 31, 2019 when compared to the same period in 2018, primarily due to an overall decrease in SEM and other online traffic acquisition costs, as well as lower television advertising costs, driven by the Hotels, Media & Platform segment and Corporate and other. This decrease was partially offset by an increase in similar marketing expenditures in the Experiences & Dining segment and increased personnel and overhead costs related to additional headcount in the Experiences & Dining segment to support business growth.

**Stock-based compensation.** Stock based compensation decreased \$19 million and increased \$8 million for the years ended December 31, 2020 and 2019, respectively, when compared to the same period in the prior year. The decrease in 2020 was due to workforce reductions and the reduction of targeted employee benefits in response to the COVID-19 pandemic, partially offset by a modification that accelerated the vesting schedule of certain awards (see note 12 to the accompanying notes to the consolidated financial statements). The increase in 2019 was due to the continued grants of stock options.

**Depreciation and amortization.** Depreciation and amortization decreased \$1 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to the completion of amortization related to certain intangible assets from business acquisitions in previous years, partially offset by increased depreciation related to capitalized software and website development costs.

Depreciation and amortization increased \$9 million during the year ended December 31, 2019 when compared to the same period in 2018, primarily due to incremental amortization for the right-of-use asset related to Tripadvisor's

headquarters lease in Needham, Massachusetts (Tripadvisor’s “Headquarters Lease”) recorded upon adoption of ASC 842 and to a lesser extent increased amortization related to capitalized software and website development costs.

**Restructuring and other related reorganization costs.** Tripadvisor incurred pre-tax restructuring and other related reorganization costs of \$41 million during the year ended December 31, 2020. These costs consist of employee severance and related benefits. In response to COVID-19, and during the second quarter of 2020, Tripadvisor committed to restructuring actions intended to reinforce its financial position, reduce its cost structure, and improve operational efficiencies, resulting in headcount reductions, for which it recognized \$32 million in restructuring and other related reorganization costs. In addition, Tripadvisor engaged in a smaller scale restructuring action in the first quarter of 2020 to reduce its cost structure and improve its operational efficiencies, which resulted in headcount reductions for which Tripadvisor recognized \$9 million in restructuring and other related reorganization costs.

**Impairment of intangible assets.** Due to the current and expected impact of COVID-19 on Tripadvisor’s operating results, and a sustained decline in Tripadvisor’s stock price, impairments of \$250 million for trademarks and \$297 million for goodwill were recorded during the year ended December 31, 2020. In addition, during the year ended December 31, 2020, Tripadvisor recorded a \$3 million impairment of goodwill related to its China business unit. Due to deteriorations in revenue, impairment losses of \$288 million were recorded during the year ended December 31, 2019, related to trademarks. The trademarks were related to the Hotels, Media & Platform reporting unit.

**Operating Income (Loss).** Our consolidated operating income (loss) declined \$773 million and \$287 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. Operating income was impacted by the above explanations.

**Adjusted OIBDA.** To provide investors with additional information regarding our financial results, we also disclose Adjusted OIBDA, which is a non-GAAP financial measure. We define Adjusted OIBDA as Operating income (loss) plus depreciation and amortization, stock-based compensation, separately reported litigation settlements, restructuring, acquisition and other related costs and impairment charges. 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 by identifying those items that are not directly a reflection of each business’ performance or indicative of ongoing business trends. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. 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 U.S. generally accepted accounting principles. The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Operating income (loss) . . . . .	\$ (932)	(159)	128
Depreciation and amortization . . . . .	168	169	160
Stock-based compensation . . . . .	112	131	123
Impairment of intangible assets . . . . .	550	288	—
Restructuring and other related reorganization costs . . . . .	41	1	—
Legal settlement . . . . .	—	—	5
Adjusted OIBDA . . . . .	<u>\$ (61)</u>	<u>430</u>	<u>416</u>

Adjusted OIBDA is summarized as follows:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in millions		
<i>Adjusted OIBDA</i>			
Hotels, Media & Platform .....	\$ 13	378	329
Experiences & Dining .....	(79)	5	48
Corporate and other .....	5	47	39
Consolidated TripCo .....	<u>\$ (61)</u>	<u>430</u>	<u>416</u>

Consolidated Adjusted OIBDA decreased \$491 million and increased \$14 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. Hotels, Media & Platform Adjusted OIBDA decreased \$365 million for the year ended December 31, 2020 when compared to the same period in 2019, primarily due to a decrease in revenue, partially offset by reductions in television advertising costs, direct selling and marketing expenses related to SEM, and other online paid traffic acquisition costs in response to a decline in consumer demand related to COVID-19 and, to a lesser extent, a reduction in personnel costs as a result of workforce reductions. Hotels, Media & Platform Adjusted OIBDA increased \$49 million for the year ended December 31, 2019 when compared to the same period in 2018, primarily due to reduced direct selling and marketing expenses related to SEM and other online paid traffic acquisition channels, and television advertising, which more than offset the decrease in revenue.

Experiences & Dining Adjusted OIBDA decreased \$84 million during the year ended December 31, 2020 when compared to the same period in 2019, primarily due to the decrease in revenue noted above, partially offset by reduced selling and marketing expenses related to SEM and other online paid traffic acquisition costs in response to reduced consumer demand and lack of, or reduced, availability of dine-in restaurants, experiences and tours, at various stages during the course of the year as a result of COVID-19 and, to a lesser extent, decreased direct costs related to credit card payments and other transaction costs directly related to reduced revenue, and a reduction in personnel costs as a result of workforce reductions. Experiences & Dining Adjusted OIBDA decreased \$43 million during the year ended December 31, 2019 when compared to the same period in 2018, primarily due to increased people costs to drive product and supply investments, as well as increased marketing investments to fund long-term growth initiatives, partially offset by an increase in revenue, as noted above.

Corporate and other Adjusted OIBDA decreased \$42 million and increased \$8 million during the years ended December 31, 2020 and 2019, when compared to the same periods in 2019 and 2018, respectively. The decrease in 2020 was primarily due to the decrease in revenue, partially offset by a reduction in selling and marketing expenses related to SEM and other online paid traffic acquisition costs in response to a decline in consumer demand related to COVID-19, a reduction in personnel costs as a result of workforce reductions and, to a lesser extent, the sale of Tripadvisor's SmarterTravel business during the second quarter of 2020. The increase in 2019 was primarily due to reduced costs related to marketing and operational re-alignments, primarily offset by a decrease in revenue, as described above. Corporate and other Adjusted OIBDA also includes \$9 million, \$8 million and \$5 million of TripCo level selling, general and administrative expenses for the years ended December 31, 2020, 2019 and 2018, respectively.



## Other Income and Expense

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
<i>Interest expense</i>			
Tripadvisor .....	\$ (35)	(7)	(12)
Corporate and other .....	(6)	(15)	(14)
Consolidated TripCo .....	<u>\$ (41)</u>	<u>(22)</u>	<u>(26)</u>
<i>Realized and unrealized gains (losses) on financial instruments, net</i>			
Tripadvisor .....	\$ 1	1	(3)
Corporate and other .....	(20)	35	(56)
Consolidated TripCo .....	<u>\$ (19)</u>	<u>36</u>	<u>(59)</u>
<i>Other, net</i>			
Tripadvisor .....	\$ (17)	13	5
Corporate and other .....	(5)	—	—
Consolidated TripCo .....	<u>\$ (22)</u>	<u>13</u>	<u>5</u>

**Interest expense.** Interest expense increased \$19 million during the year ended December 31, 2020, when compared to the same period in 2019, primarily due to the issuance of Tripadvisor's Senior Notes in July 2020 and higher average outstanding borrowings from its 2015 Credit Facility during 2020, partially offset by the repayment of the TripCo Margin Loan during the first quarter of 2020. Interest expense decreased \$4 million during the year ended December 31, 2019, when compared to the same period in 2018, primarily due to lower finance costs related to Tripadvisor's Headquarters Lease under ASC 842 and no outstanding borrowings on Tripadvisor's 2015 Credit Facility. These decreases at Tripadvisor were partially offset by increased corporate interest expense due to higher outstanding borrowings under the Margin Loan agreement entered into by TripCo's bankruptcy remote wholly-owned subsidiary for the year ended December 31, 2019.

**Realized and unrealized gains (losses) on financial instruments, net.** Realized and unrealized gains (losses) on financial instruments, net for the year ended December 31, 2020 is primarily comprised of the change in the fair value of the variable prepaid forward (as described in notes 5 and 7 in the accompanying consolidated financial statements). Realized and unrealized gains (losses) on financial instruments, net for the years ended December 31, 2019 and December 31, 2018 was primarily comprised of the change in the fair value of the variable postpaid forward. TripCo unwound the variable postpaid forward during the fourth quarter of 2019.

**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 decreased \$35 million for the year ended December 31, 2020, when compared to the same period in 2019, primarily due to the loss on the sale of certain Tripadvisor businesses, less interest income at Tripadvisor compared to the prior year, and a loss on the early extinguishment of debt due to the mandatory prepayment of the TripCo Margin Loan during the three months ended March 31, 2020, partially offset by gains on foreign currency exchange compared to losses in the prior year. Other, net income increased \$8 million for the year ended December 31, 2019, when compared to the same period in 2018, primarily due to an increase in interest income earned from Tripadvisor's money market funds and other investments due to increased average interest rates and increased average invested funds during 2019.

**Income taxes.** The Company had income tax benefits of \$152 million, income tax benefits of \$16 million, and income tax expenses of \$57 million for the years ended December 31, 2020, 2019 and 2018, respectively.

During 2020, the Company recognized additional tax expense related to the impairment of goodwill that is not deductible for tax purposes.

During 2019, the Company recognized additional tax expense for changes in unrecognized tax benefits and dividends from Tripadvisor not recognized for book purposes, net of a dividends received deduction. These expense items were partially offset by a net income tax benefit from earnings in foreign jurisdictions taxed at rates other than the 21% United States (“U.S.”) federal tax rate and federal income tax credits.

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.

*Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders.* We had net losses attributable to Liberty TripAdvisor Holdings, Inc. shareholders of \$238 million, \$22 million and \$64 million for the years ended December 31, 2020, 2019 and 2018, 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.

### **Liquidity and Capital Resources**

As of December 31, 2020, 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, 2020, TripCo had a cash balance of \$423 million. Approximately \$418 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 23% 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 in the accompanying consolidated financial statements.

As of December 31, 2020, approximately \$91 million of TripCo cash and cash equivalents is held by Tripadvisor foreign subsidiaries, of which approximately 30% was located in the U.K., with the majority of Tripadvisor’s international cash denominated in U.S. dollars, Euros, and, to a lesser extent, British pounds, Australian dollars and other currencies. As of December 31, 2020, Tripadvisor had \$494 million of cumulative undistributed earnings in foreign subsidiaries. As a result of the Tax Cuts and Jobs Act of 2017 (the “Tax Act”), foreign earnings may now generally be repatriated back to the U.S. without incurring U.S. federal income tax. As of December 31, 2020, \$376 million of Tripadvisor’s cumulative undistributed foreign earnings were no longer considered to be indefinitely reinvested. See note 9 in the accompanying consolidated financial statements for additional information.

As of December 31, 2020, Tripadvisor was party to a credit agreement with a group of lenders, initially entered in June 2015 (as amended, the “Credit Agreement”), which, among other things, provides for a \$500 million revolving credit facility (the “2015 Credit Facility”) with a maturity date of May 12, 2024.

The 2015 Credit Facility requires Tripadvisor to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control. Borrowings under the 2015 Credit Facility generally bear interest, at Tripadvisor’s option, at a rate per annum equal to either (i) the Eurocurrency Borrowing rate, or the adjusted LIBO rate for the interest period in effect for such borrowing; plus an applicable margin ranging from 1.25% to 2.00% (“Eurocurrency Spread”), based on the Company’s leverage ratio; or (ii) the Alternate Base Rate (“ABR”) Borrowing, which is the greatest of (a) the Prime Rate in effect on such day, (b) the New York Fed Bank Rate in effect on such day plus 1/2 of 1.00% per annum and (c) the Adjusted LIBO Rate (or LIBO rate multiplied by the Statutory Reserve

Rate) for an interest period of one month plus 1.00%; in addition to an applicable margin ranging from 0.25% to 1.00% (“ABR Spread”), based on the Tripadvisor’s leverage ratio.

However, in May 2020, Tripadvisor amended the 2015 Credit Facility to, among other things, suspend the leverage ratio covenant on this facility beginning in the second quarter of 2020 and ending prior to September 30, 2021 or such earlier date as elected by Tripadvisor, and add a minimum liquidity covenant to be applicable during the Leverage Covenant Holiday, secure the obligations under the agreement, as well as downsize the capacity of the facility to \$1.0 billion from \$1.2 billion. In December 2020, Tripadvisor again amended the 2015 Credit Facility to, among other things, continue the suspension of the requirement for quarterly testing of compliance with the leverage ratio covenant until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed \$200 million, and (b) the election of Tripadvisor. Tripadvisor also downsized the facility’s borrowing capacity to \$500 million from \$1.0 billion and extended the maturity date of the facility from May 12, 2022 to May 12, 2024. These amendments also limit Tripadvisor from making certain payments and distributions, including share repurchases and dividends during the Leverage Covenant Holiday. During the Leverage Covenant Holiday, any future borrowings under the 2015 Credit Facility will bear interest at LIBOR plus a 2.25% margin with a LIBOR floor of 1% per annum. Tripadvisor is also required to pay a quarterly commitment fee, at an applicable rate of 0.5%, on the daily unused portion of the revolving credit facility for each fiscal quarter during the Leverage Covenant Holiday.

As of December 31, 2020 and December 31, 2019, Tripadvisor was in compliance with its covenants under the 2015 Credit Facility. While there can be no assurance that Tripadvisor will be able to meet the leverage ratio covenant after the Leverage Covenant Holiday expires, based on current projections, Tripadvisor does not believe there is a material risk it will not remain in compliance throughout the next twelve months.

During the first quarter of 2020, Tripadvisor borrowed \$700 million under the 2015 Credit Facility. These funds were drawn down as a precautionary measure to reinforce Tripadvisor’s liquidity position and preserve financial flexibility in light of uncertainty in the global markets resulting from the COVID-19 pandemic. Tripadvisor repaid these borrowings in full during the three months ended September 30, 2020.

