

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

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

For the quarterly period ended March 31, 2015

OR

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

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

Commission file number: 001-35362

**TRIPADVISOR, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

80-0743202  
(I.R.S. Employer  
Identification No.)

141 Needham Street  
Newton, MA 02464  
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code:  
(617) 670-6300

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

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

Class	Outstanding Shares at May 1, 2015
Common Stock, \$0.001 par value per share	130,709,499 shares
Class B common stock, \$0.001 par value per share	12,799,999 shares

TripAdvisor, Inc.  
Form 10-Q  
For the Quarter Ended March 31, 2015

Table of Contents

	<u>Page</u>
<b>Part I—Financial Information</b>	
Item 1. Unaudited Financial Statements	
<a href="#">Unaudited Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and 2014</a>	3
<a href="#">Unaudited Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014</a>	4
<a href="#">Unaudited Consolidated Balance Sheets at March 31, 2015 and December 31, 2014</a>	5
<a href="#">Unaudited Consolidated Statement of Changes in Stockholders' Equity for the Three Months Ended March 31, 2015</a>	6
<a href="#">Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014</a>	7
<a href="#">Notes to Unaudited Consolidated Financial Statements</a>	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3. Quantitative and Qualitative Disclosures about Market Risk	35
Item 4. Controls and Procedures	35
 <a href="#">Part II—Other Information</a>	
Item 1. Legal Proceedings	36
<a href="#">Item 1A. Risk Factors</a>	36
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	36
<a href="#">Item 3. Defaults Upon Senior Securities</a>	36
<a href="#">Item 4. Mine Safety Disclosures</a>	36
<a href="#">Item 5. Other Information</a>	36
<a href="#">Item 6. Exhibits</a>	37
 <a href="#">Signature</a>	38

**PART I – FINANCIAL INFORMATION**  
**Item 1. Unaudited Financial Statements**

**TRIPADVISOR, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share amounts)

	Three months ended March 31,	
	2015	2014
Revenue	\$ 363	\$ 281
Costs and expenses:		
Cost of revenue (1)	13	8
Selling and marketing (2)	157	101
Technology and content (2)	49	38
General and administrative (2)	33	26
Depreciation	14	10
Amortization of intangible assets	7	2
Total costs and expenses:	273	185
Operating income	90	96
Other income (expense):		
Interest expense	(2)	(2)
Interest income and other, net	(2)	-
Total other expense, net	(4)	(2)
Income before income taxes	86	94
Provision for income taxes	(23)	(26)
Net income	\$ 63	\$ 68
Earnings per share attributable to common stockholders (Note 13):		
Basic	\$ 0.44	\$ 0.48
Diluted	\$ 0.43	\$ 0.47
Weighted average common shares outstanding (Note 13):		
Basic	143	142
Diluted	146	146
(1) Excludes amortization as follows:		
Amortization of acquired technology included in amortization of intangible assets	\$ 2	\$ -
Amortization of website development costs included in depreciation	9	6
	\$ 11	\$ 6
(2) Includes stock-based compensation expense as follows:		
Selling and marketing	\$ 4	\$ 3
Technology and content	6	6
General and administrative	6	5

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**TRIPADVISOR, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)

	Three months ended	
	March 31,	
	2015	2014
Net income	\$ 63	\$ 68
Other comprehensive income (loss):		
Foreign currency translation adjustments (1)	(28)	1
Total other comprehensive income (loss)	(28)	1
Comprehensive income	<u>\$ 35</u>	<u>\$ 69</u>

- (1) Foreign currency translation adjustments exclude income taxes due to our practice and intention to indefinitely reinvest the earnings of our foreign subsidiaries in those operations.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**TRIPADVISOR, INC.**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
(in millions, except number of shares and per share amounts)

	March 31, 2015	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 505	\$ 455
Short-term marketable securities (Note 4)	118	108
Accounts receivable, net of allowance for doubtful accounts of \$7 and \$7 at March 31, 2015 and December 31, 2014, respectively	229	151
Prepaid expenses and other current assets	42	33
<b>Total current assets</b>	<b>894</b>	<b>747</b>
Long-term marketable securities (Note 4)	19	31
Property and equipment, net (Note 5)	226	195
Other long-term assets	39	38
Intangible assets, net (Note 6)	196	214
Goodwill (Note 6)	720	734
<b>TOTAL ASSETS</b>	<b>\$ 2,094</b>	<b>\$ 1,959</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 26	\$ 19
Deferred merchant payables	148	93
Deferred revenue	77	57
Credit facility borrowings (Note 7)	40	38
Borrowings, current (Note 7)	40	40
Taxes payable	6	20
Accrued expenses and other current liabilities (Note 9)	115	114
<b>Total current liabilities</b>	<b>452</b>	<b>381</b>
Deferred income taxes, net	39	39
Other long-term liabilities (Note 10)	174	154
Borrowings, net of current portion (Note 7)	250	260
<b>Total Liabilities</b>	<b>915</b>	<b>834</b>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.001 par value		
Authorized shares: 100,000,000	-	-
Shares issued and outstanding: 0 and 0		
Common stock, \$0.001 par value	-	-
Authorized shares: 1,600,000,000		
Shares issued: 132,898,365 and 132,315,465		
Shares outstanding: 130,704,192 and 130,121,292		
Class B common stock, \$0.001 par value	-	-
Authorized shares: 400,000,000		
Shares issued and outstanding: 12,799,999 and 12,799,999		
Additional paid-in capital	692	673
Retained earnings	691	628
Accumulated other comprehensive income (loss)	(59)	(31)
Treasury stock-common stock, at cost, 2,194,173 and 2,194,173 shares, March 31, 2015 and December 31, 2014, respectively	(145)	(145)
<b>Total Stockholders' Equity</b>	<b>1,179</b>	<b>1,125</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,094</b>	<b>\$ 1,959</b>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**TRIPADVISOR, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**  
(in millions, except number of shares)

	<u>Common stock</u>		<u>Class B common stock</u>		<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Treasury Stock</u>		<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				<u>Shares</u>	<u>Amount</u>	
<b>Balance as of December 31, 2014</b>	132,315,465	\$ -	12,799,999	\$ -	\$ 673	\$ 628	\$ (31)	(2,194,173)	\$ (145)	\$ 1,125
Net income						63				63
Foreign currency translation adjustments							(28)			(28)
Issuance of common stock related to exercises of options and vesting of RSUs	582,900	-			8					8
Tax benefits on equity awards, net					6					6
Minimum withholding taxes on net share settlements of equity awards					(13)					(13)
Stock-based compensation					18					18
<b>Balance as of March 31, 2015</b>	<u>132,898,365</u>	<u>\$ -</u>	<u>12,799,999</u>	<u>\$ -</u>	<u>\$ 692</u>	<u>\$ 691</u>	<u>\$ (59)</u>	<u>(2,194,173)</u>	<u>\$ (145)</u>	<u>\$ 1,179</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**TRIPADVISOR, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	<u>Three months ended March 31,</u>	
	<u>2015</u>	<u>2014</u>
<b>Operating activities:</b>		
Net income	\$ 63	\$ 68
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment, including amortization of internal-use software and website development	14	10
Stock-based compensation expense	16	14
Amortization of intangible assets	7	2
Deferred tax expense	3	1
Excess tax benefits from stock-based compensation	(7)	(11)
Other, net	2	2
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable, prepaid expenses and other assets	(71)	(38)
Accounts payable, accrued expenses and other liabilities	4	(5)
Deferred merchant payables	60	34
Income taxes, net	(13)	18
Deferred revenue	21	14
<b>Net cash provided by operating activities</b>	<u>99</u>	<u>109</u>
<b>Investing activities:</b>		
Acquisitions, net of cash acquired	(5)	-
Capital expenditures, including internal-use software and website development	(31)	(20)
Purchases of marketable securities	(32)	(203)
Sales of marketable securities	25	52
Maturities of marketable securities	9	44
<b>Net cash used in investing activities</b>	<u>(34)</u>	<u>(127)</u>
<b>Financing activities:</b>		
Proceeds from credit facilities	2	5
Payments to credit facilities	-	(3)
Principal payments on long-term debt	(10)	(10)
Proceeds from exercise of stock options	8	2
Payment of minimum withholding taxes on net share settlements of equity awards	(13)	(18)
Excess tax benefits from stock-based compensation	7	11
Other, net	3	(1)
<b>Net cash used in financing activities</b>	<u>(3)</u>	<u>(14)</u>
Effect of exchange rate changes on cash and cash equivalents	(12)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	50	(32)
Cash and cash equivalents at beginning of period	455	351
<b>Cash and cash equivalents at end of period</b>	<u>\$ 505</u>	<u>\$ 319</u>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Capitalization of construction in-process related to build to suit lease obligation	\$ 4	\$ 14
Capital expenditures incurred but not yet paid primarily related to build to suit lease	\$ 8	\$ -

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**TRIPADVISOR, INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1: BUSINESS DESCRIPTION AND BASIS OF PRESENTATION**

We refer to TripAdvisor, Inc. and our wholly-owned subsidiaries as “TripAdvisor,” “the Company,” “us,” “we” and “our” in these notes to the unaudited consolidated financial statements.

***Description of Business***

TripAdvisor is an online travel company, empowering users to plan and book the perfect trip. TripAdvisor’s travel research platform aggregates reviews and opinions of members about destinations, accommodations, activities and attractions, and restaurants throughout the world so that our users have access to trusted advice wherever their trips take them. Our platform not only helps users plan their trips with our unique user-generated content, but also enables users to compare real-time pricing and availability so that they can book hotels, vacation rentals, flights, activities and attractions, and restaurants.

Our flagship brand is TripAdvisor. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 45 countries worldwide. In addition to the flagship TripAdvisor brand, we manage and operate 24 other media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector, which include: www.airfarewatchdog.com, www.bookingbuddy.com, www.cruisecritic.com, www.everytrail.com, www.familyvacationcritic.com, www.flipkey.com, www.thefork.com (including www.lafourchette.com, www.eltenedor.com, www.iens.nl and www.besttables.com), www.gateguru.com, www.holidaylettings.co.uk, www.holidaywatchdog.com, www.independenttraveler.com, www.jetsetter.com, www.niumba.com, www.onetime.com, www.oyster.com, www.seatguru.com, www.smartertravel.com, www.tingo.com, www.travelpod.com, www.tripbod.com, www.vacationhomerentals.com, www.viator.com, www.virtualtourist.com, and www.kuxun.cn.

We derive the substantial portion of our revenue through the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. In addition, we earn revenue from a combination of subscription-based and transaction-based offerings, including: Business Listings; subscription and commission-based offerings from our Vacation Rentals products; transaction revenue from selling room nights through our Jetsetter and Tingo brands; selling destination activities from Viator; fulfilling online restaurant reservations, primarily through Lafourchette; as well as other revenue including content licensing.

We have two reportable segments: Hotel and Other. Our Other segment consists of the aggregation of three operating segments, which include our Attractions, Restaurants and Vacation Rentals businesses. Our operating segments are determined based on how our chief operating decision maker manages our business, regularly assesses information and evaluates performance for operating decision-making purposes, including allocation of resources. For further information on our reportable segments see “Note 12 — Segment Information,” in these notes to our unaudited consolidated financial statements.

***Basis of Presentation***

The accompanying unaudited financial statements present our results of operations, financial position and cash flows on a consolidated basis. The accompanying unaudited consolidated financial statements include TripAdvisor, our wholly-owned subsidiaries, and entities we control, or in which we have a variable interest and are the primary beneficiary of expected cash profits or losses. We have eliminated significant intercompany transactions and accounts.

Certain of our subsidiaries that operate in China have variable interests in affiliated entities in China in order to comply with Chinese laws and regulations, which restrict foreign investment in Internet content provision businesses. Although we do not own the capital stock of some of our Chinese affiliates, we consolidate their results as we are the primary beneficiary of the cash losses or profits of these variable interest affiliates and have the power to direct the activities of these affiliates. Our variable interest entities are not material for all periods presented.

We have prepared the accompanying unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”). We have included all adjustments necessary for a fair presentation of the results of the interim period. These adjustments consist of normal recurring items. We prepared the unaudited consolidated financial statements following the requirements of the U.S. Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules, we have condensed or omitted certain footnotes or other financial information that are normally required by GAAP for annual financial statements. Our interim unaudited consolidated financial statements are not necessarily indicative of results that may be expected for any other interim period or for the full year. These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2014, previously filed with the SEC.



## **Reclassifications**

Pursuant to our disclosure in “Note 16— Segment and Geographic Information” in the notes to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2014, management revised our reportable segments. All prior periods disclosures have been reclassified to conform to the current reporting structure. These reclassifications had no effect on our unaudited consolidated financial statements.

All other reclassifications made to conform the prior period to the current presentation, were not material and had no net effect on our unaudited consolidated financial statements.

## **Accounting Estimates**

We use estimates and assumptions in the preparation of our unaudited consolidated financial statements in accordance with GAAP. Our estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our unaudited consolidated financial statements. These estimates and assumptions also affect the reported amount of net income or loss during any period. Our actual financial results could differ significantly from these estimates. The significant estimates underlying our unaudited consolidated financial statements include: (i) recoverability of intangible assets and goodwill, (ii) recoverability and useful life of long-lived assets, (iii) accounting for income taxes, (iv) purchase accounting for business combinations and (v) stock-based compensation.

## **Seasonality**

Expenditures by travel advertisers tend to be seasonal. Traditionally, our strongest quarter has been the third quarter, which is a key travel research period, with the weakest quarter being the fourth quarter. However, adverse economic conditions or continued growth of our international operations with differing holiday peaks may influence the typical trend of our seasonality in the future.

## **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

### ***New Accounting Pronouncements Not Yet Adopted***

#### *Revenue From Contracts With Customers*

In May 2014, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a retrospective or cumulative effect transition method. As currently issued, this guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016 and early adoption is not permitted. In April 2015, the FASB proposed deferring the effective date by one year to December 15, 2017, for annual reporting periods beginning after that date. The FASB also proposed permitting early adoption of the standard, but not before the original effective date of December 15, 2016. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on our unaudited consolidated financial statements and related disclosures.

There have been no material changes to our significant accounting policies since December 31, 2014. For additional information about our critical accounting policies and estimates, refer to “Note 2— Significant Accounting Policies”, in the notes to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2014.

### NOTE 3: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS

#### Stock-Based Compensation Expense

The following table presents the amount of stock-based compensation expense related to stock-based awards, primarily stock options and restricted stock units (“RSUs”), on our unaudited consolidated statements of operations during the periods presented:

	Three months ended	
	March 31,	
	2015	2014
	(in millions)	
Selling and marketing	\$ 4	\$ 3
Technology and content	6	6
General and administrative	6	5
Total stock-based compensation	16	14
Income tax benefit from stock-based compensation	(6)	(5)
Total stock-based compensation, net of tax effect	\$ 10	\$ 9

#### Stock-Based Award Activity and Valuation

##### 2015 Stock Option Activity

During the three months ended March 31, 2015, we have issued 367,659 service-based non-qualified stock options under the Company’s 2011 Stock and Annual Incentive Plan, as amended (the “2011 Incentive Plan”). These stock options have a term of ten years from the date of grant and vest equitably over a four-year requisite service period.

A summary of the status and activity for stock option awards relating to our common stock for the three months ended March 31, 2015, is presented below:

	Options Outstanding (in thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding at January 1, 2015	8,651	\$ 44.47		
Granted	368	86.07		
Exercised (1)	(585)	34.30		
Cancelled or expired	(91)	51.97		
Options outstanding at March 31, 2015	8,343	\$ 46.94	4.9	\$ 312
Exercisable as of March 31, 2015	4,630	\$ 34.42	3.1	\$ 227
Vested and expected to vest after March 31, 2015	8,153	\$ 46.51	4.8	\$ 307

- (1) Inclusive of 203,689 options which were not converted into shares due to net share settlement in order to cover the aggregate exercise price and the minimum amount of required employee withholding taxes. Potential shares that had been convertible under stock options that were withheld under net share settlement remain in the authorized but unissued pool under the 2011 Incentive Plan and can be reissued by the Company. Total payments for the employees’ tax obligations to the taxing authorities due to net share settlements are reflected as a financing activity within the unaudited consolidated statements of cash flows.

Aggregate intrinsic value represents the difference between the closing stock price of our common stock and the exercise price of outstanding, in-the-money options. Our closing stock price as reported on The NASDAQ Global Select Market as of March 31, 2015 was \$83.17. The total intrinsic value of stock options exercised for the three months ended March 31, 2015 and 2014 was \$31 million and \$36 million, respectively.

The fair value of stock option grants under the 2011 Incentive Plan has been estimated at the date of grant using the Black–Scholes option pricing model with the following weighted average assumptions for the periods presented:

	Three months ended March 31,	
	2015	2014
Risk free interest rate	1.51%	1.97%
Expected term (in years)	5.21	6.38
Expected volatility	41.86%	48.09%
Expected dividend yield	— %	— %

The weighted-average grant date fair value of options granted was \$33.79 and \$47.36 for the three months ended March 31, 2015 and 2014, respectively. The total fair value of stock options vested for the three months ended March 31, 2015 and 2014 was \$25 million and \$23 million, respectively.

#### 2015 RSU Activity

During the three months ended March 31, 2015, we issued 514,579 RSUs under the 2011 Incentive Plan for which the fair value was measured based on the quoted price of our common stock on the date of grant. These RSUs vest over a four-year requisite service period.

The following table presents a summary of our RSU activity during the three months ended March 31, 2015:

	RSUs Outstanding (in thousands)	Weighted Average Grant- Date Fair Value Per Share	Aggregate Intrinsic Value (in millions)
Unvested RSUs outstanding as of January 1, 2015	1,448	\$ 71.33	
Granted	515	87.52	
Vested and released (1)	(287)	64.32	
Cancelled	(91)	65.64	
Unvested RSUs outstanding as of March 31, 2015	1,585	\$ 78.18	\$ 132

- (1) Inclusive of 88,714 RSUs withheld to satisfy employee minimum tax withholding requirements due to net share settlement. Potential shares which had been convertible under RSUs that were withheld under net share settlement remain in the authorized but unissued pool under the 2011 Incentive Plan and can be reissued by the Company. Total payments for the employees' tax obligations to the taxing authorities due to net share settlements are reflected as a financing activity within the unaudited consolidated statements of cash flows.

