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As filed with the Securities and Exchange Commission on July 25, 2014

REGISTRATION NO. 333-195705

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

**Amendment No. 2
to
FORM S-1/A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

LIBERTY TRIPADVISOR HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	6719 (Primary Standard Industrial Classification code number)	46-3337365 (I.R.S. Employer Identification No.)
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12300 Liberty Boulevard, Englewood, Colorado 80112, (720) 875-5200
(Address, including zip code, and telephone number, including
area code, of Registrant's principal executive offices)

Richard N. Baer
Liberty TripAdvisor Holdings, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Renee L. Wilm
Baker Botts L.L.P.
30 Rockefeller Plaza
New York, New York 10112
(212) 408-2503

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed transactions described herein have been satisfied or waived, as applicable.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering.

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

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may

determine.



Information in this prospectus is not complete and may be changed. We may not sell the securities offered by this prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

Subject to completion, dated July 25, 2014

PROSPECTUS

LIBERTY TRIPADVISOR HOLDINGS, INC.

12300 Liberty Boulevard
Englewood, Colorado 80112

Series A Common Stock

Series B Common Stock

Liberty TripAdvisor Holdings, Inc. (**TripCo**, which is also referred to in this prospectus as **we**, **our**, or **the company**) is currently a subsidiary of Liberty Interactive Corporation (**Liberty**). TripCo's businesses, assets and liabilities consist of Liberty's 22% ownership interest and 57% voting interest in TripAdvisor, Inc. (**TripAdvisor**), Liberty's 100% ownership interest in BuySeasons, Inc. (**BuySeasons**) (which currently forms a part of Liberty's wholly owned subsidiary, Celebrate Interactive, LLC (**Celebrate**)), anticipated corporate level cash and cash equivalents of \$50 million and \$400 million in indebtedness. Liberty has determined to spin off our company by distributing (the **distribution**) to the holders of its Liberty Ventures common stock, as a dividend, all of our common stock. We are sending this prospectus to you in connection with that spin-off (the **Spin-Off**).

Liberty currently has two tracking stocks, the Liberty Interactive common stock and the Liberty Ventures common stock, which are intended to track and reflect the economic performance of the Interactive Group and the Ventures Group, respectively, as described in more detail in this prospectus. See "The Spin-Off—Background for the Spin-Off." At present, Liberty's interest in TripAdvisor is attributed to its Ventures Group and BuySeasons, as a part of Celebrate, is attributed to its Interactive Group. In the event that the Spin-Off occurs prior to the Proposed Reclassification (as defined below), BuySeasons would be reattributed from Liberty's Interactive Group to its Ventures Group prior to the Spin-Off. In the event that the Spin-Off does not occur prior to the Proposed Reclassification, BuySeasons will be attributed to the QVC Group in connection with the Proposed Reclassification and then later reattributed to the Ventures Group prior to the Spin-Off. Our interest in TripAdvisor will remain attributed to the Ventures Group should the Proposed Reclassification occur prior to the Spin-Off.

If all conditions to the Spin-Off are satisfied or waived by the board of directors of Liberty in its sole discretion, at 5:00 p.m., New York City time, on [•], 2014 (such date and time, the **distribution date**), (i) for each whole share of Liberty's Series A Liberty Ventures common stock (**LVNTA**) held by you as of 5:00 p.m., New York City time, on [•], 2014 (such date and time, the **record date**), you will receive one share of our Series A common stock, and (ii) for each whole share of Liberty's Series B Liberty Ventures common stock (**LVNTB**, and together with LVNTA, the **Liberty Ventures common stock**) held by you on the record date, you will receive one share of our Series B common stock. No shares of our common stock are being distributed to holders of Liberty's Series A Liberty Interactive common stock (**LINTA**) or Series B Liberty Interactive common stock (**LINTB**). For information regarding the security ownership of certain beneficial owners and management, including John C. Malone, who is expected to beneficially own shares of our common stock representing approximately 28.9% of TripCo's voting power, following the Spin-Off, see "Security Ownership of Certain Beneficial Owners and Management." Concurrently with Liberty's plan to effect the Spin-Off, Liberty is also pursuing a plan to reclassify its Liberty Interactive common stock into a new QVC Group common stock and a new Liberty Digital Commerce common stock (the **Proposed Reclassification**). If the Proposed Reclassification occurs prior to the Spin-Off, no shares of our common stock would be distributed to holders of Liberty's Series A QVC Group common stock, Series B QVC Group common stock, Series A Liberty Digital Commerce common stock or Series B Liberty Digital Commerce common stock. The Proposed Reclassification may occur prior to or following the Spin-Off, or not at all. This prospectus relates solely to the Spin-Off.

