Q1 2017 Results
May 2017
Forward-Looking Statements. Our presentation today, including the slides contained herein, contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts or guarantees of future performance and are based on management's assumptions and expectations, which are inherently subject to difficult to predict uncertainties, risks and changes in circumstances. The use of words such as "intends," "expects," "may," "believes," "should," "seeks," "intends," "plans," "potential," "will," "projects," "estimates," "anticipates" or similar expressions generally identify forward-looking statements. However, these words are not the exclusive means of identifying such statements, and any statements that refer to expectations, beliefs, plans, predictions, projections, forecasts, objectives, assumptions, models, illustrations, profiles or other characterizations of future events or circumstances are forward-looking statements, including without limitation statements relating to future revenues, expenses, margins, performance, profitability, cash flows, net income/(loss), earnings per share, growth rates and other measures of results of operations (such as adjusted EBITDA) and future growth prospects for TripAdvisor's business. Actual results and the timing and outcome of events may differ materially from those expressed or implied in the forward-looking statements for a variety of reasons, including, among others, those discussed in the “Risk Factors” section of our Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update any forward-looking or other statements in this presentation, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on forward-looking statements.

Non-GAAP Measures. This presentation also includes discussion of both GAAP and non-GAAP financial measures. Important information regarding TripAdvisor’s definition and use of these measures, as well as reconciliations of the non-GAAP financial measure to the most directly comparable GAAP financial measure are included in the earnings release reporting our first quarter 2017 financial results and supplemental financial information, which are available on the Investor Relations section of our website: www.tripadvisor.com, and in the “Non-GAAP Reconciliations” section of this document. These non-GAAP measures are intended to supplement, and are not a substitute for comparable GAAP measures. Investors are urged to consider carefully the comparable GAAP measures and reconciliations.

Industry / Market Data. Industry and market data used in this presentation have been obtained from industry publications and sources as well as from research reports prepared for other purposes. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness.
OUR MISSION

Help travelers around the world plan and book the perfect trip
Addressing Growth Opportunities in Huge Travel Market

- Global travel market is $1.3T\(^1\) and growing (5.5%\(^1\))
- Low online penetration (43%\(^2\)); fast growing online bookings (10.5%\(^2\)); marketer ad dollars following users and bookings online
- Our global brand has been built on content & community; strong brand loyalty lends to growing influence on travel commerce
- Users need easier one-stop-shopping experience, especially on phone
- Mobile shift enhances engagement and long-term growth opportunities, especially in-destination

(1) Estimated 2017 total travel market size and global online travel market size, according to Phocuswright Global Online Travel overview, Fourth Edition (November 2016)
(2) Estimated 2017 online penetration and online bookings growth, according to Phocuswright Global Online Travel overview, Fourth Edition (November 2016)
<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>User-Generated Content</strong></td>
<td></td>
</tr>
<tr>
<td>Reviews and opinions</td>
<td>500 MILLION</td>
</tr>
<tr>
<td>New content contributions per minute</td>
<td>290</td>
</tr>
<tr>
<td>Candid traveler photos</td>
<td>100 MILLION</td>
</tr>
<tr>
<td><strong>Travel Platform</strong></td>
<td></td>
</tr>
<tr>
<td>Accommodations</td>
<td>1.9 MILLION</td>
</tr>
<tr>
<td>Restaurants</td>
<td>4.3 MILLION</td>
</tr>
<tr>
<td>Attractions</td>
<td>790 THOUSAND</td>
</tr>
<tr>
<td><strong>Global Community</strong></td>
<td></td>
</tr>
<tr>
<td>Average monthly unique visitors</td>
<td>390 MILLION</td>
</tr>
<tr>
<td>Markets across the globe</td>
<td>49</td>
</tr>
<tr>
<td>Languages across the globe</td>
<td>28</td>
</tr>
</tbody>
</table>

(1) Includes 1.1M hotels, inns, and bed & breakfasts, as well as 820K vacation rental listings
(2) TripAdvisor internal log files, average monthly unique visitors during Q1 2017
Widening Moat of Listings and User-Generated Content