#### Unrecognized Stock-Based Compensation

A summary of our remaining unrecognized stock-based compensation expense, net of estimated forfeitures, and the weighted average remaining amortization period at March 31, 2015 related to our non-vested stock options and RSU awards is presented below (in millions, except per year information):

	Stock Options	RSUs
Unrecognized compensation expense (net of forfeitures)	\$ 85	\$ 99
Weighted average period remaining (in years)	2.7	3.2

**NOTE 4: FINANCIAL INSTRUMENTS**

**Cash, Cash Equivalents and Marketable Securities**

The following tables show our cash and available-for-sale securities' amortized cost, gross unrealized gains, gross unrealized losses and fair value by significant investment category recorded as cash and cash equivalents or short and long-term marketable securities for the periods presented (in millions):

	<b>March 31, 2015</b>							
	<b>Amortized Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Cash and Cash Equivalents</b>	<b>Short-Term Marketable Securities</b>	<b>Long-Term Marketable Securities</b>	
Cash	\$ 478	\$ -	\$ -	\$ 478	\$ 478	\$ -	\$ -	
Level 1:								
Money market funds	27	-	-	27	27	-	-	
Level 2:								
U.S. agency securities	41	-	-	41	-	38	3	
Certificates of deposit	13	-	-	13	-	13	-	
Commercial paper	2	-	-	2	-	2	-	
Corporate debt securities	81	-	-	81	-	65	16	
Subtotal	<u>137</u>	<u>-</u>	<u>-</u>	<u>137</u>	<u>-</u>	<u>118</u>	<u>19</u>	
Total	<u>\$ 642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642</u>	<u>\$ 505</u>	<u>\$ 118</u>	<u>\$ 19</u>	

	<b>December 31, 2014</b>							
	<b>Amortized Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Cash and Cash Equivalents</b>	<b>Short-Term Marketable Securities</b>	<b>Long-Term Marketable Securities</b>	
Cash	\$ 447	\$ -	\$ -	\$ 447	\$ 447	\$ -	\$ -	
Level 1:								
Money market funds	8	-	-	8	8	-	-	
Level 2:								
U.S. agency securities	38	-	-	38	-	35	3	
Certificates of deposit	8	-	-	8	-	8	-	
Commercial paper	1	-	-	1	-	1	-	
Corporate debt securities	92	-	-	92	-	64	28	
Subtotal	<u>139</u>	<u>-</u>	<u>-</u>	<u>139</u>	<u>-</u>	<u>108</u>	<u>31</u>	
Total	<u>\$ 594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594</u>	<u>\$ 455</u>	<u>\$ 108</u>	<u>\$ 31</u>	

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 remaining maturities of our long-term marketable securities range from one to three years and our short-term marketable securities include maturities that were greater than 90 days at the date purchased and have 12 months or less remaining at March 31, 2015.

We classify our cash equivalents and marketable securities within Level 1 and Level 2 as we value our cash equivalents and marketable securities using quoted market prices (Level 1) or alternative pricing sources (Level 2). The valuation technique we used to measure the fair value of money market funds was derived from quoted prices in active markets for identical assets or liabilities. Fair values for our U.S. agency securities, commercial paper, corporate debt securities and certificates of deposit are considered "Level 2" valuations because they are obtained from pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets.

There were no material realized gains or losses related to sales of our marketable securities for the three months ended March 31, 2015 and 2014, respectively. We consider any individual investments in an unrealized loss position to be temporary in nature and do not consider any of our investments other-than-temporarily impaired.

### **Derivative Financial Instruments**

Our current forward contracts are not designated as hedges and have current maturities of less than 90 days. Consequently, any gain or loss resulting from the change in fair value was recognized in our unaudited consolidated statement of operations. We recorded a net gain of \$3 million for the three months ended March 31, 2015, related to our settled and outstanding forward contracts in our unaudited consolidated statement of operations in other, net. All gains and losses for the three months ended March 31, 2014 were not material.

The following tables show the fair value and notional principal amounts of our outstanding derivative instruments that are not designated as hedging instruments for the periods presented:

	Balance Sheet Caption	March 31, 2015		
		Fair Value of Derivative (2)		U.S. Dollar Notional
		Asset	Liability	
		(in millions)		
Foreign exchange-forward contracts (1)	Prepaid expenses and other current assets	\$ 1	\$ -	\$ 28

	Balance Sheet Caption	December 31, 2014		
		Fair Value of Derivative (2)		U.S. Dollar Notional
		Asset	Liability	
		(in millions)		
Foreign exchange-forward contracts (1)	Prepaid expenses and other current assets	\$ -	\$ -	\$ 20

- (1) Derivative contracts address foreign exchange fluctuations for the Euro versus the U.S. Dollar.
- (2) We measure the fair value of our outstanding or unsettled derivatives using Level 2 fair value inputs, as we use a pricing model that takes into account the contract terms as well as current foreign currency exchange rates in active markets.

Counterparties to currency exchange derivatives consist of major international financial institutions. We monitor our positions and the credit ratings of the counterparties involved and, by policy limits, the amount of credit exposure to any one party. While we may be exposed to potential losses due to the credit risk of non-performance by these counterparties, losses are not anticipated and any credit risk amounts associated with our outstanding or unsettled derivative instruments are deemed to be not material for any period presented.

### **Other Financial Instruments**

Other financial instruments not measured at fair value on a recurring basis include trade receivables, trade payables, deferred merchant payables, short-term debt, accrued and other current liabilities and long-term debt. With the exception of long-term debt, the carrying amount approximates fair value because of the short maturity of these instruments as reported on our unaudited consolidated balance sheets as of March 31, 2015 and December 31, 2014, respectively. The carrying value of the long-term borrowings outstanding on our Credit Agreement bears interest at a variable rate and therefore is also considered to approximate fair value.

We did not have any Level 3 assets or liabilities at March 31, 2015 and December 31, 2014.

**NOTE 5: PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following for the periods presented:

	March 31, 2015	December 31, 2014
	(in millions)	
Capitalized software and website development	\$ 118	\$ 104
Leasehold improvements	42	40
Computer equipment	33	31
Furniture, office equipment and other	14	11
	<u>207</u>	<u>186</u>
Less: accumulated depreciation	(91)	(77)
Construction in progress (1)	110	86
Total	<u>\$ 226</u>	<u>\$ 195</u>

- (1) We capitalize construction in progress for build-to-suit lease agreements where we are considered the owner, for accounting purposes only, during the construction period. These amounts represent construction costs to date incurred by the landlord and the Company related to our future corporate headquarters in Needham, MA. During the three months ended March 31, 2015, we capitalized \$4 million in non-cash construction costs which were incurred by the landlord, with a corresponding liability recorded in other long-term liabilities, and in addition, we capitalized \$20 million in tenant improvements on our unaudited consolidated balance sheet, of which \$13 million were paid in cash by the Company. Refer to “Note 12 – Commitments and Contingencies,” in the notes to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2014 for additional information on our future corporate headquarters lease.

**NOTE 6: GOODWILL AND INTANGIBLE ASSETS, NET**

The following table summarizes our goodwill activity by segment for the period presented:

	Hotel	Other	Consolidated
	(in millions)		
Balances as of December 31, 2014	\$ 442	\$ 292	\$ 734
Additions (1)	1	3	4
Other adjustments (2)	-	(18)	(18)
Ending balance as of March 31, 2015	<u>\$ 443</u>	<u>\$ 277</u>	<u>\$ 720</u>

- (1) Additions relate to our 2015 business acquisitions.  
(2) Other adjustments are primarily related to impact of changes in foreign exchange rates.

Intangible assets, which were acquired in business combinations and recorded at fair value on the date of purchase, consist of the following for the periods presented:

	March 31, 2015	December 31, 2014
	(in millions)	
Intangible assets with definite lives	\$ 190	\$ 202
Less: accumulated amortization	(24)	(18)
Intangible assets with definite lives, net	166	184
Intangible assets with indefinite lives	30	30
Total	<u>\$ 196</u>	<u>\$ 214</u>

The following table presents the components of our intangible assets with definite lives for the periods presented:

	Weighted Average Remaining Life (in years)	March 31, 2015			December 31, 2014		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(in millions)			(in millions)		
Trade names and trademarks	9.2	\$ 51	\$ (6)	\$ 45	\$ 52	\$ (5)	\$ 47
Customer lists and supplier relationships	6.4	76	(7)	69	77	(5)	72
Subscriber relationships	5.3	29	(5)	24	31	(4)	27
Technology and other	4.1	34	(6)	28	42	(4)	38
<b>Total</b>	<b>6.6</b>	<b>\$ 190</b>	<b>\$ (24)</b>	<b>\$ 166</b>	<b>\$ 202</b>	<b>\$ (18)</b>	<b>\$ 184</b>

Intangible assets with definite lives are amortized on a straight-line basis. The estimated amortization expense for intangible assets with definite lives for each of the next five years, and the expense thereafter, assuming no subsequent impairment of the underlying assets, is expected to be as follows (in millions):

2015(remaining nine months)	\$	22
2016		29
2017		27
2018		25
2019		22
2020 and thereafter		41
<b>Total</b>	<b>\$</b>	<b>166</b>

## NOTE 7: DEBT

### Term Loan Facility Due 2016 and Revolving Credit Facility

In 2011, we entered into a credit agreement, by and among TripAdvisor, TripAdvisor Holdings, LLC, and TripAdvisor LLC, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Europe Limited, as London agent (this credit agreement, together with all exhibits, schedules, annexes, certificates, assignments and related documents contemplated thereby, is referred to herein as the "Credit Agreement"), which provides \$600 million of borrowing including:

- the term loan facility in an aggregate principal amount of \$400 million with a term of five years due December 2016 ("Term Loan"); and
- the revolving credit facility in an aggregate principal amount of \$200 million available in U.S. dollars, Euros and British pound sterling with a term of five years expiring December 2016 (the "Revolving Credit Facility").

The Term Loan and any loans under the Revolving Credit Facility bear interest by reference to a base rate or a Eurocurrency rate, in either case plus an applicable margin based on our leverage ratio. We are also required to pay a quarterly commitment fee, on the average daily unused portion of the Revolving Credit Facility for each fiscal quarter and fees in connection with the issuance of letters of credit. The Term Loan and loans under the Revolving Credit Facility currently bear interest at LIBOR plus 150 basis points, or the Eurocurrency Spread, or the alternate base rate ("ABR") plus 50 basis points, and undrawn amounts are currently subject to a commitment fee of 22.5 basis points. As of March 31, 2015 we are using a one-month interest period Eurocurrency Spread which is approximately 1.7% per annum. Interest is currently payable on a monthly basis while we are borrowing under the one-month interest rate period. The current interest rates are based on current assumptions, leverage and LIBOR rates and do not take into account that rates will reset periodically.

We currently have \$290 million in outstanding borrowings under the Term Loan as of March 31, 2015, of which \$40 million is recorded in current liabilities on the unaudited consolidated balance sheet. The Term Loan principal is currently repayable in quarterly installments on the last day of each calendar quarter equal to 2.5% of the original principal amount with the balance due on the final maturity date. Principal payments aggregating \$10 million were made during the three months ended March 31, 2015.

The Revolving Credit Facility includes \$40 million of borrowing capacity available for letters of credit and \$40 million for borrowings on same-day notice. As of March 31, 2015 there are no outstanding borrowings under our Revolving Credit Facility.

During the three months ended March 31, 2015 and 2014, we recorded total interest and commitment fees on our Credit Agreement of \$1 million and \$2 million, respectively, to interest expense on our unaudited consolidated statements of operations. All unpaid interest and commitment fee amounts as of March 31, 2015 and December 31, 2014 were not material.

As of March 31, 2015, we are in compliance with all of our debt covenants.

### **Chinese Credit Facilities**

In addition to our borrowings under the Credit Agreement, we maintain our Chinese Credit Facilities. As of March 31, 2015 and December 31, 2014, we had short-term borrowings outstanding of \$40 million and \$38 million, respectively.

Certain of our Chinese subsidiaries are entered into a RMB 189,000,000 (approximately \$30 million), one-year revolving credit facility with Bank of America (the “Chinese Credit Facility—BOA”) that is currently subject to review on a periodic basis with no specific expiration period. We had \$21 million of outstanding borrowings from the Chinese Credit Facility—BOA as of March 31, 2015. Our Chinese Credit Facility—BOA currently bears interest at a rate based on 100% of the People’s Bank of China’s base rate, which was 5.35% as of March 31, 2015.

In addition, certain of our Chinese subsidiaries are entered into a RMB 125,000,000 (approximately \$20 million) one-year revolving credit facility with J.P. Morgan Chase Bank (“Chinese Credit Facility—JPM”). We had \$19 million of outstanding borrowings from the Chinese Credit Facility—JPM as of March 31, 2015. Our Chinese Credit Facility—JPM currently bears interest at a rate based on 100% of the People’s Bank of China’s base rate, which was 5.35% as of March 31, 2015.

### **NOTE 8: INCOME TAXES**

Each interim period is considered an integral part of the annual period and, accordingly, we measure our tax expense using an estimated annual effective tax rate. An enterprise is required, at the end of each interim reporting period, to make its best estimate of the annual effective tax rate for the full fiscal year and use that rate to provide for income taxes on a current year-to-date basis, as adjusted for discrete taxable events that occur during the interim period.

Our effective tax rate for the three months ended March 31, 2015 and 2014 was 26.7% and 27.7%, respectively. For the three months ended March 31, 2015, the effective tax rate is less than the federal statutory rate primarily due to earnings in jurisdictions outside the United States, where our effective tax rate is lower, which was partially offset by state income taxes, non-deductible stock compensation and accruals on uncertain tax positions. The decrease in the effective tax rate for 2015 compared to the 2014 rate was primarily due to a change in jurisdictional earnings.

Our policy is to recognize accrued interest and penalties related to unrecognized tax benefits and income tax liabilities as part of our income tax expense. As of March 31, 2015, accrued interest is \$3 million, net of federal benefit, and no penalties have been accrued. We do not anticipate any material releases in the next twelve months.

We are under examination by the Internal Revenue Service (“IRS”) for the 2009 and 2010 tax years with respect to consolidated income tax returns previously filed with Expedia, and we have various ongoing state income tax audits. We are separately under examination by the IRS for the 2012 and 2013 tax years. These audits include questioning of the timing and the amount of income and deductions and the allocation of income among various tax jurisdictions. These examinations may lead to proposed or ordinary course adjustments to our taxes. We are no longer subject to tax examinations by tax authorities for years prior to 2007.

As of March 31, 2015, no material assessments have resulted. While we have not yet received notification of a proposed adjustment from the IRS for the 2009 and 2010 calendar years relating to transfer pricing with our foreign subsidiaries, we have been informed by the IRS that a Notice of Proposed Adjustment is imminent. Our expectation is that the notice will propose an increase to our U.S. taxable income that would result in additional federal tax expense for 2009 and 2010, subject to interest. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable and we intend to vigorously defend our position. If we are not able to resolve a proposed adjustment at the IRS examination level, we plan to pursue all available administrative and, if necessary, judicial remedies.



**NOTE 9: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consisted of the following for the periods presented:

	March 31, 2015	December 31, 2014	
	(in millions)		
Accrued salary, bonus, and related benefits	\$ 29	\$	41
Accrued marketing costs	36		24
Accrued charitable foundation payments	2		9
Other	48		40
Total	<u>\$ 115</u>	<u>\$</u>	<u>114</u>

**NOTE 10: OTHER LONG-TERM LIABILITIES**

Other long-term liabilities consisted of the following for the periods presented:

	March 31, 2015	December 31, 2014	
	(in millions)		
Unrecognized tax benefits (1)	\$ 73	\$	68
Construction liabilities (2)	82		67
Other (3)	19		19
Total	<u>\$ 174</u>	<u>\$</u>	<u>154</u>

- (1) Amount includes accrued interest related to this liability.
- (2) We capitalize construction in progress and record a corresponding long-term liability for build-to-suit lease agreements where we are considered the owner during the construction period for accounting purposes only.
- (3) Amounts primarily consist of long term deferred rent balances related to operating leases for office space.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

There have been no material changes to our commitments and contingencies since December 31, 2014. Refer to “Note 12— Commitments and Contingencies,” in the notes to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2014.

In the ordinary course of business, we and our subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. Rules and regulations promulgated by the SEC require the description of material pending legal proceedings, other than ordinary, routine litigation incident to the registrant’s business, and advise that proceedings ordinarily need not be described if they primarily involve damages claims for amounts (exclusive of interest and costs) not individually exceeding 10% of the current assets of the registrant and its subsidiaries on a consolidated basis. In the judgment of management, none of the pending litigation matters that the Company and its subsidiaries are defending involves or is likely to involve amounts of that magnitude. There may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us.

**NOTE 12: SEGMENT INFORMATION**

Our reporting structure includes two reportable segments: Hotel and Other.

*Hotel*

Our Hotel segment includes revenue generated from services related to hotels, including click-based and display-based advertising revenue from making hotel room reservations, airline reservations, and cruise reservations available for price comparison and booking, as well as subscription-based products such as Business Listings, transaction-based products such as Jetsetter and Tingo, and other hotel related revenue. Our chief operating decision maker, or CODM, is also the Hotel segment manager.

## Other

Our Other segment consists of the aggregation of three operating segments, which include our Attractions, Restaurants and Vacation Rentals businesses.

**Attractions.** We provide, through Viator, information and services for researching and booking destination activities around the world. Viator works with local operators to provide travelers with access to tours and activities in popular destinations worldwide, earning a commission for such service. In addition to its consumer-direct business, Viator also provides local experiences to affiliate partners, including some of the world's top airlines, hotels and travel agencies.

**Restaurants.** This business is comprised of our websites that provide online and mobile reservation services that connect restaurants with diners. These websites are currently focused on the European market, primarily through Lافourchette. Lافourchette is an online restaurant booking platform with a network of restaurant partners across Europe. Lافourchette also offers management software solutions helping restaurants to maximize business by providing a flexible online booking, discount and data tool. Revenue is primarily generated by receiving a fee for each restaurant guest seated through the online reservation systems.

**Vacation Rentals.** We offer individual property owners and property managers the ability to list their properties available for rental and connect with travelers using a subscription-based fee structure or a free-to-list, commission per booking based option. Our vacation rental inventory currently includes full home rentals, condos, villas, beach rentals, cabins, cottages, and many other accommodation types. These properties are listed across a number of platforms, including TripAdvisor Vacation Rentals, U.S.-based FlipKey, and European-based Holiday Lettings and Numba.

Each operating segment in our Other segment has a segment manager who is directly accountable to and maintains regular contact with our CODM to discuss operating activities, financial results, forecasts, and plans for the segment.