No vote of Liberty's stockholders is required or is being sought to authorize or effectuate the Spin-Off. No action is required of you to receive your shares of our common stock.

There is no current trading market for our common stock. We expect to list our Series A common stock and Series B common stock on the Nasdaq Global Select Market under the symbols "LTRPA" and "LTRPB," respectively. For a short period of time following the Spin-Off, our common stock will trade under temporary trading symbols, which will be announced by press release once available.

In reviewing this prospectus, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 15.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or has passed upon the adequacy or accuracy of this prospectus as truthful or complete. Any representation to the contrary is a criminal offense.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

The date of this prospectus is [•], 2014.

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This prospectus describes the businesses and assets of our company as though they were our businesses and assets for all historical periods described. However, our company is a newly formed entity that will not have conducted any operations prior to the Spin-Off and instead will have had such businesses and assets transferred to it prior to the Spin-Off. References in this prospectus to the historical assets, liabilities, businesses or activities of our businesses or the businesses in which we have interests are intended to refer to the historical assets, liabilities, businesses or activities as they were conducted or held by Liberty prior to the Spin-Off. Following the Spin-Off, we will be an independent publicly traded company, and Liberty will have no continuing stock ownership in our company. The historical combined financial information of our company as part of Liberty contained in this prospectus is not necessarily indicative of our future financial position, future results of operations or future cash flows, nor does it reflect what the financial position, results of operations or cash flows of our company would have been had we been operated as a stand-alone company during the periods presented.

You should not assume that the information contained in this prospectus is accurate as of any date other than the date set forth on the cover page of this prospectus. Changes to the information contained herein may occur after that date and we do not undertake any obligation to update the information unless required to do so by law.

SUMMARY

The following is a summary of material information discussed in this prospectus. It is included for convenience only and should not be considered complete. You should carefully review this entire prospectus, including the risk factors, to better understand the Spin-Off and our business and financial position.

Our Company

TripCo is currently a wholly owned subsidiary of Liberty. Immediately following the Spin-Off, our principal businesses, assets and liabilities will consist of Liberty's 22% ownership interest and 57% voting interest in TripAdvisor, Liberty's 100% ownership interest in BuySeasons, anticipated corporate level cash and cash equivalents of \$50 million and \$400 million in indebtedness. Following the Spin-Off, we will be an independent publicly traded company and Liberty will not retain any ownership interest in us. In connection with the Spin-Off, we expect to enter into certain agreements, including the reorganization agreement and the tax sharing agreement, with Liberty and/or Liberty Media Corporation (**Liberty Media**) (or certain of their subsidiaries), pursuant to which, among other things, we and Liberty will indemnify each other against certain liabilities that may arise from our respective businesses. See "Certain Relationships and Related Party Transactions—Relationships Between TripCo and Liberty and/or Liberty Media."

TripAdvisor is an online travel company that empowers users to plan and maximize their travel experience. Its travel research platform aggregates reviews and opinions from its community of travelers about destinations, accommodations (including hotels, resorts, motels, bed and breakfasts or B&Bs, specialty lodging and vacation rentals), restaurants and activities throughout the world through its flagship TripAdvisor brand. TripAdvisor's branded websites include *tripadvisor.com* in the United States and localized versions of the website in 33 other countries, including in China under the brand *daodao.com*. Its branded websites globally have received more than 260 million monthly unique visitors during the year ended December 31, 2013, according to Google Analytics, and it features over 125 million reviews and opinions. Beyond travel-related content, TripAdvisor's websites also include links to the websites of its customers, including travel advertisers, allowing travelers to directly book their travel arrangements. In addition to the flagship TripAdvisor brand, TripAdvisor also manages and operates 20 other travel media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector. TripAdvisor derives substantially all of its revenue from the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. The remainder of its revenue is generated through a combination of subscription-based offerings, making hotel room nights available on its transactional sites, including Jetsetter and Tingo, and other revenue including content licensing.