In July 2020, Tripadvisor completed the sale of \$500 million in Senior Notes. The Senior Notes provide, among other things, that interest will be payable on the Senior Notes on January 15 and July 15 of each year, beginning on January 15, 2021, at an interest rate of 7.000% per annum, until their maturity date of July 15, 2025. In July 2020, Tripadvisor used the net proceeds from the Senior Notes, or \$490 million, net of approximately \$10 million in deferred financing costs, to repay a portion of its outstanding borrowings under the 2015 Credit Facility. The Senior Notes are senior unsecured obligations of Tripadvisor and are guaranteed on a senior unsecured basis by certain domestic subsidiaries. The Senior Notes are not a registered security and there are no plans to register Tripadvisor’s Senior Notes as a security in the future. As a result, Rule 3-10 of Regulation S-X promulgated by the SEC is not applicable and no separate financial statements are required for the guarantor subsidiaries.

On November 1, 2019, Tripadvisor’s Board of Directors declared a special cash dividend of \$3.50 per share, or approximately \$488 million in the aggregate. The dividend was payable on December 4, 2019 to stockholders of record on November 20, 2019. TripCo received approximately \$108 million based on our ownership in Tripadvisor. Tripadvisor funded this special cash dividend with available cash primarily from the U.S. and to a lesser extent from a foreign subsidiary, with no material related income tax impacts.

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,		
	2020	2019	2018
	amounts in millions		
<b>Cash flow information</b>			
Tripadvisor cash provided (used) by operating activities . . . . .	\$ (194)	424	405
Corporate and other cash provided (used) by operating activities . . . . .	(21)	(33)	(5)
Net cash provided (used) by operating activities . . . . .	<u>\$ (215)</u>	<u>391</u>	<u>400</u>
Tripadvisor cash provided (used) by investing activities . . . . .	\$ (56)	(176)	(49)
Corporate and other cash provided (used) by investing activities . . . . .	—	—	—
Net cash provided (used) by investing activities . . . . .	<u>\$ (56)</u>	<u>(176)</u>	<u>(49)</u>
Tripadvisor cash provided (used) by financing activities . . . . .	\$ 341	(580)	(358)
Corporate and other cash provided (used) by financing activities . . . . .	4	38	—
Net cash provided (used) by financing activities . . . . .	<u>\$ 345</u>	<u>(542)</u>	<u>(358)</u>

During the year ended December 31, 2020, TripCo's primary uses of cash were repayments of debt of \$1,052 million, which includes repayment of the principal amount of the Margin Loan of \$352 million, repurchases of Tripadvisor common stock of \$115 million, capital expenditures of \$55 million and payment of withholding taxes on net share settlements on equity awards of \$21 million. These uses of cash were funded primarily with borrowings of debt of \$1,240 million and the issuance of redeemable preferred stock of \$325 million (see note 7 and note 10 to the accompanying consolidated financial statements).

During the year ended December 31, 2019, TripCo's primary uses of cash were dividends paid by Tripadvisor to noncontrolling interests of \$380 million, debt repayments of \$359 million, including \$259 million in principal payments on the VPF and \$100 million in principal payments on the original margin loans, purchases of marketable securities of \$133 million, acquisitions, net of cash acquired of \$108 million, capital expenditures of \$83 million, share repurchases of \$60 million and payment of withholding taxes on net share settlements on equity awards of \$29 million. These uses of cash were funded primarily with cash provided by operations, borrowings of debt of \$235 million, proceeds from sales and maturities of marketable securities of \$150 million and derivative proceeds from counterparties of \$71 million.

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 available cash, cash provided by operations and approximately \$64 million in sales and maturities of short term investments and other marketable securities. 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, payment of dividends on the Series A Preferred Stock (unless added to the liquidation preference or paid in shares of Series A common stock of TripCo), and to pay any other corporate level expenses.

Tripadvisor believes that its available cash and cash equivalents will 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, and/or other expenditures in support of its business strategy, and may potentially reduce Tripadvisor's cash balance and/or increase its borrowings under its 2015 Credit Facility or other borrowings. In addition, Tripadvisor's capital requirements may increase due to the impact of the COVID-19 pandemic which has already resulted in reduced revenue and operating cash flows for Tripadvisor, and the extent and duration to which it may continue to impact Tripadvisor's business is unclear. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic, Tripadvisor will continue to evaluate the nature and extent of the impact to its liquidity and capital requirements, and therefore its capital structure.

On February 18, 2021 the Company entered into a \$25 million Senior Secured Revolving Credit Facility (the “Credit Facility”). The Credit Facility matures on the earliest of (i) February 18, 2024, (ii) if the holders of Series A Preferred Stock exercise their put rights (see note 10 to the accompanying consolidated financial statements), the earlier of (a) the date that is 120 days from the date the holders of Series A Preferred Stock exercise their put rights or (b) the date the shares of Series A Preferred Stock are redeemed and (iii) 15 days following the consummation of certain change of control transactions. The Credit Facility will bear interest at LIBOR plus 3.00%. The Credit Facility will be drawn on primarily to cover corporate general and administrative expenses.

As a result of the COVID-19 pandemic, Tripadvisor’s stock price fell sharply in March 2020, which triggered the mandatory prepayments of TripCo’s Margin Loan. In order to repay the Margin Loan, TripCo entered into an agreement with Certares, with respect to 325,000 shares of TripCo’s newly-created Series A Preferred Stock. As discussed in note 10 to the accompanying consolidated financial statements, following March 26, 2021, Certares will have certain put rights to require us to repurchase all of the outstanding shares of Preferred Stock at the Redemption Price for, at our election, cash, shares of Tripadvisor common stock, shares of our Series A or Series C common stock, provided that shares of our Series A or Series Common stock, as the case may be, are listed on a national securities exchange and are actively traded, or any combination of the foregoing, subject to certain limitations. Certares may exercise its put right by delivering notice to us within a certain number of days following our filing of our periodic reports with the SEC, and we will have 180 days from the delivery of such notice to redeem the outstanding Preferred Stock. If we determine not to redeem the Preferred Stock within that 180-day period, we may facilitate the sale of Certares’ Preferred Stock and, if necessary, make Certares whole for any shortfall from the redemption price.

#### **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 formation of TripCo. 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>amounts in millions</i>					
<i>Consolidated contractual obligations</i>					
Finance and operating lease obligations (1) . . .	\$ 168	35	54	31	48
Long-term debt (2) . . . . .	542	—	42	500	—
Expected interest payments on Senior Notes (3) . . . . .	161	35	71	55	—
Series A Preferred Stock (4) . . . . .	472	—	—	472	—
Other obligations (5) . . . . .	31	11	14	5	1
Total . . . . .	<u>\$ 1,374</u>	<u>81</u>	<u>181</u>	<u>1,063</u>	<u>49</u>

- (1) Estimated future lease payments for Tripadvisor’s Headquarters Lease in Needham, Massachusetts and operating leases, primarily for office space, with non-cancelable lease terms. See note 8 in the accompanying consolidated financial statements for further information.
- (2) Amounts (i) are stated at the face amount at maturity of our debt instruments, (ii) do not assume additional borrowings or refinancings of existing debt and (iii) assume interest rates remain at the December 31, 2020 rates.
- (3) Expected interest payments on Tripadvisor’s Senior Notes are based on a fixed interest rate of 7.0% as of December 31, 2020.
- (4) This amount represents the redemption value of the Series A Preferred Stock at December 31, 2020 and assumes that the Series A Preferred Stock will not be redeemed prior to the mandatory redemption date on March 26, 2025.
- (5) Includes purchase obligations, expected commitment fee payments on the Tripadvisor 2015 Credit Facility (as defined in note 7 in the accompanying consolidated financial statements) and long term income taxes payable.

### **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.

During the first quarter of 2019, the composition of our reportable segments was revised. As a result of the change in reporting units, we assessed the recoverability of our goodwill and concluded the estimated fair values were in excess of the carrying values for these reporting units. Therefore, no indications of impairment were identified as a result of these changes in the first quarter of 2019.

As of December 31, 2020, 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		
Hotels, Media & Platform .....	\$ 1,650	732	2,382
Experiences & Dining.....	362	—	362
Corporate and other.....	228	—	228
	<u>\$ 2,240</u>	<u>732</u>	<u>2,972</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 second quarter of 2020, due to the current and expected impact of COVID-19 on Tripadvisor's operating results, and a sustained decline in Tripadvisor's stock price, impairments of \$250 million of trademarks and \$279 million of goodwill were recorded, respectively, related to the Hotels, Media & Platform reporting unit. The fair value of the trademarks was determined using the relief from royalty method. The fair value of the reporting unit was determined using a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3).

Based on the quantitative assessment performed during the second quarter of 2020 and the resulting impairment losses recorded, the estimated fair values of the trademark and Hotels, Media & Platform reporting unit approximate their respective carrying values. Additionally, due to the COVID-19 environment and our inability to predict the expected duration and ultimate severity of the impact of COVID-19, the Company believes its reporting units and trademark are at an elevated risk of impairment in future periods. TripCo will continue to monitor Tripadvisor's financial performance, stock price and other events and circumstances that may negatively impact the estimated fair values to determine if future impairment assessments may be necessary.

During the fourth quarter of 2019, we elected to bypass a qualitative assessment and proceed directly to performing a quantitative impairment test for our trademarks. The fair value of our indefinite-lived trademarks was determined using the relief from royalty method. Due to deteriorating revenue, an impairment loss of \$288 million was

recorded during the year ended December 31, 2019 related to trademarks, related to the hotels, media & platform reporting unit.

Following the trademark impairment, also during the fourth quarter of 2019, we performed qualitative assessments for our reporting units and performed quantitative assessments for our Rentals and China reporting units and concluded it was not more likely than not that an impairment existed.

### ***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.

## Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investment 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, 2020, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal Amount	Weighted avg interest rate
		dollar amounts in millions		
Tripadvisor. . . . .	\$ —	N/A	500	7.0%
TripCo debt . . . . .	\$ —	N/A	41	1.5%

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-28.

## 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, 2020 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-23 for Management’s Report on Internal Control Over Financial Reporting.

See page F-24 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, 2020 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, 2020, 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, 2020, its internal control over financial reporting is effective.

The Company's independent registered public accounting firm that audited the consolidated financial statements and related notes 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-24 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, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 19, 2021 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Denver, Colorado  
February 19, 2021

## 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, 2020 and 2019, 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, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 19, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Sufficiency of audit evidence over revenue*

As discussed in note 2 to the consolidated financial statements, and disclosed in the consolidated statements of operations, the Company had \$604 million in revenue for the year ended December 31, 2020, of which \$292 million was hotels related, \$69 million was display and platform related, \$186 million related to experiences and dining and \$57 million of other revenue. Each of these categories of revenue has multiple revenue streams and the Company's processes and information technology (IT) systems differ between each revenue stream.



We identified the evaluation of sufficiency of audit evidence over revenue as a critical audit matter. This matter required especially subjective auditor judgment due to the number of revenue streams and the related IT applications utilized throughout the revenue recognition processes. Subjective auditor judgment was required to evaluate that relevant revenue data was captured and aggregated throughout these various IT applications. This matter also included determining the revenue streams over which procedures would be performed and evaluating the nature and extent of evidence obtained over each revenue stream, both of which included the involvement of IT professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over revenue. For each revenue stream where procedures were performed:

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to accurate recording of amounts.
- For certain revenue streams, we assessed the recorded revenue by selecting a sample of transactions and compared the amounts recognized for consistency with underlying documentation, including evidence of contracts with customers.
- For certain revenue streams, we assessed the recorded revenue by comparing the total cash received during the year to the revenue recognized, including evaluating the relevance and reliability of the inputs to the assessment.

We involved IT professionals with specialized skills and knowledge, who assisted in:

- Testing certain IT applications used by the Company in its revenue recognition processes.
- Testing the transfer of relevant revenue data between certain systems used in the revenue recognition processes.

We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed.

#### *Impairment of trademark and goodwill*

As discussed in notes 2 and 6 to the consolidated financial statements, the trademark balance as of December 31, 2020 was \$732 million, all of which relates to Tripadvisor. Additionally, the Company's goodwill balance as of December 31, 2020 was \$2,240 million, all of which relates to Tripadvisor. The Company performs trademark and goodwill impairment assessments on an annual basis and whenever events or changes in circumstances indicate that the carrying value of a trademark more likely than not exceeds its fair value or the carrying value of a reporting unit more likely than not exceeds its fair value. Due to the current and expected impact of COVID-19 and sustained decline in the Tripadvisor stock price, the Company performed a quantitative impairment assessment of the Tripadvisor trademark and reporting units during the second quarter. As a result of the second quarter impairment assessments, the Company recorded an impairment of the Tripadvisor trademark of \$250 million and impairment of the goodwill of \$279 million, related to the Hotels, Media & Platform (HM&P) reporting unit.

We identified the evaluation of the Company's second quarter impairment assessments of the Tripadvisor trademark and goodwill of the Tripadvisor HM&P, Flights & Cars, and Cruises reporting units as a critical audit matter. There was a high degree of subjective auditor judgment in applying and evaluating the results of our audit procedures over the discounted cash flow model used to calculate the fair values of the trademark and the HM&P, Flights & Cars, and Cruises reporting units. Specifically, the forecasted revenue, EBITDA margin, and discount rate assumptions (the key assumptions), which were used to calculate the estimated fair values, involved a higher degree of subjectivity. In addition, these fair values were challenging to test due to the sensitivity of the fair value determinations to potential changes in these assumptions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the Company's trademark and goodwill impairment assessment process, including controls related to the determination of the estimated fair value of the trademark and the HM&P, Flights & Cars, and Cruises reporting units and the development of the key assumptions noted above. We evaluated the Company's forecasted revenue and EBITDA margins used for the fair value assessment by comparing them to historical actual results, analysts' forecasted growth rates for the Company, forecasted growth rates in comparable industries, and peer companies' forecasted growth rates. We compared the Company's historical revenue and EBITDA margin forecasts to actual results to assess the Company's ability to accurately forecast. Additionally, we compared management's expected impact of COVID-19 on forecasted revenue and EBITDA margins to publicly available information. We assessed the reasonableness of the discount rate in light of the potential impacts of COVID-19 on the forecasted revenue and EBITDA margins by performing sensitivity analyses. Further, we involved valuation professionals with specialized skill and knowledge, who assisted in evaluating the Company's discount rates by comparing them to discount rate ranges that were independently developed using publicly available market data for comparable entities.