TripAdvisor Listings¹
(in thousands, except percentages)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hotels</th>
<th>Attractions</th>
<th>Restaurants</th>
<th>Vacation Rentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4,512</td>
<td>650</td>
<td>2,447</td>
<td>915</td>
</tr>
<tr>
<td>2015</td>
<td>6,199</td>
<td>3,809</td>
<td>4,260</td>
<td>625</td>
</tr>
<tr>
<td>2016</td>
<td>6,915</td>
<td>770</td>
<td>835</td>
<td>760</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>7,018</td>
<td>820</td>
<td>820</td>
<td>790</td>
</tr>
</tbody>
</table>

16% CAGR

TripAdvisor Reviews & Opinions¹
(in millions, except percentages)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hotels</th>
<th>Attractions</th>
<th>Restaurants</th>
<th>Vacation Rentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>200</td>
<td>500</td>
<td>320</td>
<td>465</td>
</tr>
<tr>
<td>2015</td>
<td>465</td>
<td>500</td>
<td>320</td>
<td>465</td>
</tr>
<tr>
<td>2016</td>
<td>500</td>
<td>500</td>
<td>320</td>
<td>465</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>500</td>
<td>500</td>
<td>320</td>
<td>465</td>
</tr>
</tbody>
</table>

36% CAGR

(1) TripAdvisor internal log files
TripAdvisor’s global brand and differentiated content drives the largest global audience in the world

TripAdvisor Average Monthly Unique Visitors

(in millions, except percentages)

Q1 2014: 223
Q1 2015: 281
Q1 2016: 338
Q1 2017: 386

20% CAGR

(1) TripAdvisor internal log files, average monthly unique visitors during Q1
Strong Value Proposition for Users and Partners Alike

Users ➞

**Great User Experience**
Users can research content, compare prices and book on TripAdvisor

**Global Audience**
390M average monthly unique visitors and 150M hotel shoppers¹

**Differentiated offering**
Best end-to-end in travel solutions, from accommodations to activities and restaurants

**High-Value Leads**
Shoppers looking to book accommodations, attractions, restaurants & flights

(1) TripAdvisor internal log files, average monthly unique visitors during Q1 2017

← Partners
Executing Towards Long-Term Strategic Priorities

Deliver Best User Experience in Travel
Continuously create and improve products that travelers love

Be an Attractive Platform for More Partners
Enable more partners to drive more value from TripAdvisor platform

Focus on Long-term, Sustainable Growth
Balanced investments to drive long-term cash flow growth
Building a Differentiated End-to-End User Experience

Research & Plan

- User reviews and opinions have continued to reinforce TripAdvisor as the best place to research and plan a trip

Price Compare

- Since 2013 metasearch rollout, users can compare hotel prices without leaving the TripAdvisor experience

Book

- 2015-2016: we rolled out hotel instant booking as well as grew bookable Attractions, Restaurants, and Vacation Rentals

On the Trip

- Continue to invest in our top-ranked mobile app to help find and book in-destination activities – every user’s best travel companion
TripAdvisor User Flywheel Continues to Hum & Increase Engagement

**ENGAGEMENT:**
I already love TripAdvisor

**TRUST:**
I find more great content, choice and convenience

**LOYALTY:**
I am more likely to go to TripAdvisor again

**ADOPTION:**
I can do more with TripAdvisor for more: booking hotels and attractions, etc.

**EXPERIENCE:**
TripAdvisor helped make my trip memorable
Best content for travel decision-making

Compare and find the best prices

Complete booking on all devices

Top-ranked mobile app for travel-planning and in-destination activities – every user’s best travel companion
World’s Most Popular Travel Website

How Travelers Decide on an Accommodation (% of travelers)

- TripAdvisor: 55%
- OTAs: 45%
- Content Posted by Travelers: 39%
- Official Hotel Ratings: 39%
- Word of Mouth: 26%

Source: 2016 TripBarometer survey based on data from over 36K respondents across 33 countries
BUILDING THE HABIT

- Repeat usage and repeat bookings growing on all devices
- Prior bookers more likely to visit via direct channels
- Deepening consumer relationship; transaction-level data helps personalization
- Non-Hotel businesses help more users more frequently in more moments and further build the habit of booking on TripAdvisor
Early Signs of Instant Booking Success