Following the Spin-Off, BuySeasons will be a wholly owned subsidiary of ours. BuySeasons owns and operates *BuyCostumes.com* and the Celebrate Express family of websites. BuySeasons, an internet celebrations leader, provides a unique party offering by giving individuals the resources necessary to plan, execute and attend a wide variety of celebrations and costuming events. These resources include party supplies primarily through the retail websites which offer proprietary products through exclusive license agreements and costumes for a wide variety of occasions (the primary occasion is Halloween). BuySeasons purchases its products from various suppliers, both domestic and international. BuySeasons believes it has a competitive advantage due to the combination of a large assortment of online products, product personalization, value pricing and a high level of customer service. BuySeasons is highly seasonal with approximately half of its revenue earned from the sale of costumes in September and October leading up to Halloween. BuySeasons maintains a customer service center, at its corporate headquarters, and customer service representatives are available 16 hours a day, seven days a week during its busy season to respond to customer questions.

When we refer to "our business" in this prospectus, we are referring to the businesses of TripAdvisor, BuySeasons and their respective subsidiaries and affiliates following the Spin-Off.

Our principal executive offices are located at 12300 Liberty Blvd., Englewood, Colorado 80112. Our main telephone number is (720) 875-5200.

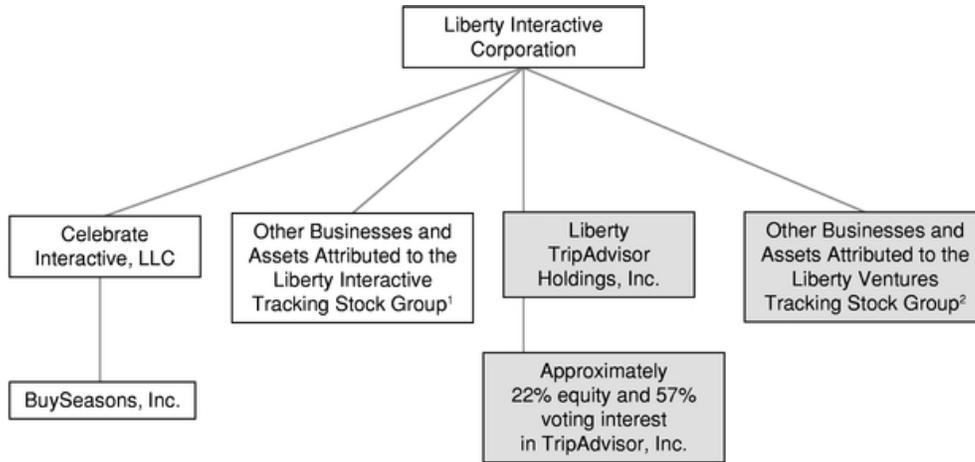
Liberty's Current Corporate Structure

The Liberty Interactive common stock and Liberty Ventures common stock are intended to track and reflect the economic performance of the Interactive Group and the Ventures Group, respectively. Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. While the Interactive Group and the Ventures Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore no group can own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation. The Interactive Group is primarily focused on Liberty's video and e-commerce operating businesses and has attributed to it Liberty's operating subsidiaries QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Celebrate and CommerceHub, as well as Liberty's interest in HSN, Inc., along with cash and certain liabilities that reside with QVC and the other attributed entities as well as outstanding senior notes and one series of exchangeable debentures of Liberty Interactive LLC (**Liberty LLC**) and certain deferred tax liabilities. The Ventures Group is comprised primarily of Liberty's investments in TripAdvisor, Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc., along with cash and certain liabilities related to Liberty LLC's other exchangeable debentures and certain deferred tax liabilities.

At present, Liberty's interest in TripAdvisor is attributed to its Ventures Group and BuySeasons, as a part of Celebrate, is attributed to its Interactive Group. Concurrently with Liberty's plan to effect the Spin-Off, Liberty is also pursuing the Proposed Reclassification, whereby it would reclassify its Liberty Interactive common stock into a new QVC Group common stock and a new Liberty Digital Commerce common stock.