/s/ KPMG LLP

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

Denver, Colorado  
February 19, 2021

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Consolidated Balance Sheets**

**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
	<b>amounts in millions</b>	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents . . . . .	\$ 423	341
Accounts receivable and contract assets, net of allowance for doubtful accounts of \$33 million and \$25 million, respectively . . . . .	83	183
Income taxes receivable (note 9) . . . . .	50	4
Other current assets . . . . .	23	29
Total current assets . . . . .	579	557
Property and equipment, at cost . . . . .	255	254
Accumulated depreciation . . . . .	(123)	(99)
	132	155
Intangible assets not subject to amortization (note 6):		
Goodwill . . . . .	2,240	2,527
Trademarks . . . . .	732	980
	2,972	3,507
Intangible assets subject to amortization, net (note 6) . . . . .	202	277
Other assets, at cost, net of accumulated amortization . . . . .	201	230
Total assets . . . . .	\$ 4,086	4,726

(continued)

See accompanying notes to consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Consolidated Balance Sheets (Continued)**

**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
	<b>amounts in millions</b>	
<i>Liabilities and Equity</i>		
Current liabilities:		
Deferred merchant and other payables . . . . .	\$ 54	170
Deferred revenue . . . . .	28	62
Accrued liabilities and other current liabilities . . . . .	160	205
Total current liabilities . . . . .	242	437
Long-term debt (note 7) . . . . .	532	353
Deferred income tax liabilities (note 9) . . . . .	180	254
Other liabilities . . . . .	353	381
Total liabilities . . . . .	1,307	1,425
Redeemable preferred stock, \$.01 par value. Authorized shares 50,000,000; issued and outstanding 325,000 shares at December 31, 2020 and 0 at December 31, 2019 (note 10) . . .	472	—
<i>Equity</i>		
Series A common stock, \$.01 par value. Authorized 200,000,000 shares; issued and outstanding 72,227,256 at December 31, 2020 and 72,152,848 at December 31, 2019 . . .	1	1
Series B common stock, \$.01 par value. Authorized 7,500,000 shares; issued and outstanding 2,973,665 at December 31, 2020 and 2,929,401 at December 31, 2019 . . . . .	—	—
Series C common stock, \$.01 par value. Authorized 200,000,000 shares; no shares issued. . . . .	—	—
Additional paid-in capital . . . . .	257	237
Accumulated other comprehensive earnings (loss), net of taxes . . . . .	(23)	(29)
Retained earnings (deficit) . . . . .	(278)	111
Total stockholders' equity . . . . .	(43)	320
Noncontrolling interests in equity of subsidiaries . . . . .	2,350	2,981
Total equity . . . . .	2,307	3,301
Commitments and contingencies (note 14)		
Total liabilities and equity . . . . .	\$ 4,086	4,726

See accompanying notes to consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Consolidated Statements of Operations**

**Years ended December 31, 2020, 2019 and 2018**

	2020	2019	2018
	amounts in millions, except per share amounts		
Total revenue, net . . . . .	\$ 604	1,560	1,615
Operating costs and expenses:			
Operating expense, including stock-based compensation (note 2 and 12) . .	275	387	361
Selling, general and administrative, including stock-based compensation (note 2 and 12) . . . . .	502	874	966
Depreciation and amortization . . . . .	168	169	160
Restructuring and other related reorganization costs . . . . .	41	1	—
Impairment of intangible assets (note 6) . . . . .	550	288	—
	<u>1,536</u>	<u>1,719</u>	<u>1,487</u>
Operating income (loss) . . . . .	(932)	(159)	128
Other income (expense):			
Interest expense . . . . .	(41)	(22)	(26)
Realized and unrealized gains (losses) on financial instruments, net . . . . .	(19)	36	(59)
Other, net . . . . .	(22)	13	5
	<u>(82)</u>	<u>27</u>	<u>(80)</u>
Earnings (loss) before income taxes . . . . .	(1,014)	(132)	48
Income tax (expense) benefit (note 9) . . . . .	152	16	(57)
Net earnings (loss) . . . . .	<u>(862)</u>	<u>(116)</u>	<u>(9)</u>
Less net earnings (loss) attributable to the noncontrolling interests . . . . .	(624)	(94)	55
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders . . . . .	<u>\$ (238)</u>	<u>(22)</u>	<u>(64)</u>
Net earnings (loss) available to common shareholders (note 2) . . . . .	<u>\$ (388)</u>	<u>(22)</u>	<u>(64)</u>
Basic net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 2): . . . . .	\$ (5.17)	(0.29)	(0.86)
Diluted net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 2): . . . . .	\$ (5.17)	(0.29)	(0.86)

See accompanying notes to consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Consolidated Statements of Comprehensive Earnings (Loss)**

**Years ended December 31, 2020, 2019 and 2018**

	2020	2019	2018
	amounts in millions		
Net earnings (loss) . . . . .	\$ (862)	(116)	(9)
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments . . . . .	27	5	(28)
Reclassification adjustments included in net income (loss) . . . . .	1	(2)	—
Other comprehensive earnings (loss) . . . . .	28	3	(28)
Comprehensive earnings (loss) . . . . .	(834)	(113)	(37)
Less comprehensive earnings (loss) attributable to the noncontrolling interests . . . . .	(602)	(91)	33
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders . . . . .	\$ (232)	(22)	(70)

See accompanying notes to consolidated financial statements.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

**Consolidated Statements of Cash Flows**

**Years ended December 31, 2020, 2019 and 2018**

	2020	2019	2018
	amounts in millions		
Cash flows from operating activities:			
Net earnings (loss) . . . . .	\$ (862)	(116)	(9)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization . . . . .	168	169	160
Stock-based compensation. . . . .	112	131	123
Impairment of intangible assets (note 6). . . . .	550	288	—
Realized and unrealized (gains) losses on financial instruments, net. . . . .	19	(36)	59
Deferred income tax expense (benefit). . . . .	(73)	(79)	(8)
Other charges (credits), net . . . . .	21	(18)	10
Changes in operating assets and liabilities			
Current and other assets . . . . .	74	52	38
Payables and other liabilities. . . . .	(224)	—	27
Net cash provided (used) by operating activities . . . . .	(215)	391	400
Cash flows from investing activities:			
Capital expended for property and equipment, including internal-use software and website development . . . . .	(55)	(83)	(61)
Acquisitions, net of cash acquired (note 3). . . . .	(4)	(108)	(24)
Purchases of short term investments and other marketable securities . . . . .	—	(133)	(16)
Sales and maturities of short term investments and other marketable securities . . . . .	—	150	64
Other investing activities, net. . . . .	3	(2)	(12)
Net cash provided (used) by investing activities. . . . .	(56)	(176)	(49)
Cash flows from financing activities:			
Borrowings of debt . . . . .	1,240	235	7
Repayments of debt . . . . .	(1,052)	(359)	(245)
Cash dividend paid by Tripadvisor to noncontrolling interests (note 11). . . . .	—	(380)	—
Shares repurchased by subsidiary (note 11) . . . . .	(115)	(60)	(100)
Payment of withholding taxes on net share settlements of equity awards . . . . .	(21)	(29)	(26)
Derivative proceeds from counterparties . . . . .	—	71	—
Issuance of redeemable preferred stock (note 10) . . . . .	325	—	—
Other financing activities, net . . . . .	(32)	(20)	6
Net cash provided (used) by financing activities . . . . .	345	(542)	(358)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash . . . . .	8	(4)	(16)
Net increase (decrease) in cash, cash equivalents and restricted cash . . . . .	82	(331)	(23)
Cash, cash equivalents and restricted cash at beginning of period . . . . .	341	672	695
Cash, cash equivalents and restricted cash at end of period . . . . .	\$ 423	341	672

See accompanying notes to consolidated financial statements.



LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statements of Equity

Years ended December 31, 2020, 2019 and 2018

	Stockholders' equity				Retained earnings (deficit)	Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred stock	Series A	Series B	Series C			
Balance at December 31, 2017	—	1	—	—	196	3,329	3,733
Net earnings (loss)	—	—	—	—	(64)	55	(9)
Other comprehensive earnings (loss)	—	—	—	—	—	(22)	(28)
Stock-based compensation	—	—	—	—	—	101	136
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	(26)
Shares repurchased by subsidiary (note 11)	—	—	—	—	—	(80)	(100)
Other, net	—	—	—	—	1	17	10
Balance at December 31, 2018	—	1	—	—	133	3,400	3,736
Net earnings (loss)	—	—	—	—	(22)	(94)	(116)
Other comprehensive earnings (loss)	—	—	—	—	—	3	3
Stock-based compensation	—	—	—	—	—	109	146
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	(29)
Cash dividends paid by Tripadvisor to noncontrolling interests (note 11)	—	—	—	—	—	—	(380)
Shares repurchased by subsidiary (note 11)	—	—	—	—	—	(67)	(60)
Other, net	—	—	—	—	—	10	1
Balance at December 31, 2019	—	1	—	—	111	2,981	3,301
Net earnings (loss)	—	—	—	—	(238)	(624)	(862)
Other comprehensive earnings (loss)	—	—	—	—	—	22	28
Stock-based compensation	—	—	—	—	—	96	129
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	(21)
Shares repurchased by subsidiary (note 11)	—	—	—	—	—	(132)	(115)
Preferred stock adjustment	—	—	—	—	(150)	—	(150)
Other, net	—	—	—	—	(1)	7	(3)
Balance at December 31, 2020	\$ —	1	—	—	(278)	2,350	2,307

See accompanying notes to consolidated financial statements.

# LIBERTY TRIPADVISOR HOLDINGS, INC.

## Notes to Consolidated Financial Statements

December 31, 2020, 2019 and 2018

### (1) Basis of Presentation

Liberty TripAdvisor Holdings, Inc. (“TripCo” or the “Company”) was formed in 2013 as a Delaware corporation. TripCo was a subsidiary of Liberty Interactive Corporation (subsequently renamed Qurate Retail, Inc. (“Qurate Retail”)) until the completion of its spin-off from Qurate Retail on August 27, 2014 (“TripCo Spin-Off”). TripCo does not have any operations outside of its controlling interest in its subsidiary TripAdvisor, Inc. (“TripAdvisor”). TripAdvisor operates as a stand-alone operating entity. TripAdvisor’s financial performance tends to be seasonally highest in the second and third quarters of a given year, which includes the seasonal peak in consumer demand, traveler hotel and rental stays, and travel activities and experiences taken, compared to the first and fourth quarters, which represent seasonal low points.

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). These financial statements refer to the consolidation of TripAdvisor 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 a leading online travel company and its mission is to help people around the world plan, book and experience the perfect trip. TripAdvisor operates a global travel guidance platform that connects the world’s largest audience of prospective travelers with travel partners through rich content, price comparison tools and online reservations and related services for destinations, accommodations, travel activities and experiences, and restaurants.

Under its flagship brand, TripAdvisor, it launched [www.TripAdvisor.com](http://www.TripAdvisor.com) in the United States in 2000. Since then, TripAdvisor has launched localized versions of the TripAdvisor website in 48 markets and 28 languages worldwide. In addition to the flagship TripAdvisor brand, TripAdvisor owns and operates a portfolio of travel media brands and businesses, operating under various websites, connected by the common goal of providing consumers the most comprehensive travel-planning and trip-taking resources in the travel industry.

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China, and on March 11, 2020 was declared a global pandemic. TripAdvisor and the Company continue to be subject to risks and uncertainties as a result of the COVID-19 pandemic. COVID-19 has caused material and adverse declines in consumer demand within the travel, hospitality, restaurant and leisure industry. The pandemic’s proliferation, concurrent with travel bans, varying levels of governmental restrictions and mandates globally, to limit the spread of the virus, has dampened consumer demand for TripAdvisor’s products and services, and impacted consumer sentiment and discretionary spending patterns, all of which have adversely and materially impacted TripAdvisor’s results of operations, liquidity and financial condition during the year ended December 31, 2020. In addition, given the volatility in global markets and economies, and the financial difficulties faced by many of TripAdvisor’s travel suppliers and restaurant customers, TripAdvisor has materially increased its provision for expected credit losses (also referred to as provision for bad debt or provision for uncollectible accounts) on its accounts receivable. Moreover, TripAdvisor may continue to incur higher than normal cash outlays to refund consumers for cancellations of prepaid bookings. Any increase in TripAdvisor’s provision for expected credit losses and cash outlays to consumers would also have a corresponding adverse effect on TripAdvisor’s results of operations and related cash flows.

While we have seen varying degrees of containment of the virus in certain countries and some signs of travel recovery, the degree of containment and the recovery in travel has varied region-to-region globally, as well as state-to-

## **LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

state in the U.S., and there have been instances where cases of COVID-19 have started to increase again after a period of decline, as well as the identification of new variants of the virus. Tripadvisor does not have visibility into when remaining bans will be lifted, where additional bans may be initiated, or where bans that have been previously lifted will be reinstated due to resurgence of the virus, nor does it have forward-looking visibility into the short or long-term changes to consumer usage patterns on its platform or travel behavior patterns when travel bans and other government restrictions and mandates are fully lifted. Therefore, the ultimate extent of the impact of the COVID-19 pandemic on Tripadvisor's business, results of operations, liquidity and financial condition remains highly uncertain and difficult to predict, as the response to the pandemic continues to be ongoing and shifting, and the ultimate duration and severity of the pandemic remains uncertain and unpredictable. However, Tripadvisor continues to believe the travel, hospitality, restaurant and leisure industry, and consequently its business, will continue to be adversely and materially affected while the pandemic continues to proliferate and travel bans and other government restrictions and mandates continue to remain in place or be reinstated, all of which negatively impact consumer demand, sentiment and discretionary spending patterns.

Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic to varying degrees, and it is possible that it could result in a protracted local and/or global economic recession. Such economic disruption could also have a material adverse effect on Tripadvisor's business as consumers reduce their discretionary spending. Policymakers around the globe have responded with fiscal policy actions to support certain areas of the travel industry and economy as a whole. The continued magnitude and ultimate overall effectiveness of these actions remain uncertain.

In response to the impact of COVID-19, Tripadvisor has taken several steps to further strengthen its financial position and balance sheet, and maintain financial liquidity and flexibility, including but not limited to, restructuring activities, primarily by significantly reducing its ongoing operating expenses and headcount, borrowing \$700 million from its 2015 Credit Facility (as defined in note 7) in the first quarter of 2020 (subsequently repaid during the third quarter of 2020), amendments to its 2015 Credit Facility, which includes short-term financial covenant relief and the extension of the maturity date from May 12, 2022 to May 12, 2024, and raising additional financing through the issuance of \$500 million in Senior Notes (as defined in note 7) in July 2020, all of which are described in more detail in note 7.