We define Adjusted EBITDA 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) non-recurring expenses. Adjusted EBITDA is the primary metric by which management evaluates the performance of its business and on which internal budgets are based. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis. We believe by excluding certain non-cash expenses, such as stock-based compensation, stock-settled obligations, asset impairments, and non-recurring expenses, Adjusted EBITDA corresponds more closely to the cash that operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

The following tables present our segment information for the three months ended March 31, 2015 and 2014. We have recorded depreciation of property and equipment, including amortization of internal-use software and website development, amortization of intangible assets, stock-based compensation, other expense, net and income taxes, which are excluded from segment operating performance, in Corporate and unallocated. In addition, we do not report our assets or capital expenditures by segment as it would not be meaningful. We also do not regularly provide asset, capital expenditure or depreciation information by segment to our CODM. Our consolidated general and administrative expenses, excluding stock-based compensation costs, are shared by all operating segments. Each operating segment receives an allocated charge based on the segment's percentage of the Company's total personnel costs.

	Three months ended March 31, 2015			
	Hotel	Other	Corporate and unallocated	Total
	(in millions)			
Revenue	\$ 320	\$ 43	\$ —	\$ 363
Adjusted EBITDA (1)	132	(5)	—	127
Depreciation	—	—	(14)	(14)
Amortization of intangible assets	—	—	(7)	(7)
Stock-based compensation	—	—	(16)	(16)
Operating income (loss)	\$ 132	\$ (5)	\$ (37)	90
Other expense, net				(4)
Income before income taxes				86
Provision for income taxes				(23)
Net income				63

	Three months ended March 31, 2014			
	Hotel	Other	Corporate and unallocated	Total
			(in millions)	
Revenue	\$ 266	\$ 15	\$ —	\$ 281
Adjusted EBITDA (1)	124	(2)	—	122
Depreciation	—	—	(10)	(10)
Amortization of intangible assets	—	—	(2)	(2)
Stock-based compensation	—	—	(14)	(14)
Operating income (loss)	\$ 124	\$ (2)	\$ (26)	96
Other expense, net				(2)
Income before income taxes				94
Provision for income taxes				(26)
Net income				68

(1) Includes allocated general and administrative expenses in our Hotel segment of \$20 million and \$19 million; and in our Other segment of \$6 million and \$3 million for the three months ended March 31, 2015 and 2014, respectively.

### NOTE 13: EARNINGS PER SHARE

#### *Basic Earnings Per Share Attributable to Common Stockholders*

We compute basic earnings per share (“Basic EPS”) by dividing net income attributable to TripAdvisor by the weighted average number of common shares outstanding during the period. We compute the weighted average number of common shares outstanding during the reporting period using the total of common stock and Class B common stock outstanding as of the last day of the previous year end reporting period plus the weighted average of any additional shares issued and outstanding less the weighted average of any treasury shares repurchased during the reporting period.

#### *Diluted Earnings Per Share Attributable to Common Stockholders*

We compute diluted earnings per share (“Diluted EPS”) by dividing net income attributable to TripAdvisor by the sum of the weighted average number of common and common equivalent shares outstanding during the period. We computed the weighted average number of common and common equivalent shares outstanding during the period using the sum of (i) the number of shares of common stock and Class B common stock used in the basic earnings per share calculation as indicated above, and (ii) if dilutive, the incremental weighted average common stock that we would issue upon the assumed exercise of outstanding common equivalent shares related to stock options and the vesting of restricted stock units using the treasury stock method, and (iii) if dilutive, performance based awards based on the number of shares that would be issuable as of the end of the reporting period assuming the end of the reporting period was also the end of the contingency period.

Under the treasury stock method, the assumed proceeds calculation includes the actual proceeds to be received from the employee upon exercise, the average unrecognized compensation cost during the period and any tax benefits credited upon exercise to additional paid-in-capital. The treasury stock method assumes that a company uses the proceeds from the exercise of an award to repurchase common stock at the average market price for the period. Windfall tax benefits created upon the exercise of an award would be added to assumed proceeds, while shortfalls charged to additional paid-in-capital would be deducted from assumed proceeds. Any shortfalls not covered by the windfall tax pool would be charged to the income statement and would be excluded from the calculation of assumed proceeds, if any.

Below is a reconciliation of the weighted average number of shares of common stock outstanding in calculating Diluted EPS (shares in thousands and dollars in millions, except per share amounts) for the periods presented:

	Three Months Ended March 31,	
	2015	2014
<b>Numerator:</b>		
Net income	\$ 63	\$ 68
<b>Denominator:</b>		
Weighted average shares used to compute Basic EPS	143,145	142,399
Weighted average effect of dilutive securities:		
Stock options	2,417	2,884
RSUs	310	382
Weighted average shares used to compute Diluted EPS	145,872	145,665
Basic EPS	\$ 0.44	\$ 0.48
Diluted EPS	\$ 0.43	\$ 0.47

The following potential common shares related to stock options and RSUs were excluded from the calculation of Diluted EPS because their effect would have been anti-dilutive for the periods presented (in thousands):

	Three Months Ended March 31,	
	2015(1)	2014(2)
Stock options	2,141	1,688
RSUs	840	439
Total	2,981	2,127

- (1) These totals do not include 66,666 performance based options representing the right to acquire 66,666 shares of common stock for which all targets required to trigger vesting have not been achieved; therefore, such awards were excluded from the calculation of weighted average shares used to compute Diluted EPS for those reporting periods.
- (2) These totals do not include 121,666 performance based options and 44,000 performance based RSUs representing the right to acquire 165,666 shares of common stock for which all targets required to trigger vesting have not been achieved; therefore, such awards were excluded from the calculation of weighted average shares used to compute Diluted EPS for those reporting periods.

The earnings per share amounts are the same for common stock and Class B common stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

#### NOTE 14: RELATED PARTY TRANSACTIONS

As of March 31, 2015, Liberty TripAdvisor Holdings, Inc. ("LTRIP") beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.9% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.6% of the outstanding common stock. Because each share of Class B common stock generally is entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing approximately 56.5% of our voting power.

We had no related party transactions with LTRIP during the three months ended March 31, 2015 and 2014.

**NOTE 15: SUBSEQUENT EVENTS**

On April 2, 2015, Julie M.B. Bradley, the Company's Chief Financial Officer, informed the Company of her intention to resign from the Company. In order to provide for the transition of Ms. Bradley's responsibilities, the Company and Ms. Bradley have entered into a Separation Agreement, dated April 2, 2015 (the "Separation Agreement"), incorporated by reference as Exhibit 10.1 in this Form 10-Q, pursuant to which Ms. Bradley has agreed to remain with the Company on a full-time basis for a transition period, which will last until the earlier of September 30, 2015 or thirty days following her successor's start date (the "Transition Period"). The Employment Agreement, dated as of March 31, 2014, between Ms. Bradley and the Company (the "Employment Agreement"), shall be superseded and replaced by the Separation Agreement, except to the extent that certain provisions and obligations of the Employment Agreement are expressly preserved and incorporated by reference into the Separation Agreement. The Employment Agreement was filed as Exhibit 10.1 with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

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

The information included in this Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited consolidated financial statements and the accompanying notes included in this Quarterly Report on Form 10-Q, and the consolidated financial statements and accompanying notes, as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2014.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the views of our management regarding current expectations and projections about future events and are based on currently available information. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, but not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2014, Part I, Item 1A, “Risk Factors,” as well as those discussed elsewhere in this report. Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition and results of operations. Accordingly, readers should not place undue reliance on these forward-looking statements. The use of words such as “anticipates,” “estimates,” “expects,” “intends,” “plans” and “believes,” among others, generally identify forward-looking statements; however, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. We are not under any obligation to, and do not intend to, publicly update or review any of these forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Please carefully review and consider the various disclosures made in this report and in our other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

Certain revenue information in this section entitled “— Revenue by Product— Foreign Exchange Impact on Revenue” is presented on a constant currency basis. This information is a non-GAAP financial measure. To calculate revenue on a constant currency basis, we translated revenue for the three months ended March 31, 2015 using the prior year’s quarterly average exchange rates for our settlement currencies other than the U.S. dollar. This non-GAAP financial measure is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. This measure may be different from non-GAAP financial measures used by other companies, limiting its usefulness for comparison purposes. Moreover, presentation of revenue on a constant currency basis is provided for year-over-year comparison purposes, and investors should be cautioned that the effect of changing foreign currency exchange rates has an actual effect on our operating results. We believe this non-GAAP financial measure provides investors with useful supplemental information about the financial performance of our business, enable 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 our business.

### Overview

TripAdvisor, Inc. owns and operates a portfolio of leading online travel brands. TripAdvisor, our flagship brand, is the world’s largest travel site, and our mission is to help people around the world plan and book the perfect trip. We accomplish this by, among other things, aggregating millions of travelers’ reviews and opinions about destinations, accommodations, activities and attractions, and restaurants throughout the world so that our users have access to trusted advice wherever their trips take them. Our platform not only helps users plan their trips with our unique user-generated content, but also enables users to compare real-time pricing and availability so that they can book hotels, vacation rentals, flights, activities and attractions, and restaurants.

Our branded websites include tripadvisor.com in the United States and localized versions of the TripAdvisor website in 45 countries worldwide. Our TripAdvisor-branded websites averaged 340 million monthly unique visitors during the quarter ended March 31, 2015, according to Google Analytics. We currently feature 225 million reviews and opinions on 1.7 million accommodations – including 950,000 hotels and accommodations and 700,000 vacation rentals—as well as 2.7 million restaurants and 530,000 attractions in 150,000 destinations throughout the world. In addition to user-generated content, our websites feature price comparison tools and links to partner websites, including travel advertisers, on which users can book their travel arrangements. Users may now also complete hotel bookings directly without our partners through tripadvisor.com and also through the TripAdvisor mobile application where coverage is available. In addition to the flagship TripAdvisor brand, we now manage and operate 24 other travel media brands, connected by the common goal of providing users the most comprehensive travel-planning and trip-taking resources in the travel industry.

## *Executive Summary*

Our long-term financial results are principally dependent on our ability to grow click-based advertising revenue, or CPC revenue. We are investing in areas of potential CPC revenue growth, including enabling users to transact on our site via our Instant Booking feature, international expansion and innovations in the mobile user experience. We are also investing in display-based advertising, Business Listings, Attractions, Restaurants and Vacation Rentals. As the largest online travel website, we believe we are an attractive marketing channel for advertisers—including hotel chains, independent hoteliers, online travel agencies, destination marketing organizations, and other travel-related and non-travel related product and service providers—who seek to sell their products and services to our large user base. The key drivers of our click-based and display-based advertising revenue are described below, as well as a summary of our key growth areas, current trends impacting our business and our reporting segments, which currently consists of our Hotel segment and Other segment.

### *Key Drivers of Click-Based Advertising Revenue*

For the three months ended March 31, 2015 and 2014, 69% and 74%, respectively, of our total revenue came from our CPC product. All of our CPC revenue is included in our Hotel segment. The key drivers of our CPC revenue include the growth in monthly unique hotel shoppers and revenue per hotel shopper.

- **Hotel shoppers:** We believe total traffic growth, or growth in monthly visits from unique visitors, is reflective of our overall brand growth. Additionally, we track and analyze sub-segments of our traffic and their correlation to revenue generation and utilize data regarding hotel shoppers as a key indicator of revenue growth. We use the term “hotel shoppers” to refer to visitors who view either a listing of hotels in a city or a specific hotel page. The number of hotel shoppers tends to vary based on seasonality of the travel industry and general economic conditions, as well as other factors outside of our control. Given these factors, as well as the trend towards increased usage on mobile devices (for which usage trends continue to evolve) and international growth, quarterly and annual hotel shopper growth is difficult to forecast. Unique hotel shoppers on TripAdvisor sites increased 26% and 14% for the three months ended March 31, 2015 and 2014, according to our log files. The acceleration of hotel shopper growth for the three months ended March 31, 2015 is primarily due to success in our online marketing strategy, a growing number of hotel shoppers visiting our websites on mobile devices, as well as easing comparatives for search engine optimization (“SEO”) due to lower hotel shopper growth in the three months ended March 31, 2014. Increasing the number of hotel shoppers on our sites remains a top strategic priority.
- **Revenue per hotel shopper:** Revenue per hotel shopper is designed to measure how effectively we convert hotel shoppers into revenue. Revenue per hotel shopper is made up of three factors—the number of monthly unique hotel shoppers, the rate of conversion of a hotel shopper to a paid click and the price per click that we receive.
  - *Conversion:* Conversion of a hotel shopper to a paid click on a TripAdvisor site is driven by three primary factors: merchandising, commerce coverage and choice. We define merchandising as the number and location of ads that are available on a page; we define commerce coverage as whether we have a client who can take an online booking for a particular property; and we define choice as the number of clients available for any given property. Hotel shoppers visiting via mobile generally convert to a paid click at a lower rate than hotel shoppers visiting via desktop and tablet.
  - *Cost per click (CPC):* Cost per click is the effective price that partners are willing to pay for a hotel shopper lead, and is determined through a competitive bidding process. CPCs are generally lower in emerging international markets as well as on mobile.

Revenue per hotel shopper decreased 5% and increased 1% for the three months ended March 31, 2015 and 2014, respectively, according to our log files. Revenue per hotel shopper decreased 5% for the three months ended March 31, 2015, primarily due to fluctuations in foreign exchange rates, primarily the weakness of the Euro, which decreased our CPC during the quarter and a growing number of hotel shoppers visiting our websites on mobile devices. In our experience, hotel shoppers visiting on mobile devices generally exhibit a lower rate of conversion and therefore monetize at a significantly lower rate than hotel shoppers visiting via desktop or tablet.

### *Key Drivers of Display-Based Advertising Revenue*

For the three months ended March 31, 2015 and 2014, 10% and 11%, respectively, of our total revenue came from our display-based advertising products. Substantially all of our display-based advertising revenue is included in our Hotel segment. The key drivers of our display-based advertising revenue include the growth in number of impressions sold, or the number of times an ad is displayed on our site, and the revenue we received for such impressions, measured in cost per thousand impressions (“CPM”). According to our log files, the number of impressions sold increased 13% and 30% for the three months ended March 31, 2015 and 2014, respectively. The growth rate for the three months ended March 31, 2015 compared to 2014 decreased primarily due to the growing number of users accessing our websites on mobile devices, which generate less impressions per visit than desktop, and less

impressions sold in emerging markets, while pricing decreased 2% and 1% for the three months ended March 31, 2015 and 2014, respectively.

### *Key Growth Areas*

We continue to invest in areas of potential growth, including our content and community, product innovation, and international expansion.

*Content & Community.* TripAdvisor is a website on which travelers can research content and share their travel experiences with the rest of the world. Establishing and nurturing a sense of community among users is a key priority and a competitive advantage for TripAdvisor. As a result, we continue to look for ways to make it easier for users to plan, compare and book their perfect trip on TripAdvisor as well as to share their experiences.

*Mobile.* Innovating and improving our mobile products is a key priority. As of March 31, 2015, we reached 190 million downloads of our mobile apps and average monthly unique visitors via smartphone and tablet devices grew over 28% year-over-year from 115 million to 148 million, according to our internal log files. We anticipate that the rate of growth in mobile visitors will continue to exceed the growth rate of our overall unique monthly visitors, and that an increasing proportion of users will use mobile devices to access the full range of services available on our sites. We are investing significant resources to improve the features, functionality and commercialization of our mobile websites and applications.

*Business Listings.* Our Business Listings product enables hotel and accommodation owners to buy placements listing pertinent information for their property on TripAdvisor, bringing them closer to potential customers and increasing awareness, engagement, and potentially, direct bookings. In the year ended December 31, 2014, we grew our Business Listings customer base 18% to 81,000 subscribers. We continue to focus on building our sales force and improving our product features to grow our subscriber base.

*Attractions & Restaurants.* A significant percentage of our annual unique users are not hotel shoppers and visit TripAdvisor sites without navigating to pages that contain a listing of hotels in a city or a specific hotel's page. TripAdvisor has information and user-generated content on 2.7 million restaurants, and 530,000 tours and attractions in 150,000 destinations throughout the world. We believe TripAdvisor has a unique opportunity to monetize its community of these non-hotel shoppers looking for places to eat and things to do. With the acquisitions of Lafourchette and similar businesses for online restaurant reservations, and Viator for online bookable tours and attractions, we are attempting to match more users with more businesses.

*Vacation Rentals.* We offer individual property owners and property managers the ability to list using a free-to-list, commission-based structure or a subscription-based fee option. In the three months ended March 31, 2015, Vacation Rental property listings grew 18% to 700,000 properties, driven primarily by strong listings growth in our free-to-list model. We believe our highly-engaged and motivated user community creates a competitive advantage for us in this market.

### *Current Trends Affecting Our Business*

There are a number of trends that affect our business. The following are examples of some of the current trends affecting our business:

*Increasing Competition.* The travel review industry and, more generally, the business of collecting and aggregating travel-related resources and information, continue to be increasingly competitive. In recent years, an increasing number of companies, such as search companies Google, Inc. and Baidu.com, Inc. and large online travel agencies, or OTAs, have begun to collect and aggregate travel information and resources. We plan to continue to invest in order to remain the leading source of travel reviews as well as continue to enhance our user experience. In addition, we face strong competition in our Other segment, including Attractions, Restaurants and Vacation Rentals. Refer to Item 1. "Business - Competition" in our Annual Report on Form 10-K for the year ended December 31, 2014 for additional information on our competition.

*Increasing Use of Internet and Social Media to Access Travel Information.* Commerce, information and advertising continue to migrate to the Internet and away from traditional media outlets. We believe this trend will continue to create strategic growth opportunities, allowing us to attract new consumers and develop unique and effective advertising solutions. Consumers are increasingly using online social media channels, such as Facebook and Twitter, as a means to communicate and exchange information, including travel information and opinions. Over the years, we have made significant progress using social networking to leverage the expanding use of these channels and enhance traffic diversification and user engagement. We will continue to adapt our user experience in response to a changing Internet environment and usage trends.