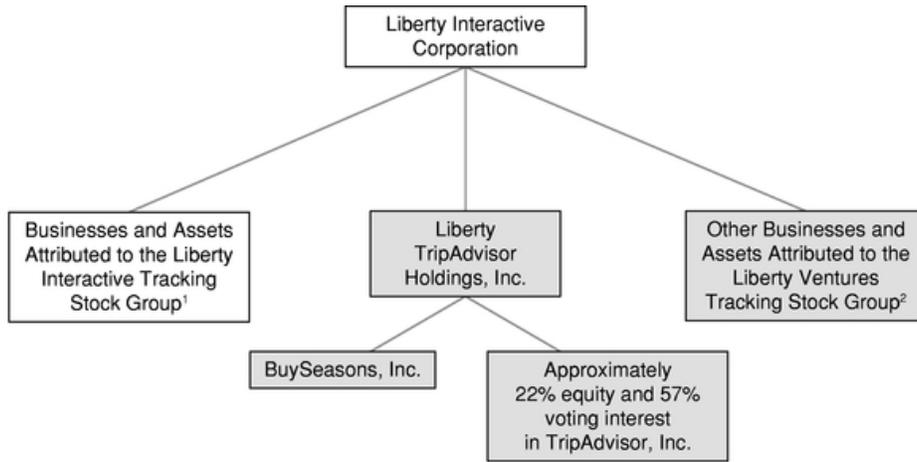
If the Proposed Reclassification occurs following the Spin-Off, the diagrams below depict the basic organizational structure of TripCo and Liberty before the internal restructuring and the Spin-Off and TripCo and Liberty after the Spin-Off:

Prior to the Reattribution of BuySeasons, Inc. and Prior to the Spin-Off



- ¹ Includes subsidiaries QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Commerce Hub and an interest in HSN, Inc.
- ² Includes interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc.
- Liberty Ventures Tracking Stock Group
- Liberty Interactive Tracking Stock Group

Following the Reattribution of BuySeasons, Inc. and Prior to the Spin-Off



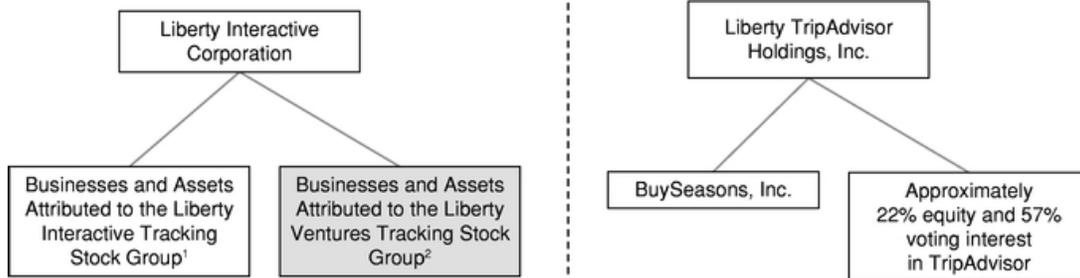
¹ Includes subsidiaries QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Commerce Hub and an interest in HSN, Inc.

² Includes interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc.

□ Liberty Ventures Tracking Stock Group

□ Liberty Interactive Tracking Stock Group

Following the Spin-Off



¹ Includes subsidiaries QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Commerce Hub and an interest in HSN, Inc.