In March 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), an emergency economic stimulus package in response to the COVID-19 pandemic, which includes numerous income tax provisions, some of which are effective retroactively. As a result of the CARES Act, Tripadvisor has recorded an income tax benefit of \$23 million during the year ended December 31, 2020.

In addition, certain other governments have passed legislation to help businesses during the COVID-19 pandemic through loans, wage subsidies, tax relief or other financial aid. Some of these governments have extended or are considering extending these programs. Tripadvisor has participated in several of these programs, including the CARES Act in the U.S., the United Kingdom's job retention scheme, as well as other certain jurisdictions' programs. In addition, in certain countries, such as within the European Union, Singapore, Australia, and other jurisdictions, Tripadvisor is also participating in programs where government assistance is in the form of wage subsidies and reductions in wage-related employer taxes paid by Tripadvisor. During the year ended December 31, 2020, Tripadvisor recognized government grants and other assistance benefits of \$12 million, of which \$10 million in cash has been received as of December 31, 2020. These amounts are recorded as a reduction of personnel and overhead costs in the consolidated statements of operations. As of December 31, 2020, Tripadvisor has recorded a receivable of \$2 million, included in other current assets in the consolidated balance sheet, for payments expected to be received in 2021, related to qualified payroll tax credits under the CARES Act.

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

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

compared to the first and fourth quarters, which represent seasonal low points. However, due to the impact of COVID-19 on Tripadvisor's business, it did not experience its typical seasonal pattern for revenue and profit during the year ended December 31, 2020. In addition, cash outflows to travel suppliers related to deferred merchant payables significantly exceeded cash received from travelers during the year ended December 31, 2020, primarily reflecting the decline in consumer demand for Tripadvisor's products and an increase in reservation cancellations related to COVID-19. These factors contributed significantly to unfavorable working capital trends and material negative operating cash flow during the year ended December 31, 2020, most notably occurring during the first half of 2020 when Tripadvisor typically generates significant positive cash flow. It is difficult to forecast the seasonality for fiscal year 2021, given the uncertainty related to the ultimate extent and duration of the economic and consumer impact from COVID-19, the widespread availability and distribution of the vaccine, and the shape and timing of a recovery. In addition, significant shifts in Tripadvisor's business mix or adverse economic conditions could result in future seasonal patterns that are different from historical trends.

On March 26, 2020, TripCo issued and sold 325,000 shares of TripCo's newly-created 8% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock") for a purchase price of \$1,000 per share. See further discussion about the Series A Preferred Stock in note 10.

#### *Spin-Off of TripCo from Qurate Retail*

The TripCo Spin-Off was completed on August 27, 2014. 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 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.

Pursuant to the services agreement (except as described below in respect to Gregory B. Maffei), Liberty Media provides TripCo with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty TripCo reimburses Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and TripCo pays a services fee to Liberty Media under the services agreement that is subject to adjustment semi-annually, as necessary.

In December 2019, TripCo entered into an amendment to the services agreement with Liberty Media in connection with Liberty Media's entry into a new employment arrangement with Gregory B. Maffei, TripCo's Chairman, President and Chief Executive Officer. Under the amended services agreement, components of his compensation would either be paid directly to him by each of TripCo, Liberty Broadband Corporation, GCI Liberty, Inc. and Qurate Retail (collectively, the "Service Companies") or reimbursed to Liberty Media, in each case, based on allocations among Liberty Media and the Service Companies set forth in the amended services agreement, currently set at 5% for the Company but subject to adjustment on an annual basis upon the occurrence of certain events. The amended services agreement between Liberty Media and Mr. Maffei provides for a five year employment term which began on January 1, 2020 and ends December 31, 2024, with an aggregate annual base salary of \$3 million (with no contracted increase), an aggregate one-time cash commitment bonus of \$5 million (paid in December 2019), an aggregate annual target cash performance bonus of \$17 million, aggregate annual equity awards of \$17.5 million and aggregate equity awards granted in connection with his entry into his new agreement of \$90 million (the "upfront awards"). A portion of the grants made to our CEO in the year ended December 31, 2020 related to our company's allocable portion of these upfront awards.

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

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Under these agreements, approximately \$4 million, \$4 million and \$3 million were reimbursable to Liberty Media for the years ended December 31, 2020, 2019, and 2018, respectively.

#### (2) Summary of Significant Accounting Policies

##### *Cash and Cash Equivalents*

Cash equivalents consist of highly liquid investments, generally including money market funds, term deposits and marketable 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 credit losses. Such allowance aggregated \$33 million and \$25 million at December 31, 2020 and 2019, respectively. Tripadvisor records accounts receivable at the invoiced amount, and its customer invoices are generally due 30 days from the time of invoicing. Collateral is not required for accounts receivable. Tripadvisor historically recorded an allowance for doubtful accounts using the incurred loss model. Upon adoption of Accounting Standards Codification Topic 326 – *Financial Instruments – Credit Losses* (“ASC 326”), Tripadvisor transitioned to the “expected credit loss” methodology in estimating its allowance for credit losses which was adopted on January 1, 2020.

##### *Investments*

All marketable 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.

For those investments in which the Company has the ability to exercise significant influence, the equity method of accounting is used. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company’s share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company’s investment in, advances to and commitments for the investee. In the event the Company is unable to obtain accurate financial information from an equity affiliate in a timely manner, the Company records its share of earnings or losses on a lag.

For those equity securities without readily determinable values, the Company elected the measurement alternative (defined as the cost of the security, adjusted for changes in fair value when there are observable prices, less impairments).

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 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 securities with maturities greater than 90 days at the date of purchase and 12 months or less remaining at the balance sheet date will be classified as short-term and marketable securities with maturities greater than 12 months from the balance sheet date will generally be classified as long-term. We classify our marketable equity securities, limited to

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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.

#### *Property and Equipment*

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

	December 31,	
	2020	2019
Finance lease right-of-use asset	114	114
Leasehold improvements	49	49
Computer equipment and purchased software	71	70
Furniture, office equipment and other	21	21
Total property and equipment	<u>\$ 255</u>	<u>254</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.

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

#### *Leases*

The Company, through its consolidated companies, leases facilities in several countries around the world and certain equipment under non-cancelable lease agreements. Refer to note 8 for a discussion on accounting for leases and other financial disclosures.

#### *Intangible Assets*

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

The 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.



## **LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

#### ***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 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 gains of \$4 million and losses of \$3 million and \$6 million for the years ended December 31, 2020, 2019, and 2018, respectively, in other, net on our consolidated statements of operations.

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

#### *Revenue Recognition*

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, 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. There was no significant revenue recognized in the years ended December 31, 2020 and 2019 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 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 amortization period in excess of one year given the high likelihood of contract renewal. Sales incentives are not paid upon renewal of these contracts and therefore are not commensurate with the initial sales incentive costs. As of both December 31, 2020 and 2019, there were \$4 million of unamortized contract costs in other assets, at cost, net of accumulated amortization in the consolidated balance sheet. 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 both the years ended December 31, 2020 and 2019, were \$1 million, and not material for the year ended December 31, 2018. 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 and current trends. There have been no significant adjustments to Tripadvisor's cancellation estimates and cancellation estimates are not significant. Taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue-producing transaction,

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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. The application of Tripadvisor's revenue recognition policies and a description of the principal activities from which it generates revenue, are presented below.

#### *Hotels, Media & Platform Segment*

**Tripadvisor-branded Hotels Revenue.** Tripadvisor's largest source of Hotels, Media & Platform segment revenue is generated from click-based advertising on Tripadvisor-branded websites, which is primarily comprised of contextually-relevant booking links to its travel partners' websites. 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 as determined in a dynamic, competitive auction process.

In addition, Tripadvisor offers subscription-based advertising to hotels, owners of B&Bs and other specialty lodging properties. Subscription-based advertising services are predominantly sold for a flat fee for a contracted period of time of one year or less and revenue is recognized on a straight-line basis over the period of the subscription service as efforts are expended evenly throughout the contract period.

Tripadvisor also generates revenue from its cost-per-action, or "CPA" model, which consists of contextually-relevant booking links to its travel partners' websites which are advertised on its platform. Tripadvisor earns a commission from its travel partners, based on a pre-determined contractual commission rate, for each traveler who clicks to and books a hotel reservation on the travel partners' website, which results in a traveler stay. CPA revenue is billable only upon the completion of each traveler's stay resulting from a hotel reservation. The travel partners provide the service to the travelers and Tripadvisor acts as an agent under ASC 606 – *Revenue from Contracts with Customers* ("ASC 606"). Tripadvisor's performance obligation is complete at the time of the hotel reservation booking, and the commission earned is recognized upon booking, as Tripadvisor has no post-booking service obligations. Tripadvisor recognizes this revenue net of an estimate of the impact of cancellations, which are not significant, using historical cancellation rates and current trends. Contract assets are recognized at the time of booking for commissions that are billable at the time of stay. To a lesser extent, Tripadvisor also offers travel partners the opportunity to advertise and promote their business through hotel sponsored placements on Tripadvisor's websites. This service is generally priced on a CPC basis, with payments from travel partners determined by the number of travelers who click on the sponsored link multiplied by the CPC rate for each specific click. CPC rates for hotel sponsored placements that its travel partners pay are generally based on bids submitted as part of an auction by Tripadvisor's travel partners. When a CPC bid is submitted, the travel partner agrees to pay Tripadvisor the bid amount each time a traveler clicks on a link to its travel partner's websites. Bids can be submitted periodically – as often as daily – on a property-by-property basis. Tripadvisor records this click-based advertising revenue as the click occurs and traveler leads are sent to the travel partner as its performance obligation is fulfilled at that time. Hotel sponsored placements revenue is generally billed to Tripadvisor's travel partners on a monthly basis consistent with the timing of the service.

**Tripadvisor-branded Display and Platform Revenue.** Tripadvisor offers travel partners the ability to promote their brands through display-based advertising placements on Tripadvisor's websites across all of its segments and business units. Tripadvisor 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 online travel agencies 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.

## **LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

#### ***Experiences & Dining Segment***

Tripadvisor provides information and services that allow consumers to research and book tours, activities and experiences in popular travel destinations primarily through Viator, Tripadvisor's dedicated Experiences offering, and on the Tripadvisor website and mobile apps. Tripadvisor generates commissions for each booking transaction it facilitates through its online reservation system.

Tripadvisor also provides information and services for consumers to research and book restaurant reservations in popular travel destinations through its dedicated restaurant reservations offering, TheFork, and on Tripadvisor-branded websites and mobile apps. Tripadvisor primarily generates transaction fees (or per seated diner fees) that are paid by Tripadvisor's restaurant customers for diners seated primarily from bookings through TheFork's online reservation system.

#### ***Other***

Tripadvisor provides information and services that allow travelers to research and book vacation and short-term rental properties. The Rentals offering generates revenue primarily by offering individual property owners and managers the ability to list their properties on Tripadvisor's websites and mobile apps thereby connecting with travelers through a free-to-list, commission-based option or, to a lesser extent, by an annual subscription-based fee structure. Tripadvisor earns commissions associated with rental transactions through its free-to-list model from both the traveler, and the property owner or manager.

In addition, Other also includes revenue generated from flights, cruises, and car offerings on Tripadvisor-branded websites and its portfolio of travel media brands, which primarily includes click-based advertising and display-based advertising revenue.

#### **Practical Expedients and Exemptions**

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

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.

#### **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. Revenue is recognized primarily at a point in time for all reported segments.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Hotels, Media & Platform			
Tripadvisor-branded hotels . . . . .	\$ 292	779	848
Tripadvisor-branded display and platform . . . . .	69	160	153
Total Hotels, Media & Platform . . . . .	361	939	1,001
Experiences & Dining . . . . .	186	456	372
Corporate and other . . . . .	57	165	242
Total Revenue . . . . .	<u>\$ 604</u>	<u>1,560</u>	<u>1,615</u>

The following table provides information about the opening and closing balances of accounts receivable and contract assets from contracts with customers (in millions):

	December 31,	
	2020	2019
Accounts receivable . . . . .	\$ 70	176
Contract assets . . . . .	13	7
Total . . . . .	<u>\$ 83</u>	<u>183</u>

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. 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.

During the year ended December 31, 2020, Tripadvisor recorded approximately \$6 million of incremental allowance for expected credit losses on accounts receivable and contract assets, when compared to the same period in 2019, primarily due to the impact of COVID-19. Actual future bad debt could differ materially from this estimate resulting from changes in Tripadvisor's assumptions of the duration and ultimate severity of the impact of the COVID-19 pandemic.

Contract liabilities generally include payments received in advance of performance under the contract, and are realized as revenue as the performance obligation to the customer is satisfied, which Tripadvisor presents as deferred revenue on its consolidated balance sheets. As of January 1, 2020 and 2019, Tripadvisor had \$62 million and \$63 million, respectively, recorded as deferred revenue on its consolidated balance sheet, of which \$51 million and \$61 million, respectively, was recognized into revenue and \$11 million and \$2 million was refunded due to cancellations by travelers during the years ended December 31, 2020 and 2019.

There were no significant changes in contract assets or deferred revenue during the years ended December 31, 2020 and 2019, related to business combinations, impairments, cumulative catch-ups or other material adjustments. However, to the extent the COVID-19 pandemic continues, Tripadvisor may incur additional significant and unanticipated cancellations by consumers related to future travel, accommodations and tour bookings, which have been reserved by travelers and recorded as deferred revenue on our consolidated balance sheet as of December 31, 2020.

## **LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

#### ***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 and localization costs and consulting costs.

#### ***General and Administrative***

General and administrative expenses consist primarily of personnel and related overhead costs, including personnel engaged in leadership, finance, legal and human 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 (including 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 12, 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 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 awards.

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

#### December 31, 2020, 2019 and 2018

Included in the accompanying consolidated statements of operations are the following amounts of stock-based compensation for the years ended December 31, 2020, 2019 and 2018 (amounts in millions):

	December 31,		
	2020	2019	2018
Operating expense . . . . .	\$ 45	56	52
Selling, general and administrative . . . . .	67	75	71
	<u>\$ 112</u>	<u>131</u>	<u>123</u>

During the years ended December 31, 2020, 2019 and 2018, Tripadvisor capitalized \$15 million, \$19 million and \$13 million, respectively, of stock-based compensation expense as internal-use software and website development costs.

#### *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 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.

#### *Deferred Merchant Payables*

In Tripadvisor's Experiences and Rentals free-to-list offerings, Tripadvisor generally receives cash from travelers at the time of booking and records these amounts, net of Tripadvisor's commissions, on its consolidated balance sheets as deferred merchant payables. Tripadvisor pays the suppliers, generally the third-party experience providers and vacation rental owners, 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 \$36 million and \$159 million for the years ended December 31, 2020 and 2019, respectively.