*Increasing Use of Devices Other than Desktop Computers.* Users are increasingly using devices other than desktop computers, including mobile phones, smartphones and handheld computers such as notebooks and tablets, to access the Internet. To address these



growing user demands, we continue to extend our platform to develop mobile phone and tablet applications to deliver travel information and resources. Although the substantial majority of our mobile phone users also access and engage with our websites on personal computers and tablets where we display advertising, our users could decide to access our products primarily through mobile phone devices. We do display graphic advertising on smartphones; however, our mobile phone monetization strategies are still developing, as mobile phone monetization is significantly less than desktop and tablet monetization. Mobile phone growth and development remains a key strategy and we will continue to invest and innovate in this growing platform to help us maintain and grow our user base, engagement and monetization over the long term. An example of our mobile development efforts is Instant Booking, which we integrated into our smartphone sessions in 2014. This product feature allows travelers to complete a hotel reservation, powered by our OTA and hotelier partners, while remaining on the TripAdvisor mobile app.

*Continued Reliance on Click-Based Advertising Revenue.* In recent years, the majority of our revenue growth resulted from higher click-based advertising revenue due to increased traffic on our websites and an increase in the volume of clicks on our advertisers' placements. Although click-based advertising revenue growth has generally been driven by traffic volume, we remain focused on the various other factors that could impact revenue growth, including, but not limited to, the growth in hotel shoppers, CPC pricing fluctuations, the overall economy, the ability of advertisers to monetize our traffic, the quality and mix of traffic to our websites, and the quality and mix of traffic from our advertising placements to advertisers, as well as advertisers' evolving approach to transaction attribution models and return on investment targets. We monitor and regularly respond to changes in these factors in order to strategically improve our user experience, customer satisfaction and monetization in this dynamic environment. For example, in order to improve user experience, we introduced metasearch functionality to our hotel shoppers in 2013 as discussed in our Annual Report on Form 10-K for the year ended December 31, 2014 under "Improving the Experience" in the "Our Strategy" section in Item 1 "Business."

*Risks Associated with Transaction-Based Revenue.* We currently derive only a small percentage of our revenue from transaction-based offerings; however, these types of offerings create additional risks and expenses. Transaction revenue is derived from making online bookings available for, among other things, hotel rooms, vacation rentals and destination activities. During the course of making these arrangements, we collect, use, transmit and store personal information and other consumer data. The protection of this data is critically important to us. An increasing number of websites, including the website operated by our subsidiary Viator in 2014, have reported compromises of their systems and the data stored within those systems. We rely on strong encryption, authentication and network perimeter security to effectively secure confidential information; however, despite our security measures, our brands' information technologies and infrastructures may be vulnerable to cyber-attacks or security incidents due to system configurations, employee error, malfeasance or other vulnerabilities. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in the breach or compromise of the technology used by us to protect transaction data. In the future, we expect to expend additional resources to enhance our security measures, protect against security breaches and/or to address problems caused by breaches. As we expand our transaction-based businesses, the challenges we face will become more difficult and the measures we must take to protect against them will become more costly.

## **Segments**

Our reporting structure includes two reportable segments: Hotel and Other. Our Other segment consists of the aggregation of three operating segments, which include our Attractions, Restaurants and Vacation Rentals businesses. The segments are determined based on how the chief operating decision maker regularly assesses information and evaluates performance for operating decision-making purposes, including allocation of resources. The chief operating decision maker for the Company is our Chief Executive Officer.

For further description of our segments see Item 1 "Business", in our Annual Report on Form 10-K for the year ended December 31, 2014 and "Note 12— Segment Information" and "Reclassifications" in Note 1— Business Description and Basis of Presentation" in the notes to the unaudited consolidated financial statements in this Quarterly Report on Form 10-Q.

## **Employees**

As of March 31, 2015, we had approximately 2,900 employees. Of these employees, approximately 44% were based in the United States. We believe we have good relationships with our employees, including relationships with employees represented by international works councils or other similar organizations.

## **Seasonality**

Expenditures by travel advertisers tend to be seasonal. Historically, our strongest quarter has been the third quarter, which is a key travel research period, with the weakest quarter being the fourth quarter. However, adverse economic conditions or continued growth of our international operations with differing holiday peaks may influence the typical trend of our seasonality in the future.

### ***Critical Accounting Policies and Estimates***

Critical accounting policies and estimates are those that we believe are important in the preparation of our consolidated financial statements because they require that management use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with GAAP. Preparation of the consolidated financial statements and accompanying notes requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as revenue and expenses during the periods reported. Management bases its estimates on historical experience, when applicable and other assumptions that it believes are reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions.

There are certain critical estimates that we believe require significant judgment in the preparation of our consolidated financial statements. We consider an accounting estimate to be critical if:

- It requires us to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time we were making the estimate; and
- Changes in the estimate or different estimates that we could have selected may have had a material impact on our financial condition or results of operations.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

### ***New Accounting Pronouncements***

For a discussion of new accounting pronouncements, see “Note 2— Significant Accounting Policies,” in the notes to the unaudited consolidated financial statements in this Quarterly Report on Form 10-Q. We are an “issuer” (as defined in Section 2(a) of the Sarbanes-Oxley Act of 2002), and, as such, are required to comply with all new and revised accounting standards applicable to public companies.

**Results of Operations**  
**Selected Financial Data**  
(in millions, except per share amounts)

	Three months ended March 31,		% Change 2015 vs 2014
	2015	2014	
Revenue	\$ 363	\$ 281	29%
Costs and expenses:			
Cost of revenue (1)	13	8	63%
Selling and marketing (2)	157	101	55%
Technology and content (2)	49	38	29%
General and administrative (2)	33	26	27%
Depreciation	14	10	40%
Amortization of intangible assets	7	2	250%
Total costs and expenses:	273	185	48%
Operating income	90	96	(6)%
Other income (expense):			
Interest expense	(2)	(2)	-%
Interest income and other, net	(2)	-	100%
Total other expense, net	(4)	(2)	100%
Income before income taxes	86	94	(9)%
Provision for income taxes	(23)	(26)	(12)%
Net income	\$ 63	\$ 68	(7)%

Earnings per share attributable to common stockholders:

Basic	\$ 0.44	\$ 0.48	(8)%
Diluted	\$ 0.43	\$ 0.47	(9)%

Weighted average common shares outstanding:

Basic	143	142	1%
Diluted	146	146	-%

Other Financial Data:

Adjusted EBITBA (3)	\$ 127	\$ 122	4%
---------------------	--------	--------	----

(1) Excludes amortization as follows:

Amortization of acquired technology included in amortization of intangible assets	\$ 2	\$ -	
Amortization of website development costs included in depreciation	9	6	
	\$ 11	\$ 6	

(2) Includes stock-based compensation expense as follows:

Selling and marketing	\$ 4	\$ 3	
Technology and content	\$ 6	\$ 6	
General and administrative	\$ 6	\$ 5	

(3) See "Adjusted EBITDA" discussion below for more information.

**Adjusted EBITDA**

To provide investors with additional information regarding our financial results, we also disclose Adjusted EBITDA, which is a non-GAAP financial measure. We have provided a reconciliation below of Adjusted EBITDA to net income, the most directly comparable GAAP financial measure. A "non-GAAP financial measure" refers to a numerical measure of a company's historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company's financial statements.

We define Adjusted EBITDA 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) non-recurring expenses. Adjusted EBITDA is the primary metric by which management evaluates the performance of its business and on which internal budgets are based. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis. We believe by excluding certain non-cash expenses, such as stock-based compensation, stock-settled obligations, asset impairments, and non-recurring expenses, Adjusted EBITDA corresponds more closely to the cash that operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results reported in accordance with GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not consider the potentially dilutive impact of stock-based compensation or future settlement of obligations in stock;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income and our other GAAP results.

Refer to “Note 12— Segment Information” in the notes to our unaudited consolidated financial statements for a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented above.

## Revenue and Segments:

### Revenue by Product

We derive the substantial portion of our revenue through the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. In addition, we earn revenue from a combination of subscription-based and transaction-based offerings, including: Business Listings; subscription and commission-based offerings from our Vacation Rentals products; room reservations sold through our Jetsetter and Tingo brands; destination activities sold through Viator; and online restaurant reservations booked primarily through Lafourchette. We also derive revenue from content licensing.

	Three Months Ended		% Change 2015 vs. 2014
	March 31,		
	2015	2014	
	(in millions)		
Click-based advertising	\$ 249	\$ 207	20%
Display-based advertising	35	32	9%
Subscription, transaction and other	79	42	88%
Total revenue	<u>\$ 363</u>	<u>\$ 281</u>	29%

Revenue increased \$82 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to an increase in click-based advertising revenue of \$42 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers of 26%, partially offset by a decrease in revenue per hotel shopper of 5% for the three months ended March 31, 2015. Display-based advertising increased by \$3 million during the three months ended March 31, 2015, primarily as a result of a 13% increase in the number of impressions sold when compared to the same period in 2014, partially offset by a decrease in pricing of 2% for the three months ended March 31, 2015. Subscription, transaction and other revenue increased by \$37 million during the three months ended March 31, 2015, primarily due to growth in our Business Listings and Vacation Rentals products, as well as incremental revenue of \$18 million, primarily related to our 2014 acquisitions of Lafourchette and Viator.

### Foreign Exchange Impact on Revenue

The general strengthening of the U.S. dollar relative to certain foreign currencies (primarily the Euro) from the first quarter of 2014 to the same period in 2015 had an unfavorable impact on our revenue. If we had translated revenue for the three months ended March 31, 2015 using the prior year's quarterly average exchange rates for our settlement currencies other than the U.S. dollar, we estimate our total revenue and click-based advertising revenue would have been \$381 million and \$263 million, respectively, or \$18 million and \$14 million higher, respectively, than our actual revenue as reported for the three months ended March 31, 2015.

### Segment Results

	Three Months Ended March 31,		% Change
	2015	2014	2015 vs. 2014
<b>REVENUE:</b>	(in millions)		
Hotel	\$ 320	\$ 266	20%
Other (1)	43	15	187%
Total revenue	\$ 363	\$ 281	29%
<b>Adjusted EBITDA (2):</b>			
Hotel	\$ 132	\$ 124	6%
Other	(5)	(2)	(150)%
Total Adjusted EBITDA	\$ 127	\$ 122	4%
<b>Adjusted EBITDA Margin (3):</b>			
Hotel	41%	47%	
Other	(12)%	(13)%	

(1) Substantially all revenue reported in this segment is from our subscription, transaction and other products.

(2) Included in Adjusted EBITDA is a general and administrative expense allocation for each segment, which is based on the segment's percentage of our total personnel costs. See "Note 12 — Segment Information," in the notes to our unaudited consolidated financial statements for more information.

(3) We define "Adjusted EBITDA margin", a non-GAAP measure, as Adjusted EBITDA as a percentage of revenue. See "Adjusted EBITDA" discussion above for more information on the limitations of using Adjusted EBITDA, a non-GAAP measure, as an analytical tool.

### Hotel

Our Hotel segment revenue increased \$54 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to an increase in click-based advertising revenue of \$42 million and an increase in display-based advertising of \$3 million. Subscription, transaction and other revenue increased by \$9 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to growth in Business Listings.

Adjusted EBITDA in our Hotel segment increased \$8 million during the three months ended March 31, 2015 when compared to the same period in 2014, due to an increase in revenue, partially offset, primarily by increased personnel and overhead costs, search engine marketing, or SEM, and other online traffic acquisition costs, and TV advertising.

### Other

Our Other segment revenue increased \$28 million during the three months ended March 31, 2015 when compared to the same period in 2014. This was driven by \$18 million in incremental revenue, primarily related to our 2014 acquisitions of Lafourchette and Viator, as well as by growth in Vacation Rentals, primarily due to our free-to-list commission-based booking model.

Adjusted EBITDA in our Other segment decreased \$3 million during the three months ended March 31, 2015 when compared to the same period in 2014. Our Attractions, Restaurants and Vacation Rentals businesses are all at earlier stages of their growth and business life cycle, and therefore at points require significant investments to fund growth initiatives, which is a contributing factor to

this reportable segment currently operating at a loss. The segment's Adjusted EBITDA margin for the quarter ended March 31, 2015 was essentially flat when compared to the same period in 2014.

### Revenue by Geography

The following table presents our revenue by geographic region, which reflects how we view our geographic revenue internally. Revenue by geography is based on the geographic location of our websites.

	Three months ended March 31,		% Change 2015 vs. 2014
	2015	2014	
(in millions)			
<b>Revenue by geographic region:</b>			
North America (1)	\$ 182	\$ 146	25%
EMEA (2)	120	90	33%
APAC (3)	42	35	20%
LATAM (4)	19	10	90%
Total	<u>\$ 363</u>	<u>\$ 281</u>	29%

- (1) United States and Canada\*
- (2) Europe, Middle East and Africa
- (3) Asia-Pacific
- (4) Latin America

\* Canada is included in international revenue for discussion purposes.

International revenue increased \$47 million or 32% during the three months ended March 31, 2015 compared to 2014. International revenue represented 53% and 51% of total revenue during the three months ended March 31, 2015 and 2014, respectively. The increase in international revenue, in absolute dollars and as a percentage of total revenue, is primarily due to additional investment in international expansion and growth in international hotel shoppers.

### Consolidated Expenses

#### Cost of Revenue

Cost of revenue consists of expenses that are directly related or closely correlated to revenue generation, including direct costs, such as ad serving fees, flight search fees, transaction fees and data center costs. In addition, cost of revenue includes personnel and overhead expenses, including salaries, benefits, stock-based compensation and bonuses for certain customer support personnel who are directly involved in revenue generation.

	Three Months Ended March 31,		% Change 2015 vs. 2014
	2015	2014	
(in millions)			
Direct costs	\$ 10	\$ 7	43%
Personnel and overhead	3	1	200%
Total cost of revenue	<u>\$ 13</u>	<u>\$ 8</u>	63%
% of revenue	3.6%	2.8%	

Cost of revenue increased \$5 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to increased merchant credit card and transaction fees, driven by additional transaction costs from our 2014 business acquisitions in Attractions and Restaurants and growth in our Vacation Rental free-to-list business; personnel costs from increased headcount to support business growth and customer support; and incremental personnel costs related to our 2014 business acquisitions in Attractions and Restaurants. In total, our Attractions and Restaurants businesses contributed \$4 million to our cost of revenue for the three months ended March 31, 2015, of which \$2 million related to personnel and overhead, which we did not incur in the three months ended March 31, 2014.

## ***Selling and Marketing***

Sales and marketing expenses primarily consist of direct costs, including SEM and other online traffic acquisition costs, syndication costs and affiliate program commissions, brand advertising, television and other offline advertising, and public relations. In addition, our indirect sales and marketing expense consists of personnel and overhead expenses, including salaries, commissions, benefits, stock-based compensation and bonuses for sales, sales support, customer support and marketing employees.

	Three Months Ended March 31,		% Change 2015 vs. 2014
	2015	2014	
	(in millions)		
Direct costs	\$ 113	\$ 64	77%
Personnel and overhead	44	37	19%
Total selling and marketing	\$ 157	\$ 101	55%
% of revenue	43.3%	35.9%	

Direct selling and marketing costs increased \$49 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to increased SEM costs and other online traffic acquisition costs, increased costs related to our television campaign, and incremental costs related to our 2014 business acquisitions in Attractions and Restaurants. We spent \$10 million on our television advertising campaign during the three months ended March 31, 2015, which was initially launched in May 2014. Personnel and overhead costs increased \$7 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to an increase in headcount to support business growth, including international expansion, as well as incremental personnel costs related to our 2014 business acquisitions in Attractions and Restaurants. In total, our Attractions and Restaurants businesses contributed \$17 million to our selling and marketing expense for the three months ended March 31, 2015, of which \$6 million related to personnel and overhead, which we did not incur in the three months ended March 31, 2014.

## ***Technology and Content***

Technology and content expenses consist of personnel and overhead expenses, including salaries and benefits, stock-based compensation and bonuses for salaried employees and contractors engaged in the design, development, testing, content support, and maintenance of our websites and mobile apps. Other costs include licensing, maintenance expense, computer supplies, and technology hardware.

	Three Months Ended March 31,		% Change 2015 vs. 2014
	2015	2014	
	(in millions)		
Personnel and overhead	\$ 41	\$ 32	28%
Other	8	6	33%
Total technology and content	\$ 49	\$ 38	29%
% of revenue	13.5%	13.5%	

Technology and content costs increased \$11 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion and enhanced site features, as well as incremental personnel costs related to our 2014 business acquisitions in Attractions and Restaurants. In total, our Attractions and Restaurants businesses contributed \$5 million to our technology and content expense for the three months ended March 31, 2015, of which \$3 million related to personnel and overhead, which we did not incur in the three months ended March 31, 2014.

## ***General and Administrative***

General and administrative expense consists primarily of personnel and related overhead costs, for personnel engaged in executive leadership, finance, legal, and human resources and stock-based compensation as well as professional service fees and other fees including audit, legal, tax and accounting, and other costs, including bad debt expense and our charitable foundation costs.

	Three Months Ended March 31,		% Change 2015 vs. 2014
	2015	2014	
	(in millions)		
Personnel and overhead	\$ 24	\$ 19	26%
Professional service fees and other	9	7	29%
<b>Total general and administrative</b>	<b>\$ 33</b>	<b>\$ 26</b>	<b>27%</b>
% of revenue	9.1%	9.3%	

General and administrative costs increased \$7 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to personnel costs and overhead costs related to an increase in headcount to support our business operations, as well as incremental personnel costs related to our 2014 business acquisitions in Attractions and Restaurants. In total, our Attractions and Restaurants businesses contributed \$4 million to our general and administrative expense for the three months ended March 31, 2015, of which \$3 million related to personnel and overhead, which we did not incur in the three months ended March 31, 2014.

### Depreciation

Depreciation expense consists of depreciation on computer equipment, leasehold improvements, furniture, office equipment and other assets, and amortization of capitalized software and website development costs.

	Three Months Ended March 31,	
	2015	2014
	(in millions)	
Depreciation	\$ 14	\$ 10
% of revenue	3.9%	3.6%

Depreciation expense increased \$4 million during the three months ended March 31, 2015 when compared to the same period in 2014 primarily due to increased amortization related to capitalized software and website development costs.

### Amortization of Intangible Assets

Amortization consists of the amortization of purchased definite-lived intangibles.

	Three Months Ended March 31,	
	2015	2014
	(in millions)	
Amortization of intangible assets	\$ 7	\$ 2
% of revenue	1.9%	0.7%

Amortization of intangible assets increased \$5 million during the three months ended March 31, 2015 when compared to the same period in 2014, primarily due to incremental amortization on purchased definite lived intangibles related to our 2014 business acquisitions. Refer to “Note 3— Acquisitions” in the notes to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2014 for additional information on our 2014 acquisitions.