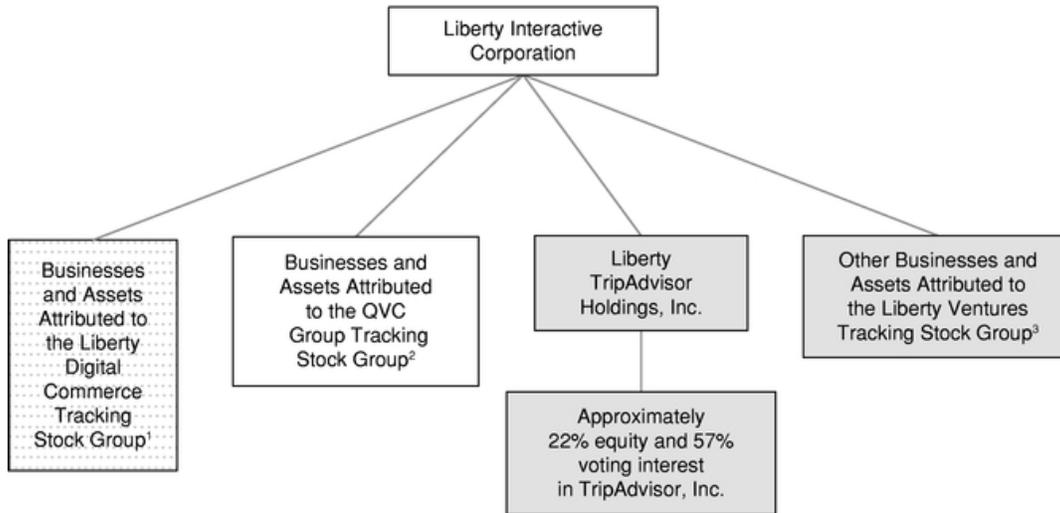
² Includes interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc.

□ Liberty Ventures Tracking Stock Group

□ Liberty Interactive Tracking Stock Group

If the Proposed Reclassification occurs prior to the Spin-Off, the diagrams below depict the basic organizational structure of TripCo and Liberty before the internal restructuring and the Spin-Off and TripCo and Liberty after the Spin-Off:

**Following the Proposed Reclassification, but
Prior to the Reattribution of BuySeasons, Inc. and Prior to the Spin-Off**



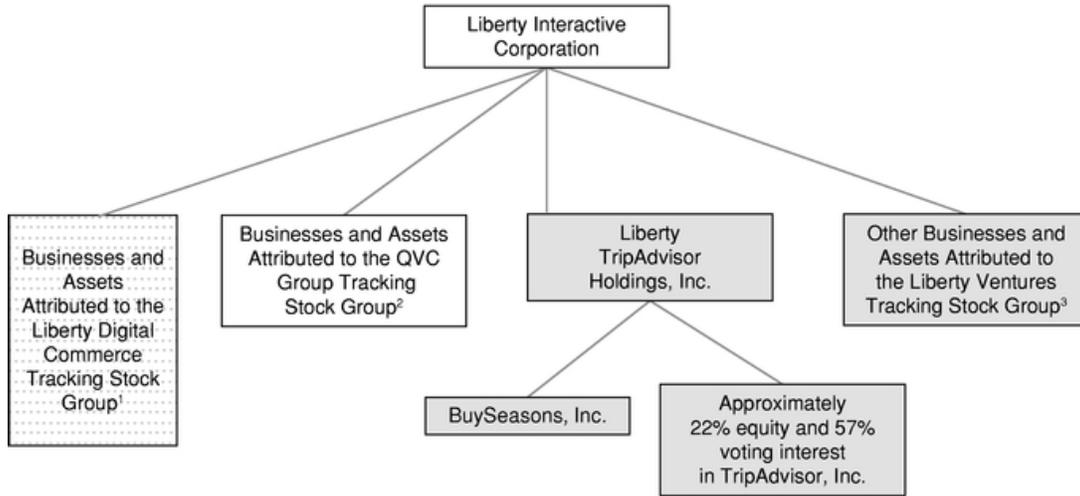
1 Includes subsidiaries Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Evite.com and Commerce Hub.