## **LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

#### ***Certain Risks and Concentrations***

In addition to the impact of COVID-19 outlined in note 1, the Tripadvisor business is subject to certain risks and concentrations, including a concentration related to dependence on relationships with its customers. For the years ended December 31, 2020, 2019 and 2018, Tripadvisor's two most significant travel partners, Expedia Group Inc. ("Expedia") and Booking Holdings Inc., which each accounted for 10% or more of Tripadvisor's consolidated revenue and combined accounted for approximately 25%, 33% and 37%, 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.

#### ***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 year ended December 31, 2020, are 1 million potential common shares because their inclusion would be antidilutive, and excluded from EPS for the years ended December 31, 2019 and 2018 are 2 million potential common shares because their inclusion would be antidilutive. Also excluded from EPS for the year ended December 31, 2020, because their inclusion would be antidilutive, were 13 million shares that are contingently issuable at the Company's election pursuant to an exercise of the Put Option (defined and described in note 10), which were calculated in accordance with the terms of the Certificate of Designations for the Series A Preferred Stock as if the Put Option had been exercised at December 31, 2020.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

	Years ended December 31,		
	2020 (a)	2019	2018
	in millions		
Numerator			
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders .....	\$ (238)	(22)	(64)
Less: Preferred stock carrying value adjustment and transaction costs .....	150	NA	NA
Net earnings (loss) available to common shareholders .....	<u>\$ (388)</u>	<u>(22)</u>	<u>(64)</u>
Denominator			
Basic EPS .....	75	75	74
Potentially dilutive shares .....	1	—	—
Diluted EPS .....	<u>76</u>	<u>75</u>	<u>74</u>

(a) Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

**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.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business disruptions and continue to adversely and materially impact our results of operations. As a result, some of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

**(3) Supplemental Disclosures to Consolidated Statements of Cash Flows**

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Acquisitions, net of cash acquired:			
Intangibles not subject to amortization .....	\$ 8	85	12
Intangibles subject to amortization .....	—	26	14
Fair value of other assets acquired .....	(3)	5	—
Net liabilities assumed .....	—	(8)	—
Deferred tax assets (liabilities) .....	(1)	—	(2)
Acquisitions, net of cash acquired .....	<u>\$ 4</u>	<u>108</u>	<u>24</u>
Equity method investment acquired for non-cash consideration .....	\$ —	41	—
Cash paid for interest .....	\$ 24	28	8
Cash paid for income taxes .....	<u>\$ 3</u>	<u>47</u>	<u>53</u>

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

**(4) Acquisitions**

***Acquisitions***

Tripadvisor had no material acquisitions during the year ended December 31, 2020. During the year ended December 31, 2019, Tripadvisor completed three acquisitions of businesses aggregating total purchase price consideration of \$109 million. Tripadvisor acquired 100% ownership of the following: SinglePlatform, a leading online content management and syndication platform company based in the U.S.; BookaTable, an online restaurant reservation and booking platform company based in the U.K.; and Restorando, an online restaurant reservation and booking platform company based in Argentina. Tripadvisor paid cash consideration of \$107 million, net of \$2 million of cash acquired.

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

The following table presents the final purchase price allocations for the 2019 and 2018 acquisitions as recorded on our consolidated balance sheet:

	<b>Years ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>amounts in millions</b>	
Goodwill (1) . . . . .	\$ 88	11
Intangible assets . . . . .	26	14
Net tangible assets (liabilities) . . . . .	(5)	—
Deferred tax liabilities, net . . . . .	—	(2)
Total purchase price consideration. . . . .	<b>\$ 109</b>	<b>23</b>

(1) Goodwill of \$53 million is not deductible for tax purposes.

Intangible assets acquired during 2019 were comprised of trademarks of \$2 million, customer lists and supplier relationships of \$10 million, subscriber 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 these businesses was 6 years, and will be amortized on a straight-line basis over the estimated useful lives from acquisition date.

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.

**(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, 2020, 2019 and 2018**

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

<u>Description</u>	<u>December 31, 2020</u>			<u>December 31, 2019</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 . . . . .	\$ 4	4	—	22	22	—
Variable prepaid forward . . . . .	\$ 14	—	14	NA	NA	NA

On June 6, 2016, TripCo entered into a variable postpaid forward transaction (the "VPF") with a financial institution with respect to 7 million Tripadvisor common shares held by the Company. TripCo unwound and terminated the VPF during the fourth quarter of 2019. The proceeds from the unwind of the VPF, together with additional borrowings under the Margin Loan (defined in note 7) and a special dividend from Tripadvisor, were used to pay all outstanding borrowings against the VPF, which aggregated \$270 million, including accrued interest (see note 7). Changes in the fair value of the VPF were recognized in realized and unrealized gains (losses) on financial instruments in the consolidated statements of operations.

On March 9, 2020, TripSPV, a wholly owned subsidiary of the Company, entered into a variable prepaid forward transaction (the "New VPF") with a financial institution with respect to 2.4 million shares of Tripadvisor common stock held by the Company with a forward floor price of \$17.25 per share and a forward cap price of \$26.84 per share. Pursuant to the terms of the New VPF, TripSPV received a prepayment of \$34 million on March 17, 2020 (see note 7). The liability associated with this instrument is included in other liabilities in the accompanying consolidated balance sheets. Changes in the fair value of the New VPF 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 a portion of our debt bears interest at a variable rate and therefore is also considered to approximate fair value. See note 7 for a description of the fair value of the Company's fixed rate debt.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

**(6) Goodwill and Other Intangible Assets**

*Goodwill and Indefinite Lived Intangible Assets*

Changes in the carrying amount of goodwill are as follows:

	<u>Tripadvisor</u>	<u>Hotels, Media &amp; Platform</u>	<u>Experiences &amp; Dining in millions</u>	<u>Corporate and other</u>	<u>Total</u>
Balance at January 1, 2019 . . . . .	\$ 2,443	-	-	-	2,443
Allocation to new segments (1) . . . . .	(2,443)	1,923	250	270	-
Acquisition (2) . . . . .	-	-	85	-	85
Other (3) . . . . .	-	-	(2)	1	(1)
Balance at December 31, 2019 . . . . .	-	1,923	333	271	2,527
Allocation to new segments (4) . . . . .	-	6	-	(6)	-
Impairments (5) . . . . .	-	(279)	-	(21)	(300)
Dispositions (6) . . . . .	-	-	-	(18)	(18)
Other (7) . . . . .	-	-	29	2	31
Balance at December 31, 2020 . . . . .	<u>\$ -</u>	<u>1,650</u>	<u>362</u>	<u>228</u>	<u>2,240</u>

- (1) The Company changed its reportable segments in the first quarter of 2019.
- (2) Additions to goodwill relate to Tripadvisor's acquisitions (see note 4).
- (3) Other changes are primarily due to foreign currency translation on goodwill.
- (4) Re-allocation of goodwill as a result of changes to reporting units related to Tripadvisor internal restructuring.
- (5) TripCo recorded an \$18 million goodwill impairment related to a business that was sold in June 2020, and an additional \$3 million goodwill impairment during the third quarter of 2020 as a result of strategic decisions made regarding Tripadvisor's China business. See discussion of the Hotels, Media & Platform reporting unit impairment below.
- (6) Dispositions relates to the sale of the aforementioned Tripadvisor business.
- (7) Other changes primarily relate to immaterial acquisitions and foreign currency translation on goodwill.

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 2020 and 2019 impairments of the Company's trademarks. Other fluctuations in the trademark balance from the prior year were due to the change in foreign exchange rates.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

*Intangible Assets subject to amortization*

Intangible assets subject to amortization are comprised of the following:

	December 31, 2020			December 31, 2019			
	Weighted Average Remaining Useful Life in years	Gross carrying amount	Accumulated amortization	Net carrying amount amounts in	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships .....	1	\$ 1,059	(992)	67	1,036	(910)	126
Other .....	3	589	(454)	135	552	(401)	151
Total .....		\$ 1,648	(1,446)	202	1,588	(1,311)	277

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

Amortization expense was \$136 million, \$139 million and \$137 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The estimated future amortization expense for the next five years related to intangible assets with definite lives as of December 31, 2020, assuming no subsequent impairment of the underlying assets, is as follows (amounts in millions):

2021 .....	\$ 80
2022 .....	\$ 35
2023 .....	\$ 31
2024 .....	\$ 28
2025 .....	\$ 25

*Impairments*

Due to the current and expected impact of COVID-19 on Tripadvisor's operating results, and a sustained decline in Tripadvisor's stock price, impairments of \$250 million of trademarks and \$279 million of goodwill were recorded during the year ended December 31, 2020, respectively, related to the Hotels, Media & Platform reporting unit. The fair value of the trademarks was determined using the relief from royalty method. The fair value of the reporting unit was determined using a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3).

Based on the quantitative assessment performed during the second quarter of 2020 and the resulting impairment losses recorded, the estimated fair values of the trademark and Hotels, Media & Platform reporting unit approximate their respective carrying values. Additionally, due to the COVID-19 environment and our inability to predict the expected duration and ultimate severity of the impact of COVID-19, the Company believes its reporting units and trademark are at an elevated risk of impairment in future periods. TripCo will continue to monitor Tripadvisor's financial performance, stock price and other events and circumstances that may negatively impact the estimated fair values to determine if future impairment assessments may be necessary.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

Due to deteriorations in revenue, impairment losses of \$288 million were recorded during the year ended December 31, 2019 related to trademarks. The trademarks were related to the hotels, media & platform reporting unit in 2019. The fair value of the trademarks was determined using the relief from royalty method.

As of December 31, 2020, accumulated goodwill impairment losses for Tripadvisor totaled \$1,571 million.

**(7) Debt**

Outstanding debt at December 31, 2020 and 2019 is summarized as follows:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>amounts in millions</b>	
TripCo margin loan . . . . .	\$ —	355
TripCo variable prepaid forward . . . . .	41	—
Tripadvisor 2015 Credit Facility . . . . .	—	—
Tripadvisor Senior Notes . . . . .	500	—
Deferred financing costs . . . . .	(9)	(2)
Total consolidated TripCo debt . . . . .	\$ 532	353
Less debt classified as current . . . . .	—	—
Total long-term debt . . . . .	\$ 532	353

***TripCo Debt***

In connection with the VPF transaction entered into on June 6, 2016, as described in note 5, TripCo borrowed \$259 million against the VPF on June 23, 2016. TripCo unwound and terminated the VPF during the fourth quarter of 2019. The proceeds from the VPF, together with additional borrowings under the Margin Loan (defined below) and a special dividend from Tripadvisor were used to pay all outstanding borrowings against the VPF, which aggregated \$270 million, including accrued interest.

On June 23, 2016, TripCo amended the terms of two margin loan agreements with respect to borrowings of \$200 million. On November 7, 2017, pursuant to another amendment to the margin loan agreements, interest on the margin loans accrued at a rate of 2.4% plus LIBOR per year. During June of 2019, the outstanding borrowings of \$200 million in principal and \$22 million of paid in kind interest were repaid with proceeds from the Margin Loan (defined below).

On June 10, 2019, a wholly owned subsidiary of TripCo (“TripSPV”) entered into a margin loan agreement which included borrowings of \$225 million under a term loan and an additional \$25 million available under a delayed draw term loan (collectively, the “Margin Loan”). On November 13, 2019, TripSPV borrowed \$15 million under the delayed draw term loan. Pursuant to an amendment to the Margin Loan on November 19, 2019, TripSPV borrowed an additional \$75 million under the term loan. In addition, availability under the delayed draw term loan was limited to the \$15 million already outstanding. Also pursuant to the November 19, 2019 amendment, on December 20, 2019, TripSPV borrowed an additional \$33 million under the term loan.

On March 10, 2020, TripSPV amended the Margin Loan agreement, which, among other things, modified the margin call thresholds which would require mandatory prepayment of the Margin Loan.

On March 12, 2020, the closing share price of Tripadvisor common stock price fell below the minimum value and triggered the mandatory prepayment of all amounts outstanding under the Margin Loan. In connection with the New

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

#### December 31, 2020, 2019 and 2018

VPF entered into on March 9, 2020, as described in note 5, TripCo received a prepayment of \$34 million on March 17, 2020. The term of the New VPF is three years. At maturity, the accreted loan amount due will be approximately \$42 million. As of December 31, 2020, 2.4 million shares of Tripadvisor common stock, with a value of approximately \$69 million, were pledged as collateral pursuant to the New VPF contract.

On March 26, 2020, the proceeds from the New VPF, proceeds from the Series A Preferred Stock (described and defined in note 10) issuance, and cash on hand were used to pay all amounts outstanding under the Margin Loan, which aggregated \$363 million, including accrued interest.

During the year ended December 31, 2019, TripCo recorded \$6 million of non-cash interest related to the Margin Loan.

On February 18, 2021 the Company entered into a \$25 million Senior Secured Revolving Credit Facility (the "Credit Facility"). The Credit Facility matures on the earliest of (i) February 18, 2024, (ii) if the holders of Series A Preferred Stock exercise their put rights (see note 10), the earlier of (a) the date that is 120 days from the date the holders of Series A Preferred Stock exercise their put rights or (b) the date the shares of Series A Preferred Stock are redeemed and (iii) 15 days following the consummation of certain change of control transactions. The Credit Facility will bear interest at LIBOR plus 3.00%. The Credit Facility will be drawn on primarily to cover corporate general and administrative expenses.

#### *Tripadvisor 2015 Credit Facility*

In June 2015, Tripadvisor entered into a five-year credit agreement, with a group of lenders (as amended, the "Credit Agreement"), which, among other things, provided for a \$1 billion unsecured revolving credit facility (the "2015 Credit Facility"). In May 2017, the 2015 Credit Facility was amended to increase the aggregate amount of revolving loan commitments available to \$1.2 billion and extend the maturity date from June 26, 2020 to May 12, 2020. On May 5, 2020, Tripadvisor amended the 2015 Credit Facility to, among other things, suspend the leverage ratio covenant on this facility beginning in the second quarter of 2020 and ending prior to September 30, 2021 (or such earlier date as elected by Tripadvisor), and replacing it with a minimum liquidity covenant (the "Leverage Covenant Holiday"), that requires Tripadvisor to maintain \$150 million of unrestricted cash, cash equivalents and short-term investments less deferred merchant payables plus available revolver capacity, secured the obligations under the agreement, as well as decrease the aggregate amount of revolving loan commitments available to \$1.0 billion from \$1.2 billion.