### Interest Expense

Interest expense primarily consists of interest incurred, commitment fees and debt issuance cost amortization related to our Credit Agreement and Chinese Credit Facilities.

	Three Months Ended March 31,	
	2015	2014
	(in millions)	
Interest expense	\$ (2)	\$ (2)



Interest expense did not materially change during the three months ended March 31, 2015 when compared to the same periods in 2014. Refer to “Note 7— Debt” in the notes to our unaudited consolidated financial statements in this Quarterly Report on Form 10-Q for additional information on our Credit Agreement and Chinese Credit Facilities.

### **Interest Income and Other, Net**

Interest income and other, net primarily consists of interest earned and amortization of discounts and premiums on our marketable securities and net foreign exchange gains and losses.

	Three Months Ended March 31,	
	2015	2014
	(in millions)	
Interest income and other, net	\$ (2)	\$ -

Interest income and other, net decreased during the three months ended March 31, 2015, when compared to the same period in 2014, primarily due to the fluctuation of foreign exchange rates.

### **Provision for Income Taxes**

	Three Months Ended March 31,	
	2015	2014
	(in millions)	
Provision for income taxes	\$ 23	\$ 26
Effective tax rate	26.7%	27.7%

Our effective tax rate decreased 1% during the three months ended March 31, 2015 over the same period in 2014, primarily due to a change in jurisdictional earnings.

For the three months ended March 31, 2015, the effective tax rate is less than the federal statutory tax rate primarily due to earnings in jurisdictions outside the United States, where our effective tax rate is lower, which was partially offset by state income taxes, non-deductible stock-based compensation and accruals on uncertain tax positions.

### **Related Party Transactions**

For information on our relationship with Liberty TripAdvisor Holdings, Inc., refer to “Note 14— Related Party Transactions” in the notes to our unaudited consolidated financial statements in this Quarterly Report on Form 10-Q.

### **Stock-Based Compensation**

Refer to “Note 3— Stock Based Awards and Other Equity Instruments” in the notes to our unaudited consolidated financial statements in this Quarterly Report on Form 10-Q for further information on current year equity award activity, including the issuance of 367,659 service-based stock options with a weighted average grant-date fair value per option of \$33.79 and 514,579 service-based RSUs with a weighted average grant-date fair value of \$87.52 during the three months ended March 31, 2015.

### **Liquidity and Capital Resources**

The following section explains how we have generated and used our cash historically, describes our current capital resources and discusses our future financial commitments.

## Sources and Uses of Cash

Our cash flows from operating, investing and financing activities, as reflected in the unaudited consolidated statements of cash flows, are summarized in the following table:

	Three Months Ended	
	March 31,	
	2015	2014
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ 99	\$ 109
Investing activities	(34)	(127)
Financing activities	(3)	(14)

Our principal source of liquidity is cash flows generated from operations, although liquidity needs can also be met through drawdowns under our credit facilities discussed in “Note 7 – Debt” in the notes to our unaudited consolidated financial statements in this Quarterly Report on Form 10-Q. As of March 31, 2015 and December 31, 2014, we had \$642 million and \$594 million, respectively, of cash, cash equivalents and short and long-term available-for-sale marketable securities. As of March 31, 2015, approximately \$466 million of our cash, cash equivalents and short and long-term marketable securities are held by our international subsidiaries, primarily in the United Kingdom, and are related to earnings we intend to reinvest permanently outside the United States. Cumulative undistributed earnings of foreign subsidiaries that we intend to indefinitely reinvest outside of the United States totaled approximately \$658 million as of March 31, 2015. Should we distribute, or be treated under certain U.S. tax rules as having distributed, the earnings of foreign subsidiaries in the form of dividends or otherwise, we may be subject to U.S. income taxes. Determination of the amount of any unrecognized deferred income tax liability on this temporary difference is not practicable because of the complexities of the hypothetical calculation. Cash held is primarily denominated in U.S. dollars.

As of March 31, 2015, \$199 million was available under our Revolving Credit Facility representing the total \$200 million facility less \$1 million of outstanding letters of credit. There are currently no outstanding borrowings under the Revolving Credit Facility. The Revolving Credit Facility bears interest at LIBOR plus 150 basis points, or the Eurocurrency Spread, or the alternate base rate (“ABR”) plus 50 basis points, and undrawn amounts are currently subject to a commitment fee of 22.5 basis points, as of March 31, 2015. In addition we have approximately \$10 million available under our Chinese Credit Facilities, which currently bear interest at a 100% of the People’s Bank of China’s base rate, which was 5.35% as of March 31, 2015.

Historically, the cash we generate from operations has been sufficient to fund our working capital requirements, capital expenditures and to meet our long term debt obligations and other financial commitments. Management believes that our cash, cash equivalents and available-for-sale marketable securities, combined with expected cash flows generated by operating activities and available cash from our credit facilities, will be sufficient to fund our ongoing working capital requirements, capital expenditures and business growth initiatives; meet our long term debt obligations and other financial commitments; and fund our new corporate lease obligations, share repurchases and any potential acquisitions for at least the next twelve months. However, if during that period or thereafter, we are not successful in generating sufficient cash flow from operations or in raising additional capital, including refinancing or incurring additional debt, when required in sufficient amounts and on terms acceptable to us, we may be required to reduce our planned capital expenditures and scale back the scope of our business growth initiatives, either of which could have a material adverse effect on our future financial condition or results of operations.

### Operating Activities

For the three months ended March 31, 2015, net cash provided by operating activities decreased by \$10 million or 9% when compared to the same period in 2014. This decrease was primarily due to a net decrease in working capital movements of \$22 million mainly related to the timing of customer receipts, income tax payments, and vendor and merchant payments, with the remaining decrease of \$5 million related to net income. These decreases were offset by an increase in non-cash items affecting cash flows of \$17 million, primarily due to an increase in the following items: stock-based compensation; depreciation; amortization of intangible assets; excess tax benefits from stock-based compensation and deferred tax expenses.

### Investing Activities

For the three months ended March 31, 2015, net cash used in investing activities decreased by \$93 million when compared to the same period in 2014, primarily due to a net decrease in cash used for the purchases, sales and maturities of our marketable securities of \$109 million; this decrease was partially offset by an increase in capital expenditures of \$11 million and cash paid for 2015 business acquisitions of \$5 million, net of cash acquired, which we did not incur in the three months ended March 31, 2014.

### *Financing Activities*

For the three months ended March 31, 2015, net cash used in financing activities decreased by \$11 million when compared to the same period in 2014, primarily due to fluctuations year over year in cash received and paid related to equity award exercises and settlements, including related tax withholdings payments and excess tax benefits related to stock-based compensation recorded by the Company.

### ***Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements***

There have been no material changes outside the normal course of business to our contractual obligations and commercial commitments since December 31, 2014. Refer to “Liquidity and Capital Resources” in Part II, Item 7. —Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2014.

As of March 31, 2015, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K of the SEC, that have, or are reasonably likely to have, a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

### ***Contingencies***

In the ordinary course of business, we and our subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. Rules and regulations promulgated by the SEC require the description of material pending legal proceedings, other than ordinary, routine litigation incident to the registrant’s business, and advise that proceedings ordinarily need not be described if they primarily involve damages claims for amounts (exclusive of interest and costs) not individually exceeding 10% of the current assets of the registrant and its subsidiaries on a consolidated basis. In the judgment of management, none of the pending litigation matters that the Company and its subsidiaries are defending involves or is likely to involve amounts of that magnitude. There may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to certain market risks, including changes in interest rates and foreign currency exchange rates that could adversely affect our results of operations or financial condition. We manage our exposure to these risks through established policies and procedures and by assessing the anticipated near-term and long-term fluctuations in interest rates and foreign currency exchange rates. Our objective is to mitigate potential income statement, cash flow and market exposures from changes in interest and foreign exchange rates.

There has been no material change in our market risk profile during the three months ended March 31, 2015. For additional information, see “Quantitative and Qualitative Disclosures About Market Risk” in Item 7A. in Part II of our Annual Report on Form 10-K for the year ended December 31, 2014.

### **Item 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

As of March 31, 2015, our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that, as of March 31, 2015, our disclosure controls and procedures were effective in ensuring that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, including ensuring that such material information is accumulated and communicated to our management, including our President and Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

#### ***Changes in Internal Control over Financial Reporting***

There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings**

In the ordinary course of business, we and our subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. Rules and regulations promulgated by the SEC require the description of material pending legal proceedings, other than ordinary, routine litigation incident to the registrant's business, and advise that proceedings ordinarily need not be described if they primarily involve damages claims for amounts (exclusive of interest and costs) not individually exceeding 10% of the current assets of the registrant and its subsidiaries on a consolidated basis. In the judgment of management, none of the pending litigation matters that TripAdvisor and our subsidiaries are defending involves or is likely to involve amounts of that magnitude. There may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which could have a material adverse effect on us.

### **Item 1A. Risk Factors**

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A., "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 which could materially affect our business, financial condition or future results. During the quarter ended March 31, 2015, there have been no material changes in our risk factors from those disclosed in Part 1, Item 1A., "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

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

#### ***Unregistered Sales of Equity Securities***

During the quarter ended March 31, 2015, we did not issue or sell any shares of our common stock, Class B common stock or other equity securities pursuant to unregistered transactions in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended.

#### ***Share Repurchases***

On February 15, 2013, our Board of Directors authorized the repurchase of \$250 million of our shares of common stock under a share repurchase program. We intend to use available cash and future cash from operations to fund repurchases under the share repurchase program. The repurchase program has no expiration date but may be suspended or terminated by the Board of Directors at any time. Our Board of Directors will determine the price, timing, amount and method of such repurchases based on its evaluation of market conditions and other factors, and any shares repurchased will be in compliance with applicable legal requirements, at prices determined to be attractive and in the best interests of both the Company and its stockholders.

We did not repurchase any shares of our common stock during the quarter ended March 31, 2015.

As of March 31, 2015, we have \$105 million remaining to repurchase shares of our common stock under this share repurchase program.

### **Item 3. Defaults Upon Senior Securities**

Not applicable.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

Not applicable.

**Item 6. Exhibits**

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q.

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	SEC File No.	Exhibit	Filing Date
10.1*	Separation agreement between Julie M.B. Bradley and TripAdvisor, LLC dated April 2, 2015		8-K	001-35362	10.1	4/2/15
10.2*	Offer Letter dated November 29, 2011 between TripAdvisor Limited and Dermot Halpin	X				
10.3*	Offer Letter dated July 22, 2014 between TripAdvisor LLC and Barrie Seidenberg	X				
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2015, formatted in XBRL: (i) Unaudited Consolidated Statements of Operations, (ii) Unaudited Consolidated Statements of Comprehensive Income, (iii) Unaudited Consolidated Balance Sheets, (iv) Unaudited Consolidated Statement of Changes in Stockholders' Equity, (v) Unaudited Consolidated Statements of Cash Flows, and (vi) Notes to Unaudited Consolidated Financial Statements.	X				

\* Indicates a management contract or compensatory plan, contract or arrangement.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TripAdvisor, Inc.

By: \_\_\_\_\_ /s/ JULIE M.B. B RADLEY  
**Julie M.B. Bradley**  
**Chief Financial Officer**

May 6, 2015

29th November 2011

**PRIVATE & CONFIDENTIAL**

Mr. D. Halpin  
(via email)

Dear Dermot,

Following upon your offer of employment, I am pleased to offer you the contract of employment which applies to the position (the "Agreement").

We would like to offer you the position of President, Vacation Rentals reporting to the CEO of TripAdvisor (the "Company"). Your commencement date of employment under the Agreement will be 29th November 2011. No employment with a previous employer counts towards your employment with the Company.

This Agreement sets out the terms and conditions of your employment with the Company and contains information which the Company is required to give you under Section 1 of the Employment Rights Act 1996.

The Agreement supersedes and replaces any existing contract(s) and terms and conditions between you and the Company.

**1. Definitions & Interpretations**

1.1 In this Agreement unless the context otherwise requires, words and phrases shall have the following meanings:

- i. **"Critical Employee"** means any person who is employed by or seconded or assigned to the Company or any Group Company for at least three months prior to and on the Termination Date and who at any time was K-Level (or equivalent or above in any revised grading structure) or above and;
  - (a) for whom you have had direct or indirect managerial responsibility or with whom you had material contact or dealings during the course of your employment; and
  - (b) who had material contact with Customers or Prospective Customers or Suppliers in performing his/her duties of employment with the Company or any Group Company; or
  - (c) who is in possession of Confidential Information about Customers or Prospective Customers or Suppliers;
- ii. **"Customer"** means any person, firm, company, business entity or other organisation whatsoever to which the Company or any Group Company distributed, sold or supplied goods or services which are the same as or similar to the Restricted Goods or Restricted Services during the Relevant Period and with which, during that period:
  - (a) you, or
  - (b) any employee under your direct or indirect supervision,had material dealings in the course of employment with the Company or any Group Company, or about whom you were in possession of Confidential Information, but always excluding therefrom any division,

branch or office of such person, firm, company or other organisation whatsoever with which you and/or any such employee had no dealings during that period;

- iii. **“Group”** means the Company and the Group Companies;
- iv. **“Group Company”** means any company which is for the time being a subsidiary or a holding company of the Company or a subsidiary of any such company (as “subsidiary” and “holding company” are defined in the Companies Act 1985 as amended) or which is an associated company of any such company (as “associated company” is defined in the Income and Corporation Taxes Act 1988 as amended) and reference herein to “a Group Company” and to “Group Companies” includes any successor or assignee of the Company or any Group Company and shall be construed accordingly;
- v. **“Prospective Customer”** means any person, firm, company or other organisation whatsoever with which the Company or any Group Company had discussions during the Relevant Period regarding the possible distribution, sale or supply of goods or services which are the same as or similar to the Restricted Goods or Restricted Services and with which, during such period:
  - (a) you, or
  - (b) any employee who was under your direct or indirect supervision,

had material dealings in the course of employment by the Company or any Group Company, or about whom you were in possession of Confidential Information, but always excluding therefrom any division, branch or office of that person with which you and/or any such employee had no dealings during that period;

- vi. **“Recognised Investment Exchange”** has the meaning given to it by section 285 of the Financial Services and Markets Act 2000;
- vii. **“Relevant Period”** means the period of 12 months immediately preceding the start of the Restricted Period;
- viii. **“Restricted Area”** means the United Kingdom, any country within the European Union and any other country in the world where the Company or any Group Company is providing or supplying, or is planning to provide or supply, any goods or services which are the same as or similar to the Restricted Goods or Restricted Services and in or for which, during the course of your employment:
  - (a) you, or
  - (b) any employee under your direct or indirect supervision,  
  
performed material duties for the Company or relevant Group Company;

- ix. **“Restricted Goods”** means:
  - (a) any products provided by the Company or any Group Company as at the Termination Date or which the Company or any Group Company has planned to start providing within six months of the Termination Date; and
  - (b) with which your duties were materially concerned or for which you, or any employee who was under your direct or indirect supervision, were responsible during the Relevant Period,



or any products of the same type or materially similar to such products. The parties agree and acknowledge that, as of the date of this Agreement, the products provided or supplied by the Company or any Group Company to which it is anticipated that part (b) of this definition will apply are online products relating to vacation rentals; travel meta search; travel (including hotel, air, cruise, tour, attractions, activity and food) review and recommendation services; and travel itinerary management and/or administration);

x. **“Restricted Period”** means the period commencing on the Termination Date, or the date when you commence Garden Leave, or such date on which you cease providing services to the Company if earlier, and continuing for nine months in respect of the Non-Competition Clause and nine months in respect of the Non-Solicitation of Customers, Employees and Suppliers Clauses thereafter;

xi. **“Restricted Services”** means:

(a) any services provided or supplied by the Company or any Group Company as at the Termination Date or which the Company or any Group Company has planned to start providing or supplying within six months of the Termination Date; and

(b) with which your duties were materially concerned or for which you, or any employee who was under your direct or indirect supervision, were responsible during the Relevant Period,

or any services of the same type or materially similar to such services. The parties agree and acknowledge that, as of the date of this Agreement, the services provided or supplied by the Company or any Group Company to which it is anticipated that part (b) of this definition will apply are online products relating to vacation rentals; travel meta search; travel (including hotel, air, cruise, tour, attractions, activity and food) review and recommendation services; and travel itinerary management and/or administration);

- xii. **“Supplier”** means any supplier, agent, distributor or other person who, during the Relevant Period was in the habit of dealing with the Company or any Group Company and with which, during that period, you, or any employee under your direct or indirect supervision, had material dealings in the course of employment with the Company;
  - xiii. **“Securities”** means any shares, debentures (whether or not secured), warrants or options to purchase any shares or debentures; and
  - xiv. **“Termination Date”** means the date upon which your employment with the Company terminates for whatever reason and howsoever arising, whether lawfully or unlawfully.
- 1.2 The headings in this Agreement are for convenience only and shall not affect its construction or interpretation.
- 1.3 The various provisions, sub-provisions and other identifiable parts of this Agreement are severable and if any provision, sub-provision or other identifiable part is held to be unenforceable by any court of competent jurisdiction then such unenforceability will not affect the enforceability of the remaining provisions, sub-provisions or other identifiable parts of this Agreement.
- 1.4 Any reference to one gender includes a reference to another gender and any reference which denotes the singular shall where the context permits include the plural and vice versa.
- 1.5 Any reference in this Agreement to your employment is a reference to your employment by the Company.
- 1.6 Any reference in this Agreement to a person shall where the context permits include a reference to a body corporate and to any unincorporated body of persons.
- 1.7 Any reference in this Agreement to a particular law including a statutory provision is a reference to it as is in force for the time being taking account of any amendment, notification, extension or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 1.8 Save for the rights of any Group Company under this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

## 2. **Job Title**

- 2.1 You will be employed in the position of President, Vacation Rentals subject to the terms and conditions of this Agreement. The Company reserves the right to require you at any time during your employment to undertake any duties which are reasonably consistent with your status.
- 2.2 During your employment, you will devote the whole of your time, attention and skill to your duties and perform your duties and exercise your powers properly and with all necessary skill and care at all times.
- 2.3 Due to the seniority of your position, you owe fiduciary duties to both the Company and any other Group Company. This means that in the event of any conflict between your own interests and those of your employer, you must put the Company’s interests first. However, you may engage in charitable, civic, or community activities and, with prior approval of the Chief Executive Officer of the Company, may serve as a director of any other business corporation, provided that such activities do not interfere with your duties hereunder or violate the terms of any of the covenants contained in Clause 15.