2 Includes subsidiary QVC, Inc., BuySeasons, Inc. and an interest in HSN, Inc.

3 Includes interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc.

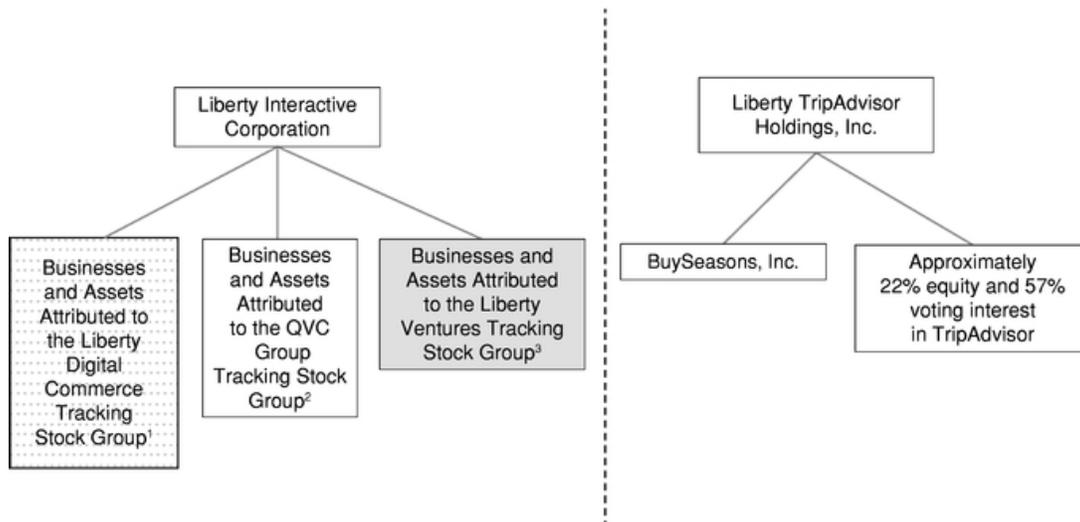
- Liberty Ventures Tracking Stock Group
- QVC Group Tracking Stock Group
- Liberty Digital Commerce Tracking Stock Group

**Following the Proposed Reclassification,
Following the Reattribution of BuySeasons, Inc. and Prior to the Spin-Off**



- ¹ Includes subsidiaries Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Evite.com and Commerce Hub.
- ² Includes subsidiary QVC, Inc. and an interest in HSN, Inc.
- ³ Includes interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc.
- Liberty Ventures Tracking Stock Group
- QVC Group Tracking Stock Group
- Liberty Digital Commerce Tracking Stock Group

Following the Proposed Reclassification and the Spin-Off



- ¹ Includes subsidiaries Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Evite.com and Commerce Hub.
- ² Includes subsidiary QVC, Inc. and an interest in HSN, Inc.
- ³ Includes interests in Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc.
- Liberty Ventures Tracking Stock Group
- QVC Group Tracking Stock Group
- Liberty Digital Commerce Tracking Stock Group

The Spin-Off

The following is a brief summary of the terms of the Spin-Off. Please see "The Spin-Off" for a more detailed description of the matters described below.

Q: What is the Spin-Off?

A: In the Spin-Off, Liberty will distribute to the holders of its Series A Liberty Ventures common stock and Series B Liberty Ventures common stock all the shares of our common stock. Holders of Liberty's Series A Liberty Interactive common stock and Series B Liberty Interactive common stock or, if the Proposed Reclassification occurs prior to the Spin-Off, holders of Liberty's Series A QVC Group common stock, Series B QVC Group common stock, Series A Liberty Digital Commerce common stock and Series B Liberty Digital Commerce common stock, will not receive shares of our common stock in the Spin-Off. Following the Spin-Off, we will be a separate company from Liberty, and Liberty will not have any ownership interest in us. You are not required to pay any consideration or give up any portion of your Series A Liberty Ventures common stock or Series B Liberty Ventures common stock to receive shares of our common stock in the Spin-Off.

Q: Can Liberty decide not to complete the Spin-Off?

A: Yes. Liberty's board of directors has reserved the right, in its sole discretion, to amend, modify or abandon the Spin-Off and related transactions at any time prior to the distribution date. In addition, the Spin-Off is subject to the satisfaction of certain conditions, some of which may be waived by the Liberty board of directors in its sole discretion. See "The Spin-Off—Conditions to

the Spin-Off." In the event the Liberty board of directors amends, modifies or abandons the Spin-Off, Liberty intends to promptly issue a press release and file a Current Report on Form 8-K to report such event.

Q: *What will I receive in the Spin-Off?*

A: Holders of LVNNTA will receive a dividend of one share of our Series A common stock for each whole share of LVNNTA held by them on the record date and holders of LVNNTB will receive a dividend of one share of our Series B common stock for each whole share of LVNNTB held by them on the record date. Thus, no fractional shares of our Series A or Series B common stock will be issued pursuant to the dividend.