On December 17, 2020, Tripadvisor amended the 2015 Credit Facility to, among other things, continue the suspension of the requirement for quarterly testing of compliance with the leverage ratio covenant until the earlier of (a) the first day after June 30, 2021 through maturity on which borrowings and other revolving credit utilizations under the revolving commitments exceed \$200 million, and (b) the election of Tripadvisor (the "Covenant Changeover Date"), at which time the leverage ratio covenant will be reinstated. The amendment also decreased the aggregate amount of revolving loan commitments available to \$500 million from \$1.0 billion and extended the maturity date of the 2015 Credit Facility from May 12, 2022 to May 12, 2024.

As of both December 31, 2020 and December 31, 2019 Tripadvisor had no outstanding borrowings under the 2015 Credit Facility. During the first quarter of 2020, Tripadvisor borrowed \$700 million under the 2015 Credit Facility. These funds were drawn down as a precautionary measure to reinforce Tripadvisor's liquidity position and preserve financial flexibility in light of uncertainty in the global markets resulting from COVID-19. Tripadvisor repaid these borrowings in full during the third quarter of 2020. During the timeframe for which the leverage ratio covenant is suspended, any outstanding or future borrowings under the 2015 Credit Facility will bear interest at LIBOR plus a 2.25% margin with a LIBOR floor of 1% per annum. Tripadvisor is also required to pay a quarterly commitment fee, at an



## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

applicable rate of 0.5%, on the daily unused portion of the revolving credit facility for each fiscal quarter during the Leverage Covenant Holiday and also additional fees in connection with the issuance of letters of credit. Tripadvisor may borrow from the 2015 Credit Facility in U.S. dollars, Euros and British pounds. In addition, the 2015 Credit Facility includes \$15 million of borrowing capacity available for letters of credit and \$40 million for Swing Line borrowings on same-day notice. As of December 31, 2020 and 2019, Tripadvisor had issued \$3 million of outstanding letters of credit under the 2015 Credit Facility.

Triadvisor recorded interest and commitment fees on its 2015 Credit Facility of \$10 million, \$2 million and \$3 million for the years ended December 31, 2020, 2019 and 2018, respectively, to interest expense on the consolidated statements of operations. In connection with the amendments to Tripadvisor's 2015 Credit Facility in 2020, Tripadvisor incurred additional lender fees and debt financing costs totaling \$7 million, which were capitalized as deferred financing costs and recorded to other long-term assets on the consolidated balance sheet, while \$2 million of previously deferred financing costs related to the 2015 Credit Facility were immediately recognized to interest expense on the consolidated statement of operations for the year ended December 31, 2020. As of December 31, 2020, Tripadvisor had \$5 million remaining in deferred financing costs in connection with the 2015 Credit Facility. These costs will be amortized over the remaining term of the 2015 Credit Facility, using the effective interest rate method, and recorded to interest expense on the consolidated statements of operations.

There is no specific repayment date prior to the maturity date for any borrowings under the Credit Agreement. Tripadvisor may voluntarily repay any outstanding borrowing under the 2015 Credit Facility at any time without premium or penalty, other than customary breakage costs with respect to Eurocurrency loans. Additionally, Tripadvisor believes that the likelihood of the lender exercising any subjective acceleration rights, which would permit the lenders to accelerate repayment of any outstanding borrowings, is remote. As such, Tripadvisor classifies any borrowings under this facility as long-term debt. The Credit Agreement contains a number of covenants that, among other things, restrict Tripadvisor's ability to: incur additional indebtedness, create liens, enter into sale and leaseback transactions, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions, 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 Credit Agreement also limits Tripadvisor from repurchasing shares of its common stock, and paying dividends, among other restrictions, during the Leverage Covenant Holiday. In addition, to secure the obligations under the Credit Agreement, Tripadvisor and certain subsidiaries have granted security interests and liens in and on, substantially all of their assets, as well as pledged shares of certain of Tripadvisor's subsidiaries. The Credit Agreement also contains certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the Credit Agreement will be entitled to take various actions, including the acceleration of all amounts due under the 2015 Credit Facility.

#### *Triadvisor Senior Notes*

On July 9, 2020, Tripadvisor completed the sale of \$500 million aggregate principal amount of 7.000% senior notes due July 15, 2025 (the "Senior Notes") pursuant to a purchase agreement, dated July 7, 2020, among Tripadvisor, the guarantors party thereto (the "Guarantors") and the initial purchasers party thereto in a private offering. The Senior Notes were issued pursuant to an indenture, dated July 9, 2020 (the "Indenture"), among Tripadvisor, the Guarantors and the trustee. The Indenture provides, among other things, that interest will be payable on the Senior Notes on January 15 and July 15 of each year, beginning on January 15, 2021, until their maturity date of July 15, 2025. The Senior Notes are senior unsecured obligations of Tripadvisor and are guaranteed on a senior unsecured basis by certain domestic subsidiaries.

Triadvisor has the option to redeem all or a portion of the Senior Notes at any time on or after July 15, 2022 at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. Tripadvisor may also redeem all

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

or any portion of the Senior Notes at any time prior to July 15, 2022, at a price equal to 100% of the aggregate principal amount thereof plus a make-whole premium and accrued and unpaid interest, if any. In addition, before July 15, 2022, Tripadvisor may redeem up to 40% of the aggregate principal amount of the Senior Notes with the net proceeds of certain equity offerings at the redemption price set forth in the Indenture, provided that certain conditions are met. Subject to certain limitations, in the event of a Change of Control Triggering Event (as defined in the Indenture), Tripadvisor will be required to make an offer to purchase the Senior Notes at a price equal to 101% of the aggregate principal amount of the Senior Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. These features have been evaluated as embedded derivatives under GAAP, however, Tripadvisor has concluded they do not meet the requirements to be accounted for separately.

In the third quarter of 2020, Tripadvisor used all proceeds from the Senior Notes to repay a portion of its 2015 Credit Facility outstanding borrowings. The deferred financing costs will be amortized over the remaining term of the Senior Notes, using the effective interest rate method, and recorded to interest expense on the consolidated statements of operations.

The Indenture contains covenants that, among other things and subject to certain exceptions and qualifications, restrict the ability of Tripadvisor and the ability of certain of its subsidiaries to incur or guarantee additional indebtedness or issue disqualified stock or certain preferred stock; pay dividends and make other distributions or repurchase stock; make certain investments; create or incur liens; sell assets; create restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances or transfer assets to Tripadvisor or the restricted subsidiaries; enter into certain transactions with Tripadvisor's affiliates; designate restricted subsidiaries as unrestricted subsidiaries; and merge, consolidate or transfer or sell all or substantially all of Tripadvisor's assets.

#### *Fair Value*

As of December 31, 2020, Tripadvisor estimated the fair value of its outstanding Senior Notes to be approximately \$542 million and considered the Senior Notes to be a "Level 2" fair value measurement. The estimated fair value of the Senior Notes was based on recently reported market transactions and prices for identical or similar financial instruments obtained from a third-party pricing source.

Due to the primarily variable rate nature, TripCo believes that the carrying amount of its debt approximated fair value at December 31, 2020 and 2019.

#### *Debt Covenants*

As of December 31, 2020, Tripadvisor was in compliance with its debt covenants.

#### **(8) Leases**

Effective January 1, 2019, the Company adopted Accounting Standards Codification Topic 842 ("ASC 842"), and elected the transition method that allows for a cumulative-effect adjustment in the period of adoption. ASC 842 requires a company to recognize lease assets and lease liabilities arising from operating leases in the statement of financial position. Additionally, the criteria for classifying a lease as a finance lease versus an operating lease are substantially the same as the previous guidance. Results for reporting periods beginning after January 1, 2019 are presented under ASC 842, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect for those periods.

We elected the following practical expedients available in transition upon adoption of ASC 842 and accounting

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

policy updates: 1) the “practical expedients package of three”, which allows us to not reassess the following as of the adoption date: a) whether any expired or existing contracts are or contain a lease, b) the lease classification of any expired or existing leases; and c) the accounting treatment for initial direct costs for existing leases; 2) the “short-term lease recognition exemption”, which allows entities to forego recognition of right-of-use (“ROU”) assets and lease liabilities 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 the entity is 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.

Tripadvisor’s lease contracts contain both lease and non-lease components. Tripadvisor accounts separately for the lease and non-lease components of its office space leases and certain other leases, such as data center leases. However, for certain categories of equipment leases, such as network equipment and others, Tripadvisor accounts for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases that have similar characteristics, Tripadvisor applies a portfolio approach to effectively account for operating lease ROU assets and lease liabilities, hence Tripadvisor does not expect the outcome to differ materially from applying the new guidance to individual leases.

#### *Operating Leases*

Tripadvisor leases office space in a number of countries around the world generally under non-cancelable lease agreements. Tripadvisor’s office space leases, exclusive of its Headquarters Lease, are operating leases. Operating lease ROU assets and liabilities are recognized at the lease commencement date, or the date the lessor makes the leased asset available for use, based on the present value of the lease payments over the lease term using Tripadvisor’s estimated incremental borrowing rate.

Tripadvisor’s office space operating leases expire at various dates with the latest maturity in June 2027. Certain leases include options to extend the lease term for up to 6 years and/or terminate the leases within 1 year, which Tripadvisor includes in the lease terms if it is reasonably certain to exercise these options.

Tripadvisor also establishes assets and liabilities for the present value of estimated future costs to return certain of its leased facilities to their original condition for asset retirement obligations. Such assets are depreciated over the lease period into operating expense, and the recorded liabilities are accreted to the future value of the estimated restoration costs and are included in other liabilities on the consolidated balance sheet. Tripadvisor’s asset retirement obligations were not material as of December 31, 2020 and December 31, 2019.

#### *Finance Lease*

In June 2013, Tripadvisor entered into its Headquarters Lease of an approximately 280,000 square foot rental building in Needham, Massachusetts, for an initial term of 15 years and 7 months or through December 2030. Tripadvisor also has an option to extend the term of the Headquarters Lease for two consecutive terms of five years each. Tripadvisor’s Headquarters Lease was accounted for as a finance lease upon the adoption of ASC 842 on January 1, 2019.

Finance lease ROU assets and finance lease liabilities are recognized at the lease commencement date or the date the lessor makes the leased asset available for use. Finance lease ROU assets are generally amortized on a straight-line basis over the lease term, and the carrying amount of the finance lease liabilities are (1) accreted to reflect interest using the incremental borrowing rate if the rate implicit in the lease is not readily determinable, and (2) reduced to reflect lease

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

**December 31, 2020, 2019 and 2018**

payments made during the period. Amortization expense for finance lease ROU assets and interest accretion on finance lease liabilities are recorded to depreciation and interest expense, respectively, in the consolidated statements of operations.

The components of lease expense during the years ended December 31, 2020 and 2019 were as follows:

	Years ended December 31,	
	2020	2019
	in millions	
Operating lease cost (1) .....	\$ 28	24
Finance lease cost:		
Amortization of right-of-use assets (2) .....	\$ 10	9
Interest on lease liabilities (3) .....	4	4
Total finance lease cost .....	\$ 14	13
Sublease income (1) .....	(3)	(3)
Total lease cost, net .....	\$ 39	34

(1) Included in operating expense, including stock-based compensation in the consolidated statement of operations.

(2) Included in depreciation expense in the consolidated statement of operations.

(3) Included in interest expense in the consolidated statement of operations.

Prior to the adoption of ASC 842, rental expense under lease agreements amounted to \$17 million for the year ended December 31, 2018.

Supplemental balance sheet information related to leases is as follows:

	December 31,	
	2020	2019
	in millions	
Operating leases:		
Operating lease right-of-use assets (1) .....	\$ 54	74
Current operating lease liabilities (2) .....	\$ 21	20
Operating lease liabilities (3) .....	46	64
Total operating lease liabilities .....	\$ 67	84
Finance Lease:		
Finance lease right-of-use assets (4) .....	\$ 95	105
Current finance lease liabilities (2) .....	\$ 5	5
Finance lease liabilities (3) .....	71	78
Total finance lease liabilities .....	\$ 76	83

(1) Included in other assets, at cost, net of accumulated amortization in the consolidated balance sheet.

(2) Included in accrued liabilities and other current liabilities in the consolidated balance sheet.

(3) Included in other liabilities in the consolidated balance sheet.

(4) Included in property and equipment, net in the consolidated balance sheet.

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

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Additional information related to leases is as follows for the periods presented:

	<b>Years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>in millions</b>	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases .....	\$ 26	26
Operating cash outflows from finance lease .....	\$ 4	4
Financing cash outflows from finance lease .....	\$ 6	5
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases .....	\$ 4	106
Finance lease .....	\$ —	88
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Weighted-average remaining lease term		
Operating leases .....	3.7 years	4.4 years
Finance lease .....	10.0 years	11.0 years
Weighted-average discount rate		
Operating leases .....	3.99%	4.11%
Finance lease .....	4.49%	4.49%

Future lease payments under non-cancellable leases as of December 31, 2020 were as follows:

	<b>Operating Leases</b>	<b>Finance Lease</b>
	<b>in millions</b>	
2021 .....	\$ 25	10
2022 .....	21	10
2023 .....	13	10
2024 .....	8	10
2025 .....	3	10
Thereafter .....	2	46
Total future lease payments .....	\$ 72	96
Less: imputed interest .....	(5)	(20)
Total .....	\$ 67	76

As of December 31, 2020, we did not have any additional operating or finance leases that have not yet commenced but that create significant rights and obligations.

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

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**(9) Income Taxes**

Income tax benefit (expense) consists of:

	<b>Years ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>amounts in millions</b>		
Current:			
Federal .....	\$ 73	(31)	(39)
State and local .....	3	(6)	(12)
Foreign .....	3	(26)	(14)
	\$ 79	(63)	(65)
Deferred:			
Federal .....	\$ 37	27	14
State and local .....	28	20	(5)
Foreign .....	8	32	(1)
	73	79	8
Income tax benefit (expense) .....	\$ 152	16	(57)

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

	<b>Years ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>amounts in millions</b>		
Domestic .....	\$ (855)	(178)	3
Foreign .....	(159)	46	45
Total .....	\$ (1,014)	(132)	48

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

**December 31, 2020, 2019 and 2018**

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% as a result of the following:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Computed expected tax benefits (expense) . . . . .	\$ 213	28	(10)
State and local taxes, net of federal income taxes . . . . .	26	2	(14)
Foreign taxes, net of foreign tax credits . . . . .	3	13	11
Taxable dividend net of dividends received deduction . . . . .	—	(13)	—
Basis difference in consolidated subsidiary . . . . .	(1)	22	(17)
Change in valuation allowance . . . . .	(40)	(11)	(4)
Change in unrecognized tax benefits . . . . .	(4)	(25)	(12)
Federal tax credits . . . . .	9	11	9
Stock-based compensation . . . . .	(14)	(4)	(8)
Impairment of nondeductible goodwill . . . . .	(65)	—	—
Rate differential on U.S. net operating loss carryback . . . . .	23	—	—
Other . . . . .	2	(7)	(12)
Income tax (expense) benefit . . . . .	\$ 152	16	(57)

During 2020, the Company recognized additional tax expense related to the impairment of goodwill that is not deductible for tax purposes.