### 3. Salary

- 3.1 The Company shall pay you a total basic salary of £275,000 per annum ("Basic Salary") less all lawful deductions, such as income tax and National Insurance, currently payable in equal monthly installments approximately 3 weeks in arrears and 1 week in advance on the 25th of each month direct to your bank account. This Basic Salary will be reviewed annually in line with Company practices. Employees commencing after 1 November normally are not included within the next annual salary review but in the one following. Salary will not be reviewed after notice of termination of employment has been given or received. There is no contractual entitlement to any increase in your Basic Salary.
- 3.2 On behalf of the Company, subject to approval by the Compensation Committee of the Board of Directors (the "Expedia Compensation Committee") of Expedia, Inc. ("Expedia"), Expedia will grant to you a stock option to purchase 100,000 shares of Expedia common stock ("Common Stock") under the Expedia 2005 Stock and Annual Incentive Plan (the "Expedia Plan"). Subject to your continued employment through the applicable vesting dates (except pursuant to Clause 11.5), such option will vest in equal quarterly installments on each of the first four anniversaries of the grant date, will have a per share strike price equal to the closing price of Expedia Common Stock on the Nasdaq exchange on the grant date and will have a seven-year term. Other terms of such option shall be subject to the terms contained in the option agreement governing the award and the Expedia Plan or the TripAdvisor 2011 Stock and Annual Incentive Plan (the "TripAdvisor Plan"), as applicable. You will be considered, in good faith, for future grants of equity in a manner consistent with similarly situated employees of the Company, provided that it shall not be a contractual entitlement to receive any such grants in the future.
- 3.3 On behalf of the Company, subject to approval by the Expedia Compensation Committee or the Compensation Committee of the Board of Directors (the "TripAdvisor Compensation Committee") of TripAdvisor, Inc. ("TripAdvisor"), Expedia or TripAdvisor will grant to you an option to purchase 100,000 shares of Expedia Common Stock or TripAdvisor Common Stock, each as the case may be. Subject to your continued employment through the applicable vesting dates (except pursuant to Clause 11.5), such option will vest immediately upon attainment by the Company of performance targets to be met as of December 31, 2014 (the "2014 Performance Targets"), provided that the option will vest with respect to 33% of the shares underlying the option immediately upon attainment by the Company of performance targets to be met as of December 31, 2013 (the "Interim Targets"), it being understood that failure to meet the Interim Targets shall not prevent vesting of the option with respect to all 100,000 shares if the 2014 Performance Targets are met on or prior to December 31, 2014. The Interim Targets and the 2014 Performance Targets shall be agreed by the Company and you no later than March 31, 2012 and shall be subject to approval of the Expedia Compensation Committee or the TripAdvisor Compensation Committee, as the case may be. Such option shall have a per share strike price equal to the closing price of Expedia or TripAdvisor common stock, as the case may be, on the Nasdaq exchange on the grant date and will have a seven-year term. Other terms shall be subject to the terms contained in the option agreement governing the award and the Expedia Plan or the TripAdvisor Plan, as applicable.
- 3.4 Subject to approval of the Expedia Compensation Committee or the TripAdvisor Compensation Committee of the award opportunity and the applicable performance goals, you shall be eligible to receive \$1,000,000 (US Dollars), in the aggregate, upon attainment by the Company of the 2014

Performance Targets, provided that you shall be eligible to receive an initial payment of \$333,333 (US Dollars) upon attainment by the Company of the Interim Targets by December 31, 2013, it being understood that failure to meet the Interim Targets shall not prevent you from earning the entire \$1,000,000 (US Dollars) if the 2014 Performance Targets are met on or prior to December 31, 2014. The Expedia Compensation Committee (or the TripAdvisor Compensation Committee) may structure such targets in a manner that is designed to meet the requirements for deductible compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended. Any amounts earned shall be paid out by the Company no later than (x) March 15, 2014, in the case of achievement of the Interim Targets and (y) March 15, 2015, in the case of achievement of the 2014 Targets, and, in all events, payment shall be subject to your employment with the Company through the applicable payment date.

- 3.5 As a special gesture, the Company will provide you with a sign-on bonus of £50,000 (the "Sign-On Bonus"), which you will receive as part of your first monthly Basic Salary payment. This payment will be subject to all lawful deductions. If you voluntarily leave or give notice of termination of your employment to the Company within six months of employment from your start date under this Agreement, you will be required to repay this gross amount in full. The Company's offer of a sign on bonus is made on the condition that it is kept strictly confidential. As such, any disclosure of its contents or benefits to any third party will be seen as a serious disciplinary offence.
- 3.6 If the Company (x) has not procured the grant of options set forth in Clause 3.2 on or before January 29, 2012 then, notwithstanding Clauses 3.5 or 11.2, you shall be entitled to resign on one week's written notice to the Company, given by February 28, 2012, in which case repayment of the Sign-On Bonus shall not be required and Clause 15 of this Agreement shall not apply or (y) has not procured the grant of performance options and the allocation of performance cash pool set forth in Clauses 3.3 and 3.4 on or before March 31, 2012 then, notwithstanding Clauses 3.5 or 11.2, you shall be entitled to resign on one week's written notice to the Company, given by April 30, 2012, in which case repayment of the Sign-On Bonus shall not be required and Clause 15 of this Agreement shall not apply.
- 3.7 You authorise the Company at any time during your employment to deduct from your Basic Salary any sums due from you to the Company or any Group Company including, but not limited to, any overpayments, loans or advances made to you by the Company, any monies owed on a corporate credit card.

#### **4. Bonus**

- 4.1 The Company operates a discretionary Executive Bonus Plan, in place from time to time for similarly located employees, for which you are eligible. The current level of on target bonus is 50% of your Basic Salary. Subject to the successful achievement of objectives agreed between the Chief Executive Officer of the Company and you, you are eligible for such discretionary bonus, provided that if the performance of the Company or the Company Group is considered unsatisfactory, in the sole discretion of the Chief Executive Officer of the Company, the Board of Directors of TripAdvisor or the TripAdvisor Compensation Committee, then your bonus may be reduced or withheld to the same extent as similarly-situated employees. Whether each objective has been successfully completed and the amount of any bonus are matters to be determined in the sole discretion of the Chief Executive Officer of the Company, the Board of Directors of TripAdvisor or

the TripAdvisor Compensation Committee. Bonuses are paid less tax, national insurance contributions and other deductions required by law. Subject to the foregoing, the amount of any such bonus will be determined by the Company in its absolute sole discretion. For the avoidance of doubt, the amount of any such bonus may be zero.

- 4.2 The Company will in good faith consider a pro-rata amount of your bonus, if any, to be paid should the Company terminate your employment (other than pursuant to Clause 11.3) prior to the date of payment of bonuses generally. However, any such bonus is not guaranteed as standard company policy dictates that in order to receive any bonus payment, you must still be in service and not under notice of termination on the date determined by the Company for payment of the bonus.
- 4.3 The Company reserves the right to vary or withdraw the bonus arrangement referred to above at any time without notice, provided that it does so for all similarly-situated employees. In this event, you will not be entitled to compensation, other than any benefits already earned and payable in accordance with the above paragraphs at the date on which the arrangement is varied or withdrawn.

## **5. Place of Work**

- 5.1 Your normal place of work will be at the Company's office currently at 7 Soho Square, London, W1D 3QB but the Company reserves the right to change this to any alternative office which in the reasonable opinion of the Company is reachable from your home in an average journey time of 1 hour and giving you at least one month's notice of the change. In addition you may be required to work at any of the Company's premises within the United Kingdom (or overseas) from time to time. You agree to travel (both within and outside of the UK) as may be required for the proper and efficient performance of your duties of employment.
- 5.2 The Company, may, at its entire discretion, from time to time, require you to carry out your duties from home. This does not give you a contractual right to work from home, and if the Company does exercise its discretion to ask you to work from home, this will not amount to a contractual variation of your main place of work as identified in the previous sub-Clause. If the Company does request you do work from home, then you agree that you will do so and for this purpose the Company will provide you with reasonable equipment to facilitate home-working, the exact equipment provided to be at the absolute discretion of the Company.

## **6. Working Time**

You agree that you are to be regarded as a Managing Executive for the purposes of Regulation 20(1) of the Working Time Regulations 1998. As such, you will be required to work such hours as may be necessary for the proper performance of your duties and you are therefore required to exercise all due professional judgment in determining what hours of work you need to perform in order to discharge your obligation to perform your role to a standard required by the Company.

## **7. Holiday**

- 7.1 The Company's holiday year runs from January to December.
- 7.2 Holiday accrues at the rate of 2.08 days for every completed month of service (28 days per annum), and is in addition to public and bank holidays. Your pro rata holiday entitlement for 2011/2012 will be determined based upon your start date.
- 7.3 Holiday can be taken at any time subject to the agreement of your departmental manager. For the purpose of calculating any holiday pay due to you by the Company, one day's pay shall be 1/260 of your annual salary.

- 7.4 Subject to the agreement of your departmental manager, you may carry no more than 5 days' unused holiday entitlement from one calendar year to the next.
- 7.5 Upon notice of termination of your employment, the Company may, at its sole discretion, either require you to take any unused holidays accrued at that time during any notice period or may, at its discretion make a payment in lieu of such holiday entitlement. You will be required to make a payment to the Company in lieu of any holiday taken in excess of your holiday entitlement on your Termination Date. If you are unable to take annual leave during your notice period because you are on sick leave, the Company may, at its discretion, set off any amounts paid to you under Clause 8.2 as Company sick pay against any amounts which would be payable on termination of employment for accrued but untaken annual leave.

## **8. Incapacity to Work / Sickness and Sick Pay**

- 8.1 Under the Company Sick Pay Plan (from time to time in force) you will receive your Basic Salary for all authorised sickness absences, up to a maximum of 30 days (in aggregate) in each calendar year provided that you:
- 8.1.1 Notify, or arrange for someone else to notify on your behalf, your line manager before 10.00 am on your first day of absence if you are unfit for work due to illness or injury. Failure to notify will entitle the Company, at its absolute discretion, to withhold payment of any Company sick pay and/or Statutory Sick Pay ("SSP").
  - 8.1.2 Complete a Self-Certification Form (SC1) on each occasion that you are absent from work due to illness or injury. This form should be completed on your first day of return. You may also be required to provide evidence to the Company that you were unfit for work in accordance with the requirements of the Company from time to time.
  - 8.1.3 Supply the Company with medical certificates covering any period of sickness or incapacity exceeding five working days (including weekends); However, the Company reserves the right to request a doctor's certificate from the first day of sickness.
  - 8.1.4 Undergo at the Company's expense and, at its sole discretion, a medical examination by a medical practitioner (including a doctor, nurse, occupational health therapist or consultant) appointed by the Company. It should be noted that at any stage of sickness absence you may be asked to see a Company nominated doctor, or give permission (by completing a medical consent form) for your own doctor to provide a medical report to the Company. Copies of any reports provided to the Company as a result of such an application shall be made available to your own doctor. The fees and expenses incurred in the provision of such a medical examination and of obtaining access to such health records shall be borne by the Company.
- 8.2 After this 30 day period, any further salary payment for authorised sick leave will be at the discretion of the Company. If you are absent from work on unpaid sick leave and wish to make use of all or part of your unused annual leave entitlement, at the discretion of the Company, you may be permitted to do so and, if any annual leave is taken during such period you will be paid for this leave on the usual terms.
- 8.3 For the purposes of calculating Company sick pay pursuant to the sub-Clause above, deductions will be made for any SSP or other benefits due to you as well as normal deductions required by law.

- 8.4 You will be paid SSP when you are eligible to receive it under the legislation and regulations from time to time in force. Where Company sick pay and SSP fall to be paid for the same day(s) of absence, you will receive the higher of the two sums.
- 8.5 You will continue to be covered by the Company's benefits including payment of the Company's pension contributions, and accrual of contractual holiday entitlement only while Company sick pay under the sub-Clause above is payable.
- 8.6 Any outstanding or prospective entitlement to Company sick pay, private medical insurance cover or permanent health insurance or any other benefit will not prevent the Company from exercising its right to terminate your employment for any reason in accordance with this Agreement while you are on authorised sick leave.
- 8.7 If the illness, accident or other incapacity has been, or appears to be, caused by the negligence of a third party in respect of which damages are or may be recoverable, you will immediately notify the Company of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it. You will also give to the Company all particulars that may reasonably be required and will, if required, refund all or such part of the sums paid to you or for your benefit by way of salary, bonus or benefits during the relevant period as the Company may reasonably determine. The amount to be refunded will not, however, exceed the amount of damages or compensation and interest recovered by you, less any unrecovered costs borne by you in connection with the recovery of such damages or compensation, and will not exceed the total remuneration paid to you by way of salary, bonus and benefits in respect of the period of such illness, accident or other incapacity.
- 8.8 In the event that you are, by reason of your sickness or other medical incapacity, absent from work and/or unable to perform all of your duties under this Agreement for any period, the Company may, in its sole discretion, reassign any or all of your duties.
- 8.9 If you are sick and absent from work, you must take all reasonable steps to assist in improving your health and facilitating your return to work. This includes, undertaking any treatment which is reasonably recommended to you by a medical practitioner (including a doctor, nurse, occupational health therapist or consultant).

## **9. Benefits**

- 9.1 Upon completion of the necessary paperwork by you and the Company and acceptance by the relevant scheme providers you will be invited to join one or more of the following benefits plans in place from time to time:
- Life Assurance (subject to you joining the Group Personal Pension Scheme)
  - Private Medical Care
  - Permanent Health Insurance
  - Critical Illness Cover
  - Gym membership (reimbursement up to £850.00 per annum, taxable through payroll)
- 9.2 In respect of Private Medical Care described above, you are entitled to elect not to participate in any particular plan(s) and instead to receive from the Company reimbursement of the actual, out-of-pocket cost to you of privately purchasing such Private Medical Care, such amount not to exceed £9,000 per annum. Such reimbursement will be grossed up so that the net receipt

by you after deduction of applicable taxes shall equal the aforementioned cost.

- 9.3 You will also be eligible for a travel allowance of £10,560 per annum, payable in equal monthly installments.
- 9.4 You will also be eligible to participate in the Company's joint-contributory Group Personal Pension Scheme from your first day of employment. Under the scheme, the Company currently contributes 5% of Basic Salary provided that you contribute at least 3% although these rates may be reduced or increased in future. Further details are set out in the Pensions booklet attached.
- 9.5 The Company shall, to the extent permitted by law, be entitled to deduct from your final salary any gym membership expenses paid to you if you leave within a 12 month period of the expenses being paid. Any monies owed will be calculated on a pro-rata basis.
- 9.6 Full details of these benefit schemes can be found on the TripAdvisor's Intranet.
- 9.7 The Company reserves the right, at its sole discretion, to alter, terminate, reduce or substitute any of the above benefits, provided that it does so for all similarly situated employees. The benefits are subject to the rules of the providers and if any scheme provider refuses, for any reason, to provide any benefits to you, or a member of your family, the Company shall not be liable to provide any such benefits itself or compensation in lieu.

## **10. Collective Agreements**

There are no collective agreements which affect your employment.

## **11. Notice**

- 11.1 The Company will give you nine months notice in writing to terminate your employment.
- 11.2 You will be required to give the Company nine months in writing should you wish to terminate your employment with the Company.
- 11.3 The Company reserves the right to terminate your employment with immediate effect (and without being required to serve notice or make any payment in lieu of notice or other payment) if, at any time, you (amongst other things):
  - 11.3.1 commit a serious breach of your obligations under this Agreement (provided, that the Company shall provide prior notice and a reasonable opportunity to cure, if such breach is curable); or
  - 11.3.2 fail to comply with a lawful instruction given to you by your manager or by a duly authorized individual on behalf of the Company; or
  - 11.3.3 are guilty of dishonesty, or other gross misconduct, or gross incompetence or willful neglect of duty; or
  - 11.3.4 act in any manner (whether in the course of your duties or otherwise) which the Company reasonably believes is likely to bring you, the Company and/or any Group Company into disrepute or materially prejudice the interests of the Company or any Group Company; or
  - 11.3.5 are convicted of a criminal offence, other than a motoring offence which does not result in imprisonment; or
  - 11.3.6 are declared bankrupt, apply for or have made against you a receiving order under Section 286 Insolvency Act 1986, or have



any order made against you to reach a voluntary arrangement as defined by Section 253 of that Act; or

11.3.7 lose the right to work in the United Kingdom.

Any delay by the Company in exercising such right to terminate shall not constitute a waiver of it. This Clause will not restrict any other right the Company may have (whether at common law or otherwise) to terminate your employment summarily.

11.4 The Company has the right to suspend you during any investigation into alleged misconduct, during any disciplinary process and during any redundancy consultation.

11.5 The Company may, at its discretion, terminate your employment with the Company with immediate effect by making a compensation payment to you in lieu of all or any outstanding notice due to you. This applies whether notice is served by either you or the Company. The amount of any such compensation payment will be the amount of Basic Salary, at the rate then payable, plus, at the Company's election, either the continuation of any benefit of the type described in Clause 9 to which you are otherwise entitled or payment of such amount as will after the deduction of applicable taxes equal the cost to you of procuring or purchasing a comparable benefit, which in each case, you would have received if you had worked during the whole, or the remainder, of your notice period, less deductions for tax and national insurance. To avoid doubt, you have no automatic entitlement to receive this compensation payment unless the Company informs you in writing that it has decided to terminate your employment in this way. Further, in the event of a termination by the Company (except pursuant to Clause 11.3) and (x) at such time, Stephen Kaufer is the Chief Executive Officer (or similarly-situated position) of the Company or any Group Company, the Company will consider, in good faith, an acceleration of unvested equity described in Clauses 3.2 and 3.3 that would otherwise have vested during the course of your notice period (it being understood that any amount that would vest under this provision but for the fact that outstanding performance conditions have not been satisfied shall vest only if, and at such point as, such performance conditions are satisfied), provided that such acceleration, if any, shall be on terms set forth by the Company and the TripAdvisor Compensation Committee and may be conditional upon, at the Company's election, the execution of an irrevocable release of claims against the Company and the Group Companies in a form acceptable to the Company as a condition thereof (for the avoidance of doubt, it is intended that any such release described in this Clause 11.5 (x) and (y) shall not be with respect to any contractual rights which take effect upon or after termination of employment which have been expressly granted to you in this Agreement or such other agreements relating to your employment by the Company) or (y) at such time, Stephen Kaufer is not the Chief Executive Officer (or similarly-situated position) of the Company or any Group Company, the Company will, subject to the approval of the TripAdvisor Compensation Committee, procure an acceleration of unvested equity described in Clauses 3.2 and 3.3 that would otherwise have vested during the course of your notice period (it being understood that any amount that would vest under this provision but for the fact that outstanding performance conditions have not been satisfied shall vest only if, and at such point as, such performance conditions are satisfied), provided that such acceleration, if any, may be conditional upon, at the Company's election, the execution of an irrevocable release of claims against the Company and the Group Companies in a form acceptable to the Company. For purposes of clarity, nothing herein shall be

a contractual entitlement to any acceleration of equity nor is any acceleration guaranteed.