Q: *Is the completion of the Spin-Off subject to any conditions?*

A: The completion of the Spin-Off and related transactions are subject to the satisfaction (as determined by the Liberty board of directors in its sole discretion) of the following conditions, certain of which may be waived by the Liberty board of directors in its sole discretion:

- the private letter ruling (the **Ruling**) received by Liberty from the Internal Revenue Service (the **IRS**) to the effect that the Spin-Off will qualify as a tax-free transaction to Liberty and to the holders of Liberty Ventures common stock under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the **Code**) not having been withdrawn, invalidated or modified in an adverse manner;
- Liberty's receipt of the opinion of Baker Botts L.L.P. (which opinion will rely upon the continued validity of the Ruling) to the effect that the Spin-Off will qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code and that for U.S. federal income tax purposes, (i) no gain or loss will be recognized by Liberty upon the distribution of our common stock in the Spin-Off, and (ii) no gain or loss will be recognized by, and no amount will be included in the income of, holders of Liberty Ventures common stock upon the receipt of shares of our common stock in the Spin-Off;
- the effectiveness under the Securities Act of 1933, as amended (the **Securities Act**), of the Registration Statement on Form S-1, of which this prospectus forms a part, and the effectiveness of the registration of the TripCo common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**);
- the approval of the Nasdaq Stock Market LLC (**Nasdaq**) for the listing of the TripCo common stock;
- the entry into certain margin loan arrangements by our company and one or more of our subsidiaries in a principal amount of \$400 million; and
- any material regulatory or contractual consents or approvals that the Liberty board determines to obtain shall have been obtained.

The conditions set forth in the second, third and fourth bullet points are non-waivable. The Liberty board may, however, waive the conditions set forth in the first, fifth and sixth bullet points. In the event the Liberty board of directors waives a material condition to the Spin-Off, Liberty intends to promptly issue a press release and file a Current Report on Form 8-K to report such event. See "The Spin-Off—Conditions to the Spin-Off."

Q: *What is being distributed in the Spin-Off?*

A: Approximately [•] shares of our Series A common stock and [•] shares of our Series B common stock will be distributed in the Spin-Off, based on the number of shares of LVNNTA and

LVNTB outstanding on [•], 2014. The shares of our common stock to be distributed by Liberty will constitute all the issued and outstanding shares of our common stock immediately after the distribution. The exact number of shares to be distributed in the Spin-Off will not be known until the record date.

Q: *When will the Spin-Off be effective?*

A: Liberty intends to effect the Spin-Off at 5:00 p.m., New York City time, on [•], 2014 (such date and time, the **distribution date**). At such time, holders of Liberty Ventures common stock as of the record date will receive their shares of TripCo common stock. Following the record date and prior to the distribution date, Liberty will cause 100% of our common stock to be placed in a reserve account with Computershare Trust Company, N.A. (**Computershare**), as distribution agent for the Spin-Off, with instructions to distribute such shares on the distribution date.

Q: *What transactions are occurring in connection with the Spin-Off other than those involved in the internal restructuring?*

A: In connection with the Spin-Off, a bankruptcy remote wholly-owned subsidiary of TripCo (**TripSPV**) intends to borrow up to \$400 million in cash in margin loans (the **Margin Loans**), secured by our ownership interest in TripAdvisor, which will be held through TripSPV and which will be guaranteed solely by our company, from one or more third parties (the proceeds from such borrowing, the **Loan Proceeds**). As part of the internal restructuring, approximately \$350 million of the Loan Proceeds will be distributed from TripCo to Liberty, and Liberty, within twelve months following the completion of such distribution, will use all of the distributed portion of the Loan Proceeds received from TripCo to repurchase shares of Liberty common stock under its share repurchase program pursuant to a special authorization by Liberty's board of directors. Liberty's board of directors will determine, in its sole discretion, the number and series of any shares of Liberty's common stock which it will repurchase under its share repurchase program, which may include shares of Liberty Interactive common stock or Liberty Ventures common stock. See "Description of Certain Indebtedness."

Costs associated with the proposed transactions will be paid by Liberty and are expected to be approximately \$5 million. Please see "The Spin-Off—Amount and Source of Funds and Financing of the Transaction; Expenses."