Helping Users Find the Lowest Prices

Streamlining Hotel Shopping Experience

With a cleaner, refreshed hotel shopping experience, users can come back to find the lowest prices when ready to book.
Non-Hotel Businesses Drive More Engagement and Higher Monetization on our Platform

Attractions

- Central Park
  - #1 of 1,047 things to do in New York City
  - 85,429 Reviews
  - Sights & Landmarks, Nature & Parks
  - Book a Tour from $40.00*

- The National 9/11 Memorial & Museum
  - #2 of 1,047 things to do in New York City
  - 56,071 Reviews
  - (Ex) Travelers’ Choice 2016
  - Sights & Landmarks, Museums
  - Book a Tour from $28.00*

- The Metropolitan Museum of Art
  - #3 of 1,047 things to do in New York City
  - 38,162 Reviews
  - (Ex) Travelers’ Choice 2016
  - Sights & Landmarks, Museums
  - Book a Tour

Restaurants

- Daniel
  - 2,324 Reviews
  - French, Gluten Free Options
  - 177 mi
  - $$$$ Open Now
  - 5:30PM - 11:00PM
  - Find a table

Vacation Rentals

- LUXURY NYC Apt near Times Sqr.
  - 1 Bed, 1 Bath, Sleeps 4
  - 178 mi
  - $319 per night
  - Book now
With Nearly Half of our Traffic\(^1\) on Phone, TripAdvisor’s Mobile Products Make the Perfect Travel Companion

(1) Average monthly unique visitors
Working Hard Towards our Strategic Initiatives

- Improve the overall hotel shopping experience
- Drive brand repositioning through online and offline marketing
- Grow In-Destination content and bookable products in our Non-Hotel segment
Why Invest in TripAdvisor?

- Secular tailwinds from travel commerce continuing to shift online
- Globally recognized brand with nearly 390M monthly unique users and best-in-class engagement metrics
- Highly valuable, one-of-a-kind data assets, scaled and unique user-generated content (500M reviews & opinions)
- Global reach and presence with branded websites in 49 markets and 28 languages worldwide
- Diversified business model with multiple monetization streams
- Strong and sustainable revenue growth
- Consistent cash flow generation
- Margin re-acceleration during Instant Booking business transition
Financial Update
Financial Highlights

Revenue Scale
$1.5B
Total Revenue

Growth CAGR
18% 2011-2016 Revenue

Strong Profitability
$352M
Adjusted EBITDA

Cash Flow Generative
$321M
Operating Cash Flow

Balanced investments to drive long-term cash flow growth

(1) For year ended December 31, 2016
(2) Adjusted EBITDA is a non-GAAP measure and is defined as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, and (7) other non-recurring expenses and income.
TripAdvisor Monetization Flywheel still in its Early Stages

User growth increases monetization potential and maintains highest brand loyalty

Increased user economics enables user growth

Increased stickiness drives increased revenue per hotel shopper 1

TripAdvisor offers more products and more choice for consumers

More bookings on our site drives increased stickiness and higher repeat usage

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1. Currently experiencing growth headwinds due to the following factors: global launch of our hotel instant booking feature, a greater percentage of hotel shoppers visiting TripAdvisor websites via mobile phones, which monetize at a significantly lower rate than hotel shoppers that visit TripAdvisor websites via desktop or tablet, increased competition, macroeconomic and geopolitical factors, including foreign currency and a number of terrorism events, among other factors.
Diversified Business Model with Multiple Monetization Streams

### Hotel:

**Click-based and Transaction**
Highly qualified hotel shopper leads through metasearch auction and bookings driven by Instant Booking

![Hotel Advertising Examples](image)

**Display and Subscription**
Nearly 390M average monthly unique visitors across 49 localized points of sale

![Display Advertising Example](image)

**Other Hotel**
Click-based and Display-based advertising revenue sold through non-TripAdvisor branded websites

### Non-Hotel:

**Attractions**
Users can research and book 790K activities and attractions in popular travel destinations

![Attraction Choices Example](image)

**Restaurants**
Users can research and book over 4.3M restaurants through our restaurant reservation business, the Fork

![Restaurant Booking Example](image)