11.6 The Company may require you not to attend at work and/or not to undertake all or any of your duties of employment during all or any part of your notice period. This applies whether the notice has been given by you or the Company. This is called "Garden Leave". However, during Garden Leave:

11.6.1 the Company will continue to pay you your Basic Salary and provide you with your contractual benefits.

11.6.2 you will be required to take all outstanding accrued holiday during the Garden Leave period;

11.6.3 you will remain an employee of the Company and will remain bound by the terms of your contract of employment, including but not limited to:

11.6.3.1 your duty to act in the best interests of the Company and/ any Group Company;

11.6.3.2 the mutual obligation of trust of confidence;

11.6.3.3 your implied duties of good faith and fidelity;

11.6.3.4 your obligations under the Confidentiality and Data Protection Clause, the Intellectual Property Clause, the Non-Competition Clause, and the Non-Solicitation of Employees, Customers and Suppliers Clauses, of this Agreement; and

11.6.3.5 your duty to comply with the lawful and reasonable instructions of the Company;

11.6.4 you will remain bound by all fiduciary duties which you owe to the Company as a result of any directorships, trusteeships or other office held by you;

11.6.5 you may not undertake any other work or business activities of any kind without the prior written consent of the Company; and

11.6.6 you must remain available or be contactable during normal business hours to provide such assistance to the Company as it may reasonably require from time to time.

11.7 The termination of your employment will be without prejudice to any right the Company may have in respect of any breach by you of the provisions of this Agreement which may have occurred prior to such termination.

11.8 You will not at any time after the termination of your employment with the Company represent yourself as still having any connection with the Company or any Associated Company, save as a former employee for the purpose of communicating with prospective employers or complying with any applicable statutory requirements.

## **12. Indemnity**

12.1 To the extent allowed by law, the Company shall indemnify and hold you harmless for and against any and all claims, actions and proceedings ("Claims") and any losses, costs, charges, damages, expenses and liabilities ("Losses") incurred or suffered by you as a director, officer or executive of the Company or any Other Entity (as defined below):

12.1.1 arising out of or in connection with the actual or purported execution or discharge of your duties or powers or the actual or purported exercise of your powers; and

- 12.1.2 otherwise in relation to or in connection with your duties or powers arising out of or in connection with your service or office, as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise (“Other Entity”), provided that you are undertaking such a role at the request of the Company or any Group Company.
- 12.2 This indemnity shall not apply:
- 12.2.1 in respect of any actual or alleged Claims which you otherwise have or may have against the Company, any Group Company or any Other Entity and shall not limit any rights, powers, duties or discretions which the Company, any Group Company or any Other Entity has or may have in respect of you whether under this Contract of Employment or otherwise; or
  - 12.2.2 in respect of any liability incurred by you to pay a fine imposed in criminal proceedings; or
  - 12.2.3 in defending any criminal proceedings in which you are convicted, do not contest the charges, or plead guilty; or
  - 12.2.4 in defending any Claims brought by any Group Company against you in which judgment is given against you; or
  - 12.2.5 in respect of any Losses incurred by any Group Company in defending Claims arising out of your gross negligence, gross misconduct or any other situation which would have entitled the Company to summarily dismiss you or terminate this Contract of Employment in accordance with this Contract.
- 12.3 You agree as soon as reasonably practicable after receiving any demand relating to any Claim and in any case before you incur any Losses in respect of that Claim:
- 12.3.1 to notify the Company in writing of such circumstances giving full details and providing copies of all relevant correspondence; and
  - 12.3.2 thereafter, you shall keep the Company fully informed of the progress of any Claim including providing all information in relation to any Claims and Losses incurred as the Company may reasonably request.
- 12.4 You agree that, subject to Clause 12.6 below:
- 12.4.1 the Company shall be entitled to assume the defense of any Claim at its own expense and to select counsel (it being understood that, subject to privilege rules and other covenants binding the Company, the Company may, at its discretion, consult with you in connection therewith);
  - 12.4.2 the Company will not be liable to you for any fees or expenses of separate counsel subsequently employed by or on behalf of you with respect to the same Claim; and

- 12.4.3 you shall provide the Company with such information and cooperation in connection with any proceedings as be reasonably appropriate.
- 12.5 You also agree that you will, subject to Clause 12.6 below:
- 12.5.1 Not make any offer to settle or agree settlement to any Claim without the Company's prior written consent;
- 12.5.2 Assist the Company in defending any Claim; and
- 12.5.3 Take such reasonable steps and actions as the Company may direct to help mitigate and minimise any Losses arising out of any such Claim.
- 12.6 To the extent that you are personally the defendant (or a defendant) to any Claim, the Company's rights under Clause 12.4 and your obligations under Clause 12.5 shall be contingent on the Company's accepting your right to indemnity in respect of such Claim and your written confirmation of your desire to accept the benefit of such indemnity.

### **13. Confidentiality & Data Protection**

- 13.1 You accept and understand that as a natural and inevitable consequence of your employment and the carrying out of duties associated with such employment, you will be likely to obtain and become aware of confidential information as well as to obtain personal knowledge of, and influence over, the Company's and/or any Group Company's suppliers, customers, clients, consultants and employees such that you will be placed in a position whereby you may cause commercial damage to the legitimate business interests of the Company and/or any Group Company by using such confidential information, personal knowledge and/or influence for the benefit of any other entity.
- 13.2 You agree that during your employment and after, your Termination Date (without limitation in time) you will not directly or indirectly:
- 13.2.1 disclose to any other person, company or organisation whatsoever; and/or
- 13.2.2 make use of, for your own or any other person, company or organisation's benefit whatsoever,

any Confidential Information that has been or will be given to you in confidence by the Company and/or any Group Company or which you as a person of honesty and reasonable intelligence should reasonably treat as confidential, whether or not the same is specifically marked as confidential.

- 13.3 The term "Confidential Information" shall include any information relating to the business and/or the financial affairs of the Company and/or any Group Company or any of its customers, clients, suppliers, agents or distributors (actual or potential) and in particular shall include:
- 13.3.1 all information and any idea in whatever form, tangible or intangible, whether disclosed to or learned or developed by you, pertaining in any manner to the business of the Company and/or any Group Company or to the clients/customers, consultants, business associates, suppliers or employees of the same or any

- other party with whom the same agrees to hold information of such party in confidence;
- 13.3.2 all client/customer lists and all lists or other compilations containing client, customer or vendor information;
- 13.3.3 all information about products, proposed products, product development, research, techniques, processes, costs, profits, markets, marketing plans, strategies, forecasts, sales and commissions;
- 13.3.4 plans for the future development of new product or service concepts;
- 13.3.5 all techniques or processes, documents, books, papers, computer programs, databases and other data of any kind and description, including electronic data recorded or retrieved by any means;
- 13.3.6 all information relating to the compensation and terms of employment of other employees;
- 13.3.7 all information (including all negotiations) relating to, or in any way connected with, actual or proposed transactions affecting the Company and/or any Group Company and/or its or their business;
- 13.3.8 all commercial information including the terms of commercial agreements or intended or proposed commercial agreements as well as any and all negotiations regarding, towards or arising out of commercial agreements or proposed commercial agreements;
- 13.3.9 all information which the Company and/or any Group Company treats as confidential or expressly designates as "Confidential Information";
- 13.3.10 the business methods and information of the Company and/or any Group Company (including prices charged or discounts given to agents or obtained from suppliers, marketing and advertising programmes and costings, budgets, turnover, sales targets or other financial information);
- 13.3.11 lists and particulars of the Company and/or any Group Company's clients, suppliers, agents and distributors and the individual contact or contacts at such clients, suppliers, agents and distributors; and
- 13.3.12 any information in respect of which the Company and/or any Group Company is bound by an obligation of confidence to any third party.
- 13.4 The previous sub-Clause will not apply to any information which is in the public domain, other than by way of unauthorised disclosure (whether by you or any other person) or which you are entitled to disclose under the Public Interest Disclosure Act 1998 (only insofar as such information is disclosed in accordance with the Public Interest Disclosure Act 1998).
- 13.5 No Confidential Information may be reproduced (except in the proper exercise of your duties to the Company) or given to the press or any publication whatsoever or in the form of a paper to a professional body without the prior written consent of the Company.

- 13.6 You shall not make copies of, or memorise any, Confidential Information and shall on the Termination date return to the Company any records in any form of Confidential Information acquired or received by you during the course of your employment and shall not retain any copy, summary or précis of the same.
- 13.7 For the purposes of the Data Protection Act 1998, you, by signing this Agreement, give your consent to the holding and processing of personal data about you by the Company and/or any Group Company for all purposes relating to your employment with the Company including, but not limited to:
- 13.7.1 administering and maintaining personnel records;
  - 13.7.2 paying and reviewing salary and other remuneration and benefits;
  - 13.7.3 providing and administering benefits (including if relevant, pension, life insurance, permanent health insurance and medical insurance);
  - 13.7.4 undertaking performance appraisals and reviews;
  - 13.7.5 maintaining sickness and other absence records;
  - 13.7.6 taking decisions as to your fitness for work;
  - 13.7.7 providing references and information to future employers, and if necessary, governmental and quasi-governmental bodies for social security and other purposes, HM Revenue and Customs and the Contributions Agency;
  - 13.7.8 providing information to future purchasers of the Company and/or any Group Company;
  - 13.7.9 covert surveillance where criminal activity is suspected; and
  - 13.7.10 transferring information about you to a country or territory outside the EEA.
- 13.8 The persons who may have access to this personal data may include:
- 13.8.1 other employees of the Company or of any other Group Company, where this is appropriate and necessary for the proper performance of their duties of employment; and
  - 13.8.2 contractors, existing or prospective customers, third party suppliers, prospective purchasers of the Company or of any other Group Company where this is appropriate and necessary and relates to the business of the Company or any Group Company.
- 13.9 The sub-Clause above shall include your consent to the Company and/or any Group Company holding and processing sensitive personal data about you. This includes data concerning your racial/ethnic origins, your religious beliefs, whether or not you are a member of a trade union, your physical or mental health/condition, the commission or alleged commission of any offence, or other categories of information which may from time to time be defined as “sensitive personal data” within the meaning of the Data Protection Act 1998.

## **14. Intellectual Property**

- 14.1 All records, documents, papers (including copies and summaries thereof) and other copyright protected works made or acquired by you in the course of your employment shall, together with all the worldwide copyright and design rights in all such works, be and at all times remain the absolute property of the Company.

- 14.2 You hereby irrevocably and unconditionally waive all rights granted by Chapter IV of Part I of the Copyright, Designs and Patents Act 1988 and all similar rights in other jurisdictions that vest in you (whether before, on or after the date hereof) in connection with your authorship of any copyright works in the course of your employment with the Company, wherever in the world enforceable, including without limitation the right to be identified as the author of any such works and the right not to have any such works subjected to derogatory treatment.
- 14.3 The Company and you both acknowledge and accept the provisions of Sections 39 to 42 of the Patents Act 1977 ("the Act") relating to the ownership of employees' inventions and the compensation of employees for certain inventions.
- 14.4 You agree that, by virtue of the nature of your duties and the responsibility arising from them, you have and shall have at all times a special obligation to further the interests of the Company within the meaning of Section 39(1)(b) of the Act.
- 14.5 You agree that all rights to and in any invention, development, process, plan, design, formula, specification, program or other matter or work whatsoever which you make, develop or discover, either alone or with others, during the course of your duties of employment for the Company whether or not during working hours, whether or not using Company premises or resources and whether or not recorded in material form shall belong to and be the property of the Company ("Inventions"). You agree to immediately tell the Company about any Inventions and that you will keep confidential any and all information in any way relating to the Inventions unless otherwise authorised by the Company. You also agree to provide the Company with all materials embodying or relating to the Inventions, regardless of format.
- 14.6 To the extent that you make, discover or develop any invention, development, process, plan, design, formula, specification, program or other matter or work whatsoever which do not belong to the Company further to the previous sub-Clause above but which:
- 14.6.1 you make (wholly or partly, either alone or with others) using the Company's or any Group Company's equipment; or
  - 14.6.2 which you make (wholly or partly, alone or with others) using information obtained during the course of your employment; or
  - 14.6.3 which is or may be relevant to or related to the Company's or any Group Company's existing or future business (collectively "Executive Rights"),
- you agree to immediately inform the Company of the Executive Rights and, at the request and cost of the Company (and notwithstanding the termination of your employment) to immediately license or assign (as requested by the Company) all aspects of the Executive Rights to the Company and to deliver to the Company all documents and other materials relating to the Executive Rights. The Company shall pay you compensation for the licence or assignment as the Company shall determine in its absolute discretion, subject to Section 40 of the Act.
- 14.7 You also agree, at the request and cost of the Company (and notwithstanding the termination of your employment) to sign and execute all such documents and do all such acts as the Company may reasonably require:
- 14.7.1 to apply for and obtain in the sole name of the Company alone (unless the Company otherwise directs) patent, registered design, or other protection of any nature whatsoever in respect of the Inventions in any country throughout the world and, when so obtained or vested, to renew and maintain the same;

- 14.7.2 to resist any objection or opposition to obtaining, and any petitions or applications for revocation of, any such patent, registered design or other protection;
  - 14.7.3 to bring any proceedings for infringement of any such patent, registered design or other protection, the Company having sole control of all aspects of such proceedings and/or disputes relating to the same; and
  - 14.7.4 otherwise to give effect to the assignments, waivers and licences contemplated under this Clause.
- 14.8 The Company shall decide, in its sole discretion, whether to apply for patent, registered design or other protection in respect of the Inventions and reserves the right to work any of the Inventions as a secret process.

**15. Non-Competition**

- 15.1 You agree that you will not (without the Company’s prior written consent), during the course of your employment or during the Restricted Period within the Restricted Area and whether on your own account or in conjunction with or on behalf of any other person, firm, company, business entity or other organisation whatsoever, (and whether as an employee, director, principal, agent, consultant or in any other capacity whatsoever), directly or indirectly:
- 15.1.1 be employed; or
  - 15.1.2 be engaged in; or
  - 15.1.3 at all interested in; or
  - 15.1.4 perform services in respect of; or
  - 15.1.5 be otherwise at all involved or interested in:

Any business which provides or supplies goods and/or services which are the same as or similar to the Restricted Goods or Restricted Services, if the business is or seeks (at that time or in the future) to be in competition with the Company and/or any Group Company and a business satisfying these requirements shall be referred to as a “Competing Business”. The parties agree and acknowledge that, as of the date of this Agreement, a representative (though not exclusive) list of Competing Businesses is: Kayak, HomeAway, HolidayCheck, Trivago and Google Travel.

- 15.2 For the purposes of this Clause, acts done by you outside the Restricted Area shall nonetheless be deemed to be done within the Restricted Area where their primary purpose is to distribute, sell, supply or otherwise deal with goods and/or services which are the same as or similar to the Restricted Goods or Restricted Services in the Restricted Area.
- 15.3 This Clause is subject to the exception that you may hold, for investment purposes only, an interest (as defined by s820 to s825 of the Companies Act 2006) of up to 5% in nominal value or in the case of Securities not having any nominal value in number or class of Securities, in any class of Securities in a company which is quoted on any Recognised Investment Exchange provided that the company which issued the Securities does not carry on a business which is similar to, or competitive with, any business for the time being carried on by the Company or any Group Company.

**16. Non-Solicitation of Customers**

- 16.1 You agree that you will not, during the course of your employment or during the Restricted Period, without the Company’s prior written consent, whether on your own behalf or in conjunction with any person, firm, company,



business entity or other organisation whatsoever, (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly, in competition with the Company and/or any Group Company:

16.1.1 solicit business from; or assist in soliciting business from; or canvas any Customer or Prospective Customer in respect of Restricted Goods or Restricted Services; and/or

16.1.2 accept orders or custom from; or facilitate the acceptance of orders or custom from; or act for; or have any business dealings with any Customer or Prospective Customer in respect of Restricted Goods or Restricted Services.

**17. Non-Solicitation of Employees**

17.1 You agree that you will not, during the course of your employment or during the Restricted Period, without the Company's prior written consent, whether on your own behalf or in conjunction with any person, firm, company, business entity or other organisation whatsoever, (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly:

17.1.1 solicit; or induce; or endeavour to solicit or induce; or assist or facilitate any other person to solicit or induce (including but not limited to by providing such person with information about the Critical Employee) any person who, on the Termination Date, was a Critical Employee to cease working for or providing services to the Company or any Group Company, whether or not any such person would thereby commit a breach of contract; and/or

17.1.2 employ; or otherwise engage any Critical Employee in the business of researching into, developing or otherwise dealing with goods or services which are the same as or similar to Restricted Goods or Restricted Services if that business is, or seeks to be at that time or in the future, in competition with the Company and/or any Group Company.

**18. Interference with Suppliers**

18.1 You agree that you will not, during the course of your employment or during the Restricted Period, without the Company's prior written consent, whether on your own behalf or in conjunction with any person, firm, company, business entity or other organisation whatsoever, (and whether as an employee, director, agent, principal, consultant or in any other capacity whatsoever), directly or indirectly:

18.1.1 solicit; or induce; or endeavour to solicit or induce any Supplier to cease to deal with the Company and/or any Group Company; and/or

18.1.2 interfere in any way with any relationship, or the supply of goods or services, between a Supplier and the Company or any Group Company.

**19. Notifiable Offer**

19.1 You hereby undertake that you will immediately notify the Company of any accepted offer of employment or any other engagement or arrangement made to you by any third party or parties which may give rise to a breach of one or more of the covenants contained in the Non-Competition Clause and the Non-Solicitation of Employees, Customers and Suppliers Clauses ("Notifiable Offer") and further undertake that on receipt of any Notifiable

Offer you will immediately inform the third party or parties responsible for the Notifiable Offer of the existence of those covenants.