During 2019, the Company recognized additional tax expense for changes in unrecognized tax benefits and dividends from Tripadvisor not recognized for book purposes, net of a dividends received deduction. 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 and federal income tax credits.

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 CARES Act made tax law changes to provide financial relief to companies as a result of the business impacts of COVID-19. Key income tax provisions of the CARES Act include changes in net operating loss (“NOL”) carryback and carryforward rules, increase of the net interest expense deduction limit, and immediate write-off of qualified improvement property. The CARES Act allows us to carryback Tripadvisor’s U.S. federal NOLs incurred in 2020, generating an expected U.S. benefit of \$76 million, of which \$48 million will be refunded. This refund is recorded in income taxes receivable on our consolidated balance sheet as of December 31, 2020 and is expected to be received during 2021. Tripadvisor also reduced its long-term transition tax payable related to the 2017 Tax Cuts and Jobs Act by \$28 million as a result of the NOL carryback.

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

**December 31, 2020, 2019 and 2018**

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,	
	2020	2019
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards .....	\$ 141	89
Stock-based compensation .....	38	53
Lease financing obligation .....	23	24
Other .....	(16)	(23)
Total deferred tax assets .....	186	143
Less: valuation allowance .....	(122)	(80)
Net deferred tax assets .....	64	63
Deferred tax liabilities:		
Intangible assets .....	(231)	(297)
Investments .....	(13)	(17)
Other .....	4	3
Total deferred tax liabilities .....	(240)	(311)
Net deferred tax liability .....	\$ (176)	(248)

During the year ended December 31, 2020, there was a \$40 million increase in the Company's valuation allowance that affected tax expense and a \$2 million increase related to the impact of foreign exchange rates.

As a result of the Tax Cuts and Jobs Act of 2017, foreign earnings may now generally be repatriated back to the U.S. without incurring U.S. federal income tax. Historically, Tripadvisor had asserted its intention to indefinitely reinvest the cumulative undistributed earnings of its foreign subsidiaries. In response to increased cash requirements in the U.S. related to Tripadvisor's declaration of a special cash dividend and other strategic initiatives during the fourth quarter of 2019, Tripadvisor determined it no longer considers all foreign earnings to be indefinitely reinvested. As of December 31, 2020, \$376 million of Tripadvisor's cumulative undistributed foreign earnings were no longer considered to be indefinitely reinvested. Tripadvisor intends to indefinitely reinvest \$118 million of these foreign earnings in its non-U.S. subsidiaries, which determination of any related unrecognized deferred income tax liability is not practicable.

At December 31, 2020, the Company has a deferred tax asset of \$141 million for federal, state, and foreign NOLs, interest expense carryforwards and tax credit carryforwards. Of this amount, \$119 million is recorded at Tripadvisor. If not utilized to reduce income tax liabilities at Tripadvisor in future periods, these loss carryforwards and tax credits will expire at various times between 2021 and 2036. The remaining deferred tax asset of \$22 million relates to federal and state NOL carryforwards and interest expense carryforwards recorded at TripCo. If not utilized to reduce income tax liabilities at TripCo in future periods, \$17.1 million of these NOL carryforwards will expire at various times between 2023 and 2037. The remaining \$4.9 million of NOLs and interest expense carryforwards may be carried forward indefinitely. These carryforwards recorded at Tripadvisor and TripCo are expected to be utilized prior to expiration, except for \$122 million of NOLs, interest expense carryforwards, and tax credit carryforwards, which based on current projections may expire unused.



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

**December 31, 2020, 2019 and 2018**

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

	Years ended December 31,		
	2020	2019	2018
Balance at beginning of year . . . . .	\$ 140	136	123
Additions based on tax positions related to the current year . . . . .	3	11	11
Additions for tax positions of prior years. . . . .	1	1	2
Reductions for tax positions of prior years. . . . .	—	(8)	—
Balance at end of year. . . . .	\$ 144	140	136

As of December 31, 2020, 2019 and 2018, the Company had recorded tax reserves of \$144 million, \$140 million and \$136 million, respectively, related to unrecognized tax benefits for uncertain tax positions, which are 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 \$74 million, \$82 million and \$87 million for the years ended December 31, 2020, 2019 and 2018, 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 anticipates that the liability for unrecognized tax benefits could decrease by up to \$4 million within the next twelve months due to the settlement of examinations of issues with tax authorities.

As of December 31, 2020 and 2019, the Company had recorded approximately \$35 million and \$29 million, respectively, of accrued interest and penalties related to uncertain tax positions.

As of December 31, 2020, TripCo’s tax years prior to 2017 are closed for federal income tax purposes, and the Internal Revenue Service (“IRS”) has completed its examination of TripCo’s 2017 and 2018 tax years. 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, 2012-2016, and 2018 tax years and is also under an employment tax audit by the IRS for the 2015 through 2017 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, 2020, no material assessments have resulted, except as noted below.

In January 2017 and April 2019, as part of Expedia’s IRS audit, Tripadvisor received Notices of Proposed Adjustment from the IRS for the 2009, 2010 and 2011 tax years. Subsequently, in September 2019, as part of Tripadvisor’s

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### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

standalone audit, Tripadvisor received Notices of Proposed Adjustment from the IRS for the 2012 and 2013 tax years, and in August 2020, Tripadvisor received Notices of Proposed Adjustment from the IRS for the 2014, 2015 and 2016 tax years. These proposed adjustments are related to certain transfer pricing arrangements with Tripadvisor's foreign subsidiaries, and would result in an increase to Tripadvisor's worldwide income tax expense in an estimated range of \$95 million to \$105 million at the close of the audit if the IRS prevails, which includes \$20 million to \$30 million related to the 2009 through 2011 pre Expedia spin-off tax years. The estimated range takes in consideration competent authority relief and transition tax regulations, and is exclusive of deferred tax consequences and interest expense, which would be significant. 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 through 2016 years, Tripadvisor would be subject to significant additional tax liabilities. Tripadvisor has requested competent authority assistance under the Mutual Agreement Procedure for tax years 2009 through 2013. Tripadvisor expects the competent authorities to present a resolution for the 2009 through 2011 tax years in the near future. Upon receipt, Tripadvisor will assess the resolution provided by the competent authorities as well as its impact on its existing income tax reserves for all open subsequent years.

In January 2021, Tripadvisor received an issue closure notice relating to adjustments for 2012 through 2016 tax years from HM Revenue & Customs ("HMRC"). These proposed adjustments are related to certain transfer pricing arrangements with Tripadvisor's foreign subsidiaries and would result in an increase to its worldwide income tax expense in an estimated range of \$45 million to \$55 million, exclusive of interest expense, at the close of the audit if HMRC prevails. 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 its interpretation of the regulations and available case law, Tripadvisor believes the position it has taken with regard to transfer pricing with its foreign subsidiaries is sustainable.

#### **(10) Redeemable Preferred Stock**

On March 15, 2020, TripCo and Gregory B. Maffei entered into an Investment Agreement (the "Investment Agreement") with Certares Holdings LLC, Certares Holdings (Blockable) LLC and Certares Holdings (Optional) LLC with respect to an investment in TripCo's Series A Preferred Stock, which was later assigned to Certares LTRIP LLC ("Certares" or the "Purchaser"). Pursuant to the assigned Investment Agreement, on March 26, 2020, TripCo issued 325,000 shares of Series A Preferred Stock to Certares for a purchase price of \$1,000 per share.

##### *Priority*

The Series A Preferred Stock ranks senior to the shares of common stock of TripCo, with respect to dividend rights, rights of redemption and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of TripCo. The Series A Preferred Stock has a liquidation value equal to the sum of (i) \$1,000, plus (ii) all unpaid dividends (whether or not declared) accrued with respect to such share.

##### *Voting and Convertibility*

Holders of Series A Preferred Stock are not entitled to any voting powers, except as otherwise specified in the Certificate of Designations or as required by Delaware law. Shares of Series A Preferred Stock are not convertible into TripCo common stock.

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### Notes to Consolidated Financial Statements (Continued)

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#### *Dividends*

Dividends on each share of Series A Preferred Stock accrue on a daily basis at a rate of 8.00% of the liquidation value and are payable annually, commencing after March 26, 2020. Dividends on each share of Series A Preferred Stock may be paid, at TripCo's election, in cash, shares of the Company's Series A common stock ("LTRPA"), or, at the election of the Purchaser, shares of the Company's Series C common stock ("LTRPK"), provided, in each case, such shares are listed on a national securities exchange and are actively traded (such LTRPK shares, together with the LTRPA shares, the "Eligible Common Stock"), or a combination of cash and Eligible Common Stock. If a dividend is not declared and paid on the dividend payment date, the dividend amount will be added to the then-applicable liquidation price of the Series A Preferred Stock.

#### *Redemption*

The Company is required to redeem for cash shares of Series A Preferred Stock on the earlier of (i) the first business day after the fifth anniversary of March 26, 2020, or (ii) subject to certain exceptions, a change in control of TripCo. The "Redemption Price" in a mandatory redemption or the exercise of a holder's put right will equal the greater of (i) the sum of the liquidation value on the redemption date, plus all unpaid dividends accrued since the last dividend date, and (ii) the product of the (x) initial liquidation value, multiplied by (y) an accretion factor (determined based on a formula set forth in the Certificate of Designations for the Series A Preferred Stock) with respect to the Tripadvisor Common Stock, less (z) the aggregate amount of all dividends paid in cash or shares of Eligible Common Stock from March 26, 2020 through the applicable redemption date.

#### *Put Right*

Following March 26, 2021, the Purchaser will have the right to cause TripCo to redeem all of the outstanding shares of Series A Preferred Stock at the Redemption Price for, at the election of TripCo, cash, shares of Eligible Common Stock, shares of Tripadvisor Common Stock or any combination of the foregoing, subject to certain limitations (the "Put Option"). The Purchaser may exercise its put right by delivering notice to TripCo within a certain number of days following the filing by TripCo of its periodic reports with the SEC, and TripCo will have 180 days from the delivery of such notice to redeem the outstanding Series A Preferred Stock. If TripCo determines not to redeem the Series A Preferred Stock within that 180-day period, TripCo may facilitate the sale of the Series A Preferred Stock and, if necessary, make the Purchaser whole for any shortfall from the redemption price. The Company evaluated the Put Option as an embedded derivative and determined it is not required to be bifurcated.

#### *Recognition*

As the Series A Preferred Stock is redeemable and the redemption triggers are outside of TripCo's control, the Company is required to classify the shares outside of permanent equity. The Company will calculate the carrying value of the Series A Preferred Stock pursuant to the Redemption Price calculation, and any changes in the carrying value of the Series A Preferred Stock will be recorded directly to retained earnings, or to additional paid-in capital in the absence of retained earnings. The Company must adjust net earnings for the change in the carrying value of the Series A Preferred Stock to determine the net earnings attributable to common shareholders to be used in the calculation of EPS. For the year ended December 31, 2020, the adjustment for the Redemption Price, including transaction costs, was approximately \$150 million.

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

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#### (11) Stockholders' Equity

##### *Common Stock*

Series A common stock entitles the holders to one vote per share, Series B common stock entitles the holders to ten votes per share and Series C common stock, except as otherwise required by applicable law, entitles the holder to no voting rights. All series of TripCo common stock participate on an equal basis with respect to dividends and distributions.

##### *Subsidiary Purchases of Common Stock*

On January 31, 2018, Tripadvisor's Board of Directors authorized repurchases of up to \$250 million of its shares of common stock under a share repurchase program. This share repurchase program has no expiration date but may be suspended or terminated by Tripadvisor's Board of Directors at any time. During the year ended December 31, 2018, Tripadvisor repurchased 2,582,198 shares of its outstanding common stock for \$100 million in the aggregate.

On November 1, 2019, Tripadvisor's Board of Directors authorized the repurchase of an additional \$100 million in shares of its common stock under its existing share repurchase program, which increased the amount available under this share repurchase program to \$250 million. During the year ended December 31, 2019, Tripadvisor repurchased 2,059,846 shares of its outstanding common stock for \$60 million in the aggregate. As of December 31, 2019, Tripadvisor had approximately \$190 million remaining available to repurchase shares of its common stock under this share repurchase program.

During the year ended December 31, 2020, Tripadvisor repurchased 4,707,450 shares of its outstanding stock for \$115 million in the aggregate. As of December 31, 2020, Tripadvisor had approximately \$75 million remaining available to repurchase shares of its common stock under this share repurchase program. While Tripadvisor's Board of Directors has not suspended or terminated its share repurchase program, the terms of the Credit Agreement currently limit Tripadvisor from engaging in share repurchases during the Leverage Covenant Holiday and the terms of its Indenture impose certain limitations and restrictions on share repurchases. Refer to note 7 for further information about the Credit Agreement and the Indenture.

##### *Subsidiary Dividends*

On November 1, 2019, Tripadvisor's Board of Directors declared a special cash dividend of \$3.50 per share, or approximately \$488 million in the aggregate. The dividend was payable on December 4, 2019 to stockholders of record on November 20, 2019. TripCo's share of the dividend was \$108 million based on our ownership in Tripadvisor. During the years ended December 31, 2020 and 2018, Tripadvisor's Board of Directors did not declare any dividends on its common stock.

Any determination by Tripadvisor to pay dividends in the future will be at the discretion of Tripadvisor's Board of Directors and will depend on its results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions and other factors deemed relevant by Tripadvisor's Board of Directors. Tripadvisor's ability to pay dividends is also limited by the terms of the Credit Agreement during the Leverage Covenant Holiday. In connection with the declaration of such dividends, Tripadvisor's non-vested RSUs are entitled to dividend equivalents, which will be payable to the holder subject to, and only upon vesting of, the underlying awards. Tripadvisor's outstanding stock options are not entitled to dividend or dividend equivalents.