**Vacation Rentals**
Users can research and book 820K vacation and short-term rental properties

![Vacation Rental Example](image)

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(1) TripAdvisor internal log files, average monthly unique visitors during Q1 2017
Diversified Revenue Streams Represent our Strong Brand and Global Presence

(in millions, except percentages)

### By Revenue Source

1Q 2017

- **$211M** (57%)
- **$38M** (17%)
- **$65M** (10%)
- **$58M** (16%)

- TripAdvisor-branded click-based & transaction
- TripAdvisor-branded display-based ad. & subscription
- Other hotel revenue
- Non-hotel revenue

### By Geography

1Q 2017

- **$210M** (57%)
- **$98M** (26%)
- **$64M** (17%)

- U.S.
- Europe
- Rest of World
Large, Established Revenue Base in Hotels

TripAdvisor Hotel Revenue
(in millions, except percentages)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hotel Adjusted EBITDA</th>
<th>Hotel Adjusted EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$732</td>
<td>48%</td>
</tr>
<tr>
<td>2013</td>
<td>$899</td>
<td>43%</td>
</tr>
<tr>
<td>2014</td>
<td>$1,135</td>
<td>42%</td>
</tr>
<tr>
<td>2015</td>
<td>$1,263</td>
<td>37%</td>
</tr>
<tr>
<td>2016</td>
<td>$1,190</td>
<td>32%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>$303</td>
<td>35%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>$314</td>
<td>28%</td>
</tr>
</tbody>
</table>

(1) Adjusted EBITDA is our segment profit measure and is defined as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, and (7) other non-recurring expenses and income.

(2) Adjusted EBITDA margin by segment is defined by segment Adjusted EBITDA divided by segment revenue.
Growth Trends Improving; U.S. Seeing Double Digit growth, Representing the Pace Car for Improving Trends

Revenue per Shopper and Hotel Shopper YoY Growth

Average Monthly Unique Hotel Shoppers (1)

TA Click-based and Transaction Revenue per Hotel Shopper

(1) TripAdvisor internal log files
Non-Hotel Segment Driving Diversified Revenue Growth

TripAdvisor Non-Hotel Revenue
(in millions, except percentages)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Adjusted EBITDA</th>
<th>Adjusted EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$31</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>2013</td>
<td>$46</td>
<td>(5)</td>
<td>(11%)</td>
</tr>
<tr>
<td>2014</td>
<td>$111</td>
<td>(4)</td>
<td>(4%)</td>
</tr>
<tr>
<td>2015</td>
<td>$229</td>
<td>(6)</td>
<td>(3%)</td>
</tr>
<tr>
<td>2016</td>
<td>$290</td>
<td>(28)</td>
<td>(10%)</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>$49</td>
<td>(21)</td>
<td>(43%)</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>$58</td>
<td>(15)</td>
<td>(26%)</td>
</tr>
</tbody>
</table>

1. Adjusted EBITDA is our segment profit measure and is defined as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, and (7) other non-recurring expenses and income
2. Adjusted EBITDA margin by segment is defined by segment Adjusted EBITDA divided by segment revenue
## Strong Cash Flow and Profitability Amidst Investments

<table>
<thead>
<tr>
<th></th>
<th>Q1’17</th>
<th>Q4’16</th>
<th>Q1’16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP Net income</strong></td>
<td>$13</td>
<td>$1</td>
<td>$29</td>
</tr>
<tr>
<td><strong>Non-GAAP net income</strong></td>
<td>$35</td>
<td>$23</td>
<td>$49</td>
</tr>
<tr>
<td><strong>GAAP Diluted EPS</strong></td>
<td>$0.09</td>
<td>$0.01</td>
<td>$0.20</td>
</tr>
<tr>
<td><strong>Non-GAAP Diluted EPS</strong></td>
<td>$0.24</td>
<td>$0.16</td>
<td>$0.33</td>
</tr>
<tr>
<td><strong>Cash flow provided by</strong></td>
<td>$134</td>
<td>$46</td>
<td>$124</td>
</tr>
<tr>
<td><strong>operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>$116</td>
<td>$30</td>
<td>$107</td>
</tr>
<tr>
<td><strong>Cash, cash equivalents &amp;</strong></td>
<td>$749</td>
<td>$746</td>
<td>$709</td>
</tr>
<tr>
<td><strong>marketable securities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) TripAdvisor defines “non-GAAP net income” as GAAP net income excluding, net of their related tax effects: (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) certain gains, losses, and other expenses that we do not believe are indicative of our ongoing operating results; (4) goodwill, long-lived assets and intangible asset impairments and (5) other non-recurring expenses and income.