19.2 In the event that you receive a Notifiable Offer but do not comply with your obligations under this Clause, the Company reserves the right to inform any third party or parties responsible for the Notifiable Offer of the existence of the covenants contained in the Non-Competition Clause and the Non-Solicitation of Employees, Customers and Suppliers Clauses.

## **20. Agreement or Undertaking with Group Company**

You hereby agree that you will at the request and cost of the Company enter into a direct agreement or undertaking with any Group Company whereby you will accept restrictions and provisions corresponding in all respects as to restricted activities, area, scope and duration to the restrictions and provisions in the Non-Competition Clause and the Non-Solicitation of Employees, Customers and Suppliers Clauses (or such of them as may be appropriate in the circumstances).

## **21. Previous Employer Information**

21.1 You represent and warrant that you are not prevented or restricted by any agreement, arrangement, contract, understanding, Court Order or otherwise, from fully performing the duties of this employment, or any of them, in accordance with the terms and conditions of this Agreement. You undertake to indemnify the Company against any claims, costs, damages, liabilities or expenses which the Company may incur as a result if you are in such breach. For the avoidance of doubt, the Company neither requests nor permits you as an employee to act in breach of any duties of confidentiality you owe to any prior employer. You further represent and warrant to the Company that, you will disclose to any future employer the nature and duration of any restriction that continues after the termination of this Agreement, including, but not limited to, your duty of confidentiality to the Company.

21.2 The benefit of each of your agreements and obligations under the Non-Competition Clause and the Non-Solicitation of Employees, Customers and Suppliers Clauses of this Agreement may be assigned to and enforced by all successors and assignees for the time being of the Company and its Group Companies and such agreements and obligations will operate and remain binding despite the termination of this Agreement.

## **22. Company property**

On the Termination Date, or when you go on Garden Leave, or at any other time following a request from the Company, you must immediately return to the Company, in accordance with its instructions, all property belonging to the Company or any Group Company, in whatever form it exists including all copies of such property, and shall delete from all records (including any personal computer which you keep in any location other than Company premises), any information or material connected with your employment, and/or relating to the business or affairs of the Company or any Group Company which belongs to the Company or any Group Company. For the avoidance of doubt, property also includes laptops, mobile phone, blackberry devices and any other property of the Company or any Group Company. Failure to return property prior to employment ending may result in deductions from your final salary and/or legal proceedings being taken to recover any outstanding property.

## **23. Disciplinary Rules and Procedure, Dismissal Procedure and Grievances**

Details of the disciplinary rules and procedures, dismissal procedure and grievance procedure and other applicable policies and procedures are available on the intranet or can be obtained from Human Resources. These procedures do not form part of your contract of employment. If you are dissatisfied with any disciplinary decision taken against you or you wish to raise a grievance you should provide written

grounds of your complaint to the Human Resources Department in accordance with the relevant procedure.

**24. Compromise Agreement**

24.1 With reference to the Compromise Agreement between you and Expedia.com Limited dated December 31, 2008 (the “Compromise Agreement”), the Company irrevocably agrees and acknowledges for itself and as agent for each Group Company that:

24.1.1 For the avoidance of any doubt, the Compromise Agreement shall not have the effect of waiving or settling or otherwise restricting your ability unconditionally to pursue without penalty any claim or complaint including without limitation any Employment Protection Claim (as defined in the Compromise Agreement) and any claim for victimization which exists or arises in connection with this Agreement (or any related contract) or your period of employment with the Company or any Group Company commencing on or about the date of this Agreement; and

24.1.2 You shall not be in breach of the Compromise Agreement by virtue of any act or omission which you undertake in good faith in furtherance of the proper performance of your duties hereunder.

24.2 Without prejudice to clause 24.1 above, the Company will procure that within [30] days of the date of this Agreement Expedia.com Limited shall confirm in writing its agreement to the provisions set forth in Clause 24.1 or otherwise enter into an agreement with you to vary the terms of the Compromise Agreement accordingly.

**25. Entire Agreement**

This Agreement contains the entire understanding between the parties as to the subject matter contained herein and supersedes all (if any) subsisting or previous agreements, arrangements and understandings or parts of agreements, arrangements or understandings (as appropriate) relating to the subject matter hereof which such agreements, arrangements and understandings (or parts thereof) shall be deemed to have been terminated by mutual consent without liability on either party but without prejudice to accrued rights and liabilities.

**26. Choice of Laws and submission of Jurisdiction**

This Agreement is governed by and shall be construed and enforced in accordance with the laws of England and Wales and the parties to this Agreement hereby submit to the exclusive jurisdiction of the English Courts.

Dermot, I would be grateful if you could indicate your acceptance of this offer by signing and returning the attached copy of this letter. By signing this letter you confirm and represent that you are legally entitled to work in the UK. Your employment will, however, be conditional on you having, establishing to the Company’s satisfaction on or before the start date, and retaining, the right to work in the UK.

If you have any questions regarding this Agreement or the contents of the offer pack, please do not hesitate to contact me on.

Yours sincerely,

/s/ SETH KALVERT  
Seth Kalvert

**Signed on behalf of TripAdvisor Ltd**

I understand the terms and conditions contained or incorporated in this Agreement and accept that these form my contract of employment.

Signed           /s/ DERMOT HALPIN            
**Dermot Halpin**

Dated: 29/11/11

July 22, 2014

Barrie Seidenberg

Dear Barrie,

We are pleased to extend you this offer of continued employment as the Chief Executive Officer (CEO) of Viator, Inc. ("Viator") in connection with the Agreement and Plan of Merger among TripAdvisor, LLC (the "Company"); Viator and a subsidiary of the Company to be formed (the "Merger Sub"), pursuant to which the Merger Sub will merge with and into Viator and Viator will become a wholly owned subsidiary of the Company (the "Transaction"). This offer is contingent upon consummation of the Transaction, and will remain in effect until the Closing (as defined in the Agreement and Plan of Merger) of the Transaction, and may be accepted by countersigning where indicated at the end of this letter. As noted above, this offer is contingent upon Closing of the Transaction and, while this offer may be executed by the parties prior to the Closing, will not become effective until the date of Closing. Your start date under this offer letter will be effective from the date of Closing (the "Start Date"); however your previous service with Viator will be fully credited and recognized for purposes of Viator and Company seniority and benefits. Your employer will continue to be Viator but as set forth below, you will participate in Company compensation and benefit programs. You will also be a VP1 of the Company.

#### **Duties and Extent of Service**

As CEO of Viator, consistent with your duties and responsibilities as of immediately before the Closing, you will have responsibility for performing those duties as are customary for, and are consistent with, such position, as well as those duties as the Company may from time to time designate (consistent with your role). You shall report directly to the Company chief executive officer. You agree to abide by the rules, regulations, instructions, personnel practices and policies of the Company and any changes therein which may be adopted from time to time by the Company. Except for vacations and absences due to temporary illness, you will be expected to devote your full business time and effort to the business and affairs of the Company. Notwithstanding the foregoing, you may serve as a board member or consultant to other entities (up to two in the aggregate) with the prior written consent of the Company.

#### **Compensation**

In consideration of your employment with Viator, Viator (or the Company) will continue to pay you the same base salary of \$250,000 commencing on the Start Date and through December 31, 2014, and effective January 1, 2015, a base salary of \$325,000 per year, in each case payable in accordance with Viator's or the Company's standard payroll

practices as applicable. For calendar year 2014, if not previously paid, you will receive minimum bonus payments of \$18,750 each in the first week of August 2014, November 2014 and February 2015, respectively, and an additional minimum bonus of \$75,000 in the first week of February 2015 and further provided that such bonus amounts may be increased depending upon Viator financial performance in 2014 (collectively, such bonuses are the "2014 Bonus"). Commencing as of January 1, 2015, you will for each calendar year also be entitled to receive an annual bonus targeted at 50% of your base salary for the applicable year, subject to meeting individual and Company objectives, as determined by the Board of Directors of the Company. Other than the 2014 Bonus, such annual bonuses will be paid to you at the same time that bonuses are paid to other Company executives and you shall be eligible for a full annual bonus if you are employed as of the last day of the applicable calendar year.

## **Equity**

### **Existing Award**

The Company, by and through its parent company TripAdvisor, Inc. (the ultimate parent of the Company), agrees to assume those certain unvested in-the-money Viator stock options held by you as of the date of Closing (the "Existing Award"). In light of the Transaction, the Existing Award will represent the right to receive stock options to purchase shares of TripAdvisor, Inc. with the exact number of shares and exercise price to be determined such that the in-the-money value of the new award immediately after the Closing shall be equivalent to the in-the-money value of Existing Award as of immediately before the Closing. The new options will in all respects have the same terms and conditions as their counterpart of the Existing Award including being subject to the same vesting conditions as the Existing Award.

To the extent you resign from your position with the Company because you are required to be based more than 20 miles from your job location or residence on the Start Date, except for reasonably required travel on business that is not materially greater than such travel requirements in connection with your position at Viator prior to the Start Date, then any portion of the Existing Award which is unvested shall automatically vest in full.

### **Retention Grant**

On the Start Date, TripAdvisor, Inc. shall grant you an award of restricted stock units covering shares of common stock of TripAdvisor, Inc. ("RSUs"), with a value (as calculated below) of \$1,000,000 (in USD) ("Retention RSUs"). This one-time grant of Retention RSUs is made pursuant to the TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan, as amended (as the same may be amended from time to time, the "2011 Plan"). The number of Retention RSUs granted will be determined based on an award value of \$1,000,000 (in USD) divided by the closing price of TripAdvisor, Inc. common stock on the last trading day prior to the date of Closing, rounded down to the nearest whole share. The Retention RSUs will vest 25% on each of the first four anniversaries of the Start Date, subject to earlier forfeiture terms and conditions specifically provided for below. After the Closing, you will receive additional information including an which will govern the terms of the award. Any award agreements shall contain terms not in conflict with the foregoing terms. As a condition to this grant, you agree to forfeit your eligibility to participate in the TripAdvisor, Inc. annual grant of equity in the first quarter of 2015.

### **RSU & Stock Option Grant**

On the Start Date, TripAdvisor, Inc. shall also grant you an additional award of RSUs with a value (as calculated below) of \$500,000 (in USD) and options to purchase shares of common stock of TripAdvisor, Inc. (the "Stock Options") with a value (as calculated below) of \$500,000 (in USD). This one-time grant of RSUs and Stock Options is made pursuant to the 2011 Plan. The number of RSUs granted will be determined based on the award value of \$500,000 (in USD) divided by the closing price of TripAdvisor, Inc. common stock on the last trading day prior to the date of Closing, rounded down to the nearest whole share. The number of Stock Options granted will be determined by dividing the award value of \$500,000 (in USD) by the Black-Scholes value of the Stock Options (as determined by TripAdvisor, Inc., in its sole discretion, using the closing price of TripAdvisor, Inc. common stock (and other Black-Scholes input variables measured) on the last trading day prior to the date of Closing, rounded down to the nearest whole number). The per share exercise price of the Stock Options will be equal to the fair market value of a TripAdvisor, Inc. common share on the date of grant. Both RSU and Stock Option awards will vest 25% on each of the first four anniversaries of the Start Date, subject to earlier forfeiture terms and conditions specifically provided for in the 2011 Plan. After the Closing, you will receive additional information, including award agreements, which will govern the terms of the RSUs and Stock Options. Any award agreements shall contain terms not in conflict with the foregoing terms.

## **Additional Benefits**

You will be entitled to participate in such employee benefit plans and fringe benefits as may be offered or made available by the Company from time to time to its employees and to persons who are at the VP1 level or below. You will also be entitled to paid vacation annually, based on your seniority (including prior service) in accordance with the Company's standard policies provided however that commencing on the Start Date you shall accrue at least four weeks of paid vacation each year. Your participation in such employee benefit plans and fringe benefits, and the amount and nature of the benefits to which you shall be entitled thereunder or in connection therewith, shall be subject to the terms and conditions of such employee benefit plans and fringe benefits.

**Nondisclosure, Developments and Non-Competition**

As a condition of employment and in consideration of the benefits herein, you agree to sign the Company's Non-Disclosure, Developments and Non-Competition Agreement. A copy is attached hereto as Exhibit A.

**No Conflicting Obligation**

You hereby represent and warrant that the execution and delivery of this offer letter, the performance by you of any or all of the terms of this offer letter and the performance by you of your duties as an employee of the Company do not and will not breach or contravene (i) any agreement or contract (including, without limitation, any employment or consulting agreement, any agreement not to compete or any confidentiality or nondisclosure agreement) to which you are or may become a party on or at any time after the Start Date or (ii) any obligation you may otherwise have under applicable law to any former employer or to any person to whom you have provided, provide or will provide consulting services.

**At-Will Employment; Termination Without Cause; Resignation With Good Reason**

Please note that this offer letter is not a contract of employment for any specific or minimum term and that the employment offered hereby is terminable at will. This means that our employment relationship is voluntary and based on mutual consent. You may resign your employment with or without Good Reason (as defined below), and the Company likewise may terminate your employment, at any time, with or without Cause (as defined in Section 1(h)(ii) of the 2011 Plan as in effect on the Start Date) and with written notice. Any prior oral or written representations to the contrary are void, and any future representations to the contrary are also void and should not be relied upon unless they are contained in a formal written employment contract signed by an officer of the Company and expressly stating the Company's intent to modify the at-will nature of your employment.

"Good Reason" shall mean the occurrence of any of the following without your prior written consent: (A) the Company's material breach of any material provision of this offer letter, (B) the material reduction in your title, duties, reporting responsibilities (provided that a change in reporting structure shall not be considered Good Reason so long as the individual you are directly reporting to has a title and job level that is higher than yours) or level of responsibilities as Chief Executive Officer of Viator and VP1 of the Company, (C) the material reduction in your annual base salary or your total annual compensation opportunity, or (D) the relocation of your principal place of employment more than 20 miles outside the San Francisco, California metropolitan area, provided that in no event shall your resignation be for "Good Reason" unless (x) an event or circumstance set forth in clauses (A) through (D) shall have occurred and you provide the Company with written notice thereof within 30 days after you have knowledge of the occurrence or existence of such event or circumstance, which notice specifically identifies the event or circumstance that you believe constitutes Good Reason, (y) the Company fails to correct the circumstance or event so identified within 30 days after receipt of such notice, and (z) you resign within 90 days after the date of delivery of the notice referred to in clause (x) above.

Upon a Termination of Employment (as defined in the 2011 Plan) by the Company (or by Viator) for other than Cause, death or Disability (as defined in the 2011 Plan), or by you for Good Reason (as defined above), then:

- i. the Company shall continue to pay you your base salary then in effect in accordance with normal payroll practices (but disregarding any reduction in base salary that constituted Good Reason) for six months following the date of termination;
- ii. the Company shall pay you within 30 days of your Termination of Employment a cash amount that is equal to the sum of any unpaid portion of the 2014 Bonus plus any unpaid annual bonus;
- iii. the Company shall pay you an amount equal to the annual bonus on a pro rata basis for the year in which the Termination of Employment occurs, any such payment to be paid based on actual performance during the year in which the Termination of Employment has occurred based on the number of days of employment during such year relative to 365 days, such amount to be payable in a cash lump sum at the time as such annual bonus would otherwise have been paid;
- iv. the Company shall pay for your (and your dependents) continued participation in all Company group health, medical, dental and vision plans that you were covered by as of immediately before your Termination of Employment with such coverage extending for six months commencing on the first day of the calendar month following the month of the Termination of Employment;
- v. any portion of the Existing Award then currently outstanding and unvested at the time of such termination shall vest as of the date of such Termination of Employment;
- vi. Any portion of the Retention Grant and RSU & Stock Option Grant referred to above then currently outstanding and unvested at the time of such Termination of Employment which would, but for the Termination of Employment, have vested during the 12 months following such date of termination, shall vest and be immediately exercisable (and with respect to awards other than stock options and stock appreciation rights, settle) as of the date of such Termination of Employment. For avoidance of doubt, if the Retention Grant or RSU and RSU & Stock Option Grant referred to above have not yet been fully granted then such ungranted portions shall automatically be deemed to have been granted as of immediately before the Termination of Employment.

**Governing Law; Waiver of Jury Trial and Punitive Damages**

This offer letter shall be governed by and construed in accordance with the internal substantive laws of the state of California. EACH PARTY HEREBY WAIVES ANY RIGHT TO A JURY TRIAL AND TO CLAIM OR RECOVER PUNITIVE DAMAGES.

**Entire Agreement; Amendment**

This offer letter (together with the Nondisclosure, Developments and Non-Competition Agreement) and the Key Employee Joinder, Release, Non-Competition, Non-Solicitation and Waiver, set forth the sole and entire agreement and understanding between the Company and you with respect to the specific matters contemplated and addressed hereby and thereby (provided however that you shall continue to receive any benefits or rights that are provided to you under the Transaction's Agreement and Plan of Merger or under any Viator indemnification agreement or directors and officers errors and omissions liability insurance policy). No prior agreement, whether written or oral, shall be construed to change or affect the operation of this offer letter in accordance with its terms, and any provision of any such prior agreement which conflicts with or contradicts any provision of this offer letter is hereby revoked and superseded. In the event of any conflict in terms between this offer letter and any other agreement between you and the Company or Viator or any Company plan or policy, the terms of this offer letter shall prevail and govern. This offer letter and any payments or benefits provided to you shall be interpreted, construed, and administered to comply with Internal Revenue Code Section 409A ("409A") and to avoid the imposition of any 409A taxes upon you.

This offer letter may be amended or terminated only by a written instrument executed both by you and the Company.





**Certification**

I, Stephen Kaufer, Chief Executive Officer of TripAdvisor, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2015 of TripAdvisor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

/s/ STEPHEN KAUFER

Stephen Kaufer

*President and Chief Executive Officer*

**Certification**

I, Julie M.B. Bradley, Chief Financial Officer of TripAdvisor, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2015 of TripAdvisor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

/s/ JULIE M.B. BRADLEY

Julie M.B. Bradley

Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of TripAdvisor, Inc. (the "Company") for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen Kaufer, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) the Report which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2015

/s/ STEPHEN KAUFER

Stephen Kaufer

*President and Chief Executive Officer*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of TripAdvisor, Inc. (the "Company") for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Julie M.B. Bradley, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) the Report which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2015

/s/ JULIE M.B. BRADLEY

Julie M.B. Bradley

*Chief Financial Officer*