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### Notes to Consolidated Financial Statements (Continued)

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#### (12) Stock-Based Compensation

##### *TripCo Incentive Plans*

TripCo has granted to certain of its directors and employees restricted stock units (“RSUs”) and stock options to purchase shares of TripCo common stock (collectively, “Awards”). TripCo measures the cost of employee services received in exchange for an equity classified Award based on the grant-date fair value (“GDFV”) of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and re-measures the fair value of the Award at each reporting date.

Pursuant to the Liberty TripAdvisor Holdings, Inc. 2019 Omnibus Incentive Plan, the Company may grant Awards in respect of a maximum of 5.0 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, 2020 and 2019, TripCo granted 573 thousand and 27 thousand options, respectively, to purchase shares of Series B TripCo common stock to our CEO. Such options had a GDFV of \$2.41 per share and \$6.41 per share, respectively, at the time they were granted. The 2020 options vested immediately upon grant, and the 2019 options vested on December 31, 2019. Also during the years ended December 31, 2020 and 2019, TripCo granted 242 thousand and 35 thousand performance-based RSUs, respectively, of Series B TripCo common stock to our CEO. The performance-based RSUs had a GDFV of \$3.08 per share and \$14.17 per share, respectively, at the time they were granted. The performance-based RSUs cliff vest one year from the month of grant, subject to the satisfaction of certain performance objectives. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense recognized. When the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The probability of satisfying the performance objectives is assessed at the end of each reporting period. During the year ended December 31, 2020, TripCo granted 30 thousand time-based RSUs of Series B TripCo common stock to our CEO which had a GDFV of \$4.76 per share and cliff vested on December 10, 2020. This RSU grant was issued in lieu of our CEO receiving 50% of his remaining base salary for the last three quarters of calendar year 2020, and he waived his right to receive the other 50%, in each case, in light of the ongoing financial impact of COVID-19. In addition, during the years ended December 31, 2020 and 2019, TripCo granted 1 million and 320 thousand time-based RSUs, respectively, of Series B TripCo common stock to our CEO. These time-based RSUs cliff vest on December 7, 2024 and December 15, 2023, respectively, and represent two upfront grants related to the CEO’s new employment agreement. See discussion in note 1 regarding the new compensation agreement with TripCo’s CEO.

During the years ended December 31, 2020 and 2019, TripCo granted to its employees 499 thousand and 73 thousand options, respectively, to purchase shares of Series A TripCo common stock. Such options had a weighted average GDFV of \$2.58 per share and \$3.53 per share, respectively, and vest between two and five years.

During the years ended December 31, 2020, 2019 and 2018, TripCo granted 148 thousand, 79 thousand and 59 thousand options, respectively, to purchase shares of Series A TripCo common stock to its non-employee directors. Such options had a weighted average GDFV of \$2.76, \$3.42 and \$8.83 per share, respectively, and cliff vest over a 1-year vesting period.

There were no exercises, forfeitures or cancellations of Series B TripCo common stock during the year ended December 31, 2020.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

The Company has calculated the GDFV for all of its equity classified awards and any subsequent re-measurement 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 2020, 2019 and 2018, the range of expected terms was 4.8 years to 6.3 years. The volatility used in the calculation for Awards is based on the historical volatility of TripCo common stock. For grants made in 2020, 2019 and 2018, the range of volatilities was 49.5% to 82.1%. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

*TripCo - Outstanding Awards*

The following 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.

	Series A in thousands	WAEP	Weighted average remaining contractual life in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020 .....	717	\$ 13.65		
Granted .....	647	\$ 4.12		
Exercised .....	—	\$ —		
Forfeited/Cancelled .....	(278)	\$ 14.42		
Outstanding at December 31, 2020 .....	<u>1,086</u>	\$ 7.78	5.8	\$ —
Exercisable at December 31, 2020 .....	<u>367</u>	\$ 14.37	4.0	\$ —

	Series B in thousands	WAEP	Weighted average remaining contractual life in years	Aggregate intrinsic value in millions
Outstanding at January 1, 2020 .....	1,824	\$ 27.63		
Granted .....	573	\$ 3.76		
Exercised .....	—	\$ —		
Forfeited/Cancelled .....	—	\$ —		
Outstanding at December 31, 2020 .....	<u>2,397</u>	\$ 21.93	4.7	\$ 18
Exercisable at December 31, 2020 .....	<u>2,397</u>	\$ 21.93	4.7	\$ 18

As of December 31, 2020, the total unrecognized compensation cost related to unvested equity Awards was \$8.6 million. Such amount will be recognized in the Company’s statements of operations over a weighted average period of approximately two years.

As of December 31, 2020, TripCo reserved 3.5 million shares of Series A and Series B TripCo common stock for issuance under exercise privileges of outstanding stock Awards.

## LIBERTY TRIPADVISOR HOLDINGS, INC.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

#### *TripCo — Exercises*

The aggregate intrinsic value of all TripCo options exercised during the year ended December 31, 2018 was \$117 thousand. No TripCo options were exercised in 2020 or 2019.

#### *TripCo — Restricted Stock and Restricted Stock Units*

The aggregate fair value of all restricted stock and restricted stock units of TripCo common stock that vested during the years ended December 31, 2020, 2019 and 2018 was \$554 thousand, \$159 thousand and \$9 thousand, respectively.

As of December 31, 2020, TripCo had approximately 1.8 million unvested restricted stock and restricted stock units of Series A and Series B TripCo common stock held by certain directors, officers and employees of the Company with a weighted average GDFV of \$4.64 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 and no additional awards will be granted under the 2011 Plan. The 2018 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, RSUs, and other stock-based awards to Tripadvisor's directors, officers, employees and consultants. Grants were valued using a volatility of 43.4% and the applicable risk free rate for an expected term of 5.3 years for the year ended December 31, 2020, volatility of 42.1% and the applicable risk free rate for an expected term of 5.2 years for the year ended December 31, 2019 and 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.

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, 2020, 2019 and 2018**

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, 2020	6,017	\$ 50.27		
Granted	1,106	\$ 25.23		
Exercised	(4)	\$ 22.94		
Cancelled or expired	(1,504)	\$ 46.72		
Outstanding at December 31, 2020	<u>5,615</u>	\$ 46.31	5.3	\$ 3
Exercisable at December 31, 2020	<u>3,293</u>	\$ 55.87	3.4	\$ —

The weighted average GDFV of service based stock options under their 2011 Plan and 2018 Plan was \$10.08 for the year ended December 31, 2020. 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, 2020, the total number of shares reserved for future stock-based awards under the 2018 Plan is approximately 8.4 million shares. Tripadvisor related stock-based compensation for the year ended December 31, 2020 was approximately \$109 million. As of December 31, 2020, the total unrecognized compensation cost related to unvested Tripadvisor stock options was approximately \$18 million and will be recognized over a weighted average period of approximately 1.7 years.

On May 27, 2020 and July 15, 2020, Tripadvisor's Compensation Committee of its Board of Directors, approved modifications to the Company's annual RSU and stock option grants, respectively, issued to its employees in the first quarter of 2020. Such modifications reduced the original grant-date vesting period from four years to two years. Tripadvisor estimates these modifications resulted in the acceleration and recognition of an additional \$17 million of stock-based compensation expense during the year ended December 31, 2020, given the modified vesting term. There was no change to the original fair value of the impacted RSUs or stock options as a result of this modification.

*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.

Tripadvisor issues market-based performance restricted stock units ("MSUs"), which 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 Tripadvisor 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, 2020, Tripadvisor granted approximately 7 million units, vested and released approximately 3 million units, and had cancellations of approximately 4 million units, which included primarily



## **LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

service-based RSUs and market-based MSUs under the 2018 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, vested and released, and cancelled during 2020 was \$24.49 per share, \$43.48 per share, and \$36.40 per share, respectively. As of December 31, 2020, the total unrecognized compensation cost related to 8 million unvested Tripadvisor RSUs and MSUs outstanding was approximately \$160 million which will be recognized over the remaining vesting term of approximately 1.7 years.

#### **(13) Employee Benefit Plans**

Tripadvisor sponsors a 401(k) plan and makes matching contributions to the plans based on a percentage of the amount contributed by employees. Employer cash contributions related to Tripadvisor were \$11 million, \$14 million and \$13 million for the years ended December 31, 2020, 2019 and 2018, respectively.

#### **(14) Commitments and Contingencies**

##### ***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), defamation and other claims. Although it is reasonably possible that the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

#### **(15) Segment Information**

TripCo, through its ownership interests in Tripadvisor, is primarily engaged in the online commerce industries. TripCo identifies its reportable segments as (A) those operating segments 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, 2020, 2019 and 2018

TripCo evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA, gross margin, 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.

We have identified the following as reportable segments:

- Hotels, Media & Platform – includes the following revenue sources: (1) Tripadvisor-branded hotels revenue – primarily consisting of hotel auction revenue, subscription-based advertising, CPA revenue and hotel sponsored placements revenue; and (2) Tripadvisor-branded display and platform revenue – consisting of display-based advertising revenue. All direct general and administrative costs are included in the applicable business, however, all corporate general and administrative costs are included in the Hotels, Media & Platform reportable segment. In addition, the Hotels, Media & Platform reportable segment includes all Tripadvisor-related brand advertising expenses (primarily television advertising), technical infrastructure and other costs supporting the Tripadvisor platform.
- Experiences & Dining – Tripadvisor provides information and services for consumers to research, book and experience activities and attractions in popular travel destinations primarily through Viator, Tripadvisor's dedicated Experiences business, and on Tripadvisor's website and mobile apps. Tripadvisor generates commissions for each booking transaction it facilitates through its online reservation system. Tripadvisor 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-branded websites and mobile apps.

#### Performance Measures

For segment reporting purposes, 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, by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. 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.

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

Revenue and Adjusted OIBDA are summarized as follows:

	<b>Years ended December 31,</b>					
	<b>2020</b>		<b>2019</b>		<b>2018</b>	
	<b>Revenue</b>	<b>Adjusted OIBDA</b>	<b>Revenue</b>	<b>Adjusted OIBDA</b>	<b>Revenue</b>	<b>Adjusted OIBDA</b>
	<b>amounts in millions</b>					
Hotels, Media & Platform. . . . .	\$ 361	13	939	378	1,001	329
Experiences & Dining. . . . .	186	(79)	456	5	372	48
Corporate and other. . . . .	57	5	165	47	242	39
Consolidated TripCo . . . . .	<u>\$ 604</u>	<u>(61)</u>	<u>1,560</u>	<u>430</u>	<u>1,615</u>	<u>416</u>

In addition, we do not report assets, capital expenditures and related depreciation expense by segment as our CODM does not use this information to evaluate operating segments. Accordingly, we do not regularly provide such information by segment to our CODM.

**Revenue by Geographic Area**

The Company measures its geographic revenue information based on 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.

	<b>December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>amounts in millions</b>		
United States . . . . .	\$ 302	821	835
United Kingdom . . . . .	169	466	508
Other countries . . . . .	133	273	272
Consolidated TripCo . . . . .	<u>\$ 604</u>	<u>1,560</u>	<u>1,615</u>

**Long-lived Assets by Geographic Area**

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>amounts in millions</b>	
United States . . . . .	\$ 118	137
Other countries . . . . .	14	18
Consolidated TripCo . . . . .	<u>\$ 132</u>	<u>155</u>

**LIBERTY TRIPADVISOR HOLDINGS, INC.**

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

**December 31, 2020, 2019 and 2018**

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

	<b>Years ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>amounts in millions</b>		
Adjusted OIBDA. . . . .	\$ (61)	430	416
Restructuring and related reorganization costs. . . . .	(41)	(1)	—
Legal settlement . . . . .	—	—	(5)
Stock-based compensation. . . . .	(112)	(131)	(123)
Depreciation and amortization . . . . .	(168)	(169)	(160)
Impairment of intangible assets. . . . .	(550)	(288)	—
Operating income (loss) . . . . .	(932)	(159)	128
Interest expense . . . . .	(41)	(22)	(26)
Realized and unrealized gains (losses) on financial instruments, net. . . . .	(19)	36	(59)
Other, net . . . . .	(22)	13	5
Earnings (loss) before income taxes . . . . .	<u>\$ (1,014)</u>	<u>(132)</u>	<u>48</u>

# LIBERTY TRIPADVISOR HOLDINGS, INC.

## CORPORATE DATA

### Board of Directors

**Gregory B. Maffei**  
(Chairman of the Board)

**Christy Haubegger**

**Michael J. Malone**

**Chris Mueller**

**M. Gregory O'Hara**  
(Vice Chairman)

**Larry E. Romrell**

**Albert E. Rosenthaler**

**J. David Wargo**

### 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)  
**Christy Haubegger**  
**Larry E. Romrell**

### Senior Officers

**Gregory B. Maffei**  
President and Chief Executive Officer

**Renee L. Wilm**  
Chief Legal Officer and  
Chief Administrative Officer

**Albert E. Rosenthaler**  
Chief Corporate Development Officer

**Courtnee A. Chun**  
Chief Portfolio Officer

**Brian J. Wendling**  
Chief Financial Officer and  
Senior Vice President

**Ben Oren**  
Senior Vice President and Treasurer

**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. Our 8% Series A Cumulative Redeemable Preferred Stock is not traded on any exchange or over the counter.

### 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 A. Chun  
[investor@libertytripadvisorholdings.com](mailto:investor@libertytripadvisorholdings.com)  
(844) 826-8736

### On the Internet

Visit the Liberty TripAdvisor Holdings, Inc. website at  
[www.libertytripadvisorholdings.com](http://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](http://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](http://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 2020 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:



Using approximately 9.5 fewer tons of wood, or 57 fewer trees



Using approximately 60.4 million fewer BTUs, or the equivalent of the amount of energy used by 74 residential refrigerators operated/year



Using approximately 42,600 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent to 3.9 cars/year



Saving approximately 50,700 gallons of water, or the equivalent to 2.5 swimming pools



Saving approximately 2,790 pounds of solid waste




Reducing hazardous air pollutants by approximately 3.8 pounds

Environmental impact estimates calculated using the Environmental Paper Network Paper Calculator. For more information visit [www.papercalculator.org](http://www.papercalculator.org).

## 2021 ANNUAL MEETING OF STOCKHOLDERS

 Wednesday, July 28, 2021

 9:15 a.m. Mountain Time

The 2021 Annual Meeting of Stockholders will be held via the Internet as a virtual meeting. See our Proxy Statement for additional information.