(2) TripAdvisor defines “non-GAAP net income per diluted share” as non-GAAP net income divided by GAAP diluted shares.

(3) TripAdvisor defines “free cash flow”, a non-GAAP measure, as net cash provided by operating activities less capital expenditures, which are purchases of property and equipment, including capitalization of internal-use software development costs.
### Q1 2017 Segment Financial Information

(in millions, except percentages)

<table>
<thead>
<tr>
<th></th>
<th>Q1’17</th>
<th>Q4’16</th>
<th>Q1’16</th>
<th>YoY % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel</td>
<td>$314</td>
<td>$252</td>
<td>$303</td>
<td>4%</td>
</tr>
<tr>
<td>Non-Hotel</td>
<td>$58</td>
<td>$64</td>
<td>$49</td>
<td>18%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$372</td>
<td>$316</td>
<td>$352</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA 1:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel</td>
<td>$88</td>
<td>$66</td>
<td>$106</td>
<td>(17%)</td>
</tr>
<tr>
<td>Non-Hotel</td>
<td>($15)</td>
<td>($8)</td>
<td>($21)</td>
<td>29%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin by Segment 2:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel</td>
<td>28%</td>
<td>26%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Non-Hotel</td>
<td>(26%)</td>
<td>(13%)</td>
<td>(43%)</td>
<td></td>
</tr>
</tbody>
</table>

1. Adjusted EBITDA is our segment profit measure and is defined as net income (loss) plus: (i) provision for income taxes; (ii) other income (expense), net; (iii) depreciation of property and equipment, including amortization of internal use software and website development; (iv) amortization of intangible assets; (v) stock-based compensation and other stock-settled obligations; (vi) goodwill, long-lived asset and intangible asset impairments; and (vii) other non-recurring expenses and income.

2. TripAdvisor defines “Adjusted EBITDA margin by segment” as segment Adjusted EBITDA divided by segment revenue.
Non-GAAP Reconciliations

*(in millions, except per share amounts)*

### Reconciliation from GAAP Net Income to Adjusted EBITDA (Non-GAAP):

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>GAAP Net income</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>Add: Provision (benefit) for income taxes</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Add: Other expense (income), net</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Add: Stock-based compensation</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>Add: Amortization of intangible assets</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Add: Depreciation</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Adjusted EBITDA (Non-GAAP)</td>
<td>$85</td>
<td>$95</td>
</tr>
</tbody>
</table>

### Reconciliation from GAAP Net Income to Non-GAAP Net Income:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>GAAP Net income</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>Add: Stock-based compensation</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>Add: Amortization of intangible assets</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Subtract: Income tax effect of non-GAAP adjustments</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Non-GAAP Net Income</td>
<td>$49</td>
<td>$56</td>
</tr>
</tbody>
</table>

### Reconciliation from GAAP Earnings per Share (EPS) to Non-GAAP EPS:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>GAAP Diluted Shares Outstanding</td>
<td>147</td>
<td>147</td>
</tr>
<tr>
<td>Diluted GAAP EPS</td>
<td>$0.20</td>
<td>$0.23</td>
</tr>
<tr>
<td>Diluted Non-GAAP EPS</td>
<td>$0.33</td>
<td>$0.38</td>
</tr>
</tbody>
</table>

### Free Cash Flow:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Cash flow provided by (used in) operations</td>
<td>$124</td>
<td>$238</td>
</tr>
<tr>
<td>Subtract: Capital expenditures</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Free Cash Flow (Non-GAAP)</td>
<td>$107</td>
<td>$219</td>
</tr>
</tbody>
</table>
The Company believes that non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enables comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating and analyzing our business.

(1) In the third quarter of 2016, the Company early adopted Accounting Standards Update (“ASU”) 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. This guidance requires us to reflect any adjustments as of January 1, 2016, the beginning of the annual period that includes the interim period of adoption. The primary impact of adoption was the recognition of excess tax benefits and tax deficiencies in our provision for income taxes rather than additional paid-in capital for all periods in 2016 and resulted in a decrease to our provision for income taxes of $2 million and $1 million during the three months ended March 31, 2016 and June 30, 2016, respectively. As a result, net income increased $2 million and $1 million during the three months ended March 31, 2016 and June 30, 2016, respectively.

(2) Depreciation. Includes internal use software and website development amortization.

(3) Adjusted EBITDA. A non-GAAP measure which is defined as net income (loss) plus: (i) provision for income taxes; (ii) other income (expense), net; (iii) depreciation of property and equipment, including amortization of internal use software and website development; (iv) amortization of intangible assets; (v) stock-based compensation and other stock-settled obligations; (vi) goodwill, long-lived asset and intangible asset impairments; and (vii) other non-recurring expenses and income. These items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful. Adjusted EBITDA is our segment profit measure and a key measure used by our management and board of directors to understand and evaluate the operating performance of our business and on which internal budgets and forecasts are based and approved. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors and allows for another useful comparison of our performance with our historical results from prior periods.

(4) Income Tax Effect of Non-GAAP Adjustments. The non-GAAP adjustments described are reported on a pre-tax basis. The income tax effect on non-GAAP adjustments was calculated based on the individual impact that these items had on our GAAP consolidated income tax expense for the periods presented.

(5) Non-GAAP Net Income. Defined as GAAP net income excluding, net of their related tax effects: (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) certain gains, losses, and other expenses that we do not believe are indicative of our ongoing operating results; (4) goodwill, long-lived assets and intangible asset impairments and (5) other non-recurring expenses and income. We believe non-GAAP net income is an operating performance measure which provides investors and analysts with useful supplemental information about the financial performance of our business, as it incorporates our unaudited condensed consolidated statement of operations, taking into account depreciation, which management believes is an ongoing cost of doing business, but excluding the impact of certain expenses, infrequently occurring items and items not directly tied to the core operations of our businesses, and also enables comparison of financial results between periods where certain items may vary independent of business performance.

(6) Diluted Non-GAAP EPS. Defined as non-GAAP net income divided by GAAP diluted shares. We believe non-GAAP EPS is useful to investors because it represents, on a per share basis, our unaudited condensed consolidated statement of operations, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other items which are not allocated to the operating businesses such as interest expense, interest income, income taxes and foreign exchange gains or losses, but excluding the effects of certain expenses not directly tied to the core operations of our businesses. During the second quarter of 2016, the Company began calculating non-GAAP net income per diluted share using GAAP diluted shares determined under the treasury stock method. All historical periods have been conformed to the current calculation method. This change did not have a material effect on our previously reported non-GAAP net income per diluted share calculations in prior periods.

(7) In the third quarter of 2016, the Company early adopted Accounting Standards Update (“ASU”) 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which eliminates the requirement to reclassify excess tax benefits related to stock-based compensation from operating to financing activities in the statement of cash flows. The retrospective application to prior periods resulted in the reclassification of cash flows related to excess tax benefits from financing activities to operating activities, or an increase in cash flows provided by operating activities of $4 million and $2 million for the three months ending March 31, 2016 and June 30, 2016, respectively. In addition, this resulted in corresponding increases in free cash flows for those periods.

(8) Free Cash Flow. Defined as net cash provided by operating activities less capital expenditures, which are purchases of property and equipment, including capitalization of internal-use software development costs. We believe this financial measure can provide useful supplemental information to help investors better understand underlying trends in our business, as it represents the operating cash flow that our operating businesses generate, less capital expenditures but before taking into account other cash movements that are not directly tied to the core operations of our businesses, such as financing activities, foreign exchange or certain investing activities. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. Therefore, it is important to evaluate Free Cash Flow along with the unaudited condensed consolidated statements of cash flows.

* Year to date totals reflect data as reported and is not necessarily a summation of the quarterly data.