Q: *What will the relationship be between TripCo and Liberty after the Spin-Off?*

A: Following the Spin-Off, our company and Liberty will operate independently, and neither will have any ownership interest in the other. In connection with the Spin-Off, however, we and Liberty and/or Liberty Media (or certain of their subsidiaries) are entering into certain agreements in order to govern the ongoing relationships between our company and Liberty after the Spin-Off and to provide for an orderly transition. Such agreements will include (i) a reorganization agreement with Liberty to provide for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Spin-Off, certain conditions to the Spin-Off and provisions governing the relationship between us and Liberty with respect to and resulting from the Spin-Off; (ii) a tax sharing agreement with Liberty that governs Liberty's and our respective rights, responsibilities and obligations with respect to taxes and tax benefits, the filing of tax returns, the control of audits and other tax matters; (iii) a services agreement with Liberty Media, pursuant to which, for three years following the Spin-Off, Liberty Media will provide us with specified services, including insurance administration and risk management services, other services typically performed by Liberty Media's legal, investor relations, tax, accounting, and internal audit departments, and such other services as Liberty Media may obtain from its officers, employees and consultants in the management of its own operations that we may from time to time request or

require; (iv) a facilities sharing agreement with a wholly-owned subsidiary of Liberty Media, pursuant to which, for three years following the Spin-Off, we will share office facilities with Liberty and Liberty Media; and (v) aircraft time sharing agreements with Liberty Media or one of its wholly-owned subsidiaries, pursuant to which Liberty Media or its subsidiary will lease the aircraft to TripCo and provide a fully qualified flight crew for all operations on a periodic, non-exclusive time sharing basis.

In addition, Liberty will provide to us a contingent line of credit pursuant to which we will be able to borrow up to \$200 million under limited circumstances (the **Liberty Line of Credit**). See "Certain Relationships and Related Party Transactions—Relationships Between TripCo and Liberty and/or Liberty Media."

Q: *What are the reasons for the Spin-Off?*

A: In 2012, Liberty recapitalized its common stock into two new tracking stocks: the Liberty Interactive Group and the Liberty Ventures Group, for the purpose of creating greater transparency for the assets and liabilities attributed to each group, among other reasons. For a description of these tracking stocks, see "The Spin-Off—Background for the Spin-Off." Although the public markets have responded favorably to these two tracking stocks, Liberty believes that a meaningful trading discount continues to apply to the underlying value of the businesses and assets attributed to its Ventures Group. Liberty believes that the Spin-Off will result in a higher aggregate trading value for our common stock and the Liberty Ventures common stock as compared to the trading price of Liberty Ventures common stock without the Spin-Off. The asset-backed nature of our stock is expected to provide greater transparency for investors with respect to our dominant business, our investment in TripAdvisor, which should result in greater focus and attention by the investment community on this business. The Spin-Off is also expected to enhance our ability to issue equity for strategic acquisitions and other business combinations by creating a more efficiently priced equity security and enable us to more effectively tailor equity incentives for our management and employees with less dilution to public stockholders. In addition, Liberty believes that separating our company from Liberty's other businesses will help facilitate a potential combination of our company with TripAdvisor by eliminating any negotiations regarding the valuation of Liberty's other businesses, thereby making it more likely that a potential agreement could be reached. Liberty believes that a combination of our company with TripAdvisor could be beneficial for our stockholders, on the one hand, and TripAdvisor, on the other hand, by eliminating the control of a large stockholder and the overhang associated with the current dual-public company structure. No assurance can be given that any investment, acquisition or other strategic opportunities will become available following the Spin-Off on terms that TripCo finds favorable or at all, nor can any assurance be given that a combination of TripCo and TripAdvisor will ever occur.

For a discussion of additional reasons, factors, costs and risks associated with the Spin-Off considered by the Liberty board, see "The Spin-Off—Reasons for the Spin-Off."

Q: *What do I have to do to participate in the spin-off?*

A: Nothing. Holders of Liberty Ventures common stock on the record date for the Spin-Off are not required to pay any cash or deliver any other consideration, or give up any shares of Liberty Ventures common stock, to receive the shares of our common stock distributable to them in the Spin-Off.

However, if you own shares of Liberty Ventures common stock and sell those shares prior to the record date, so that you are not the record holder of such shares on the record date, you will also be selling the shares of our common stock that would have been distributed to you in the Spin-Off

with respect to the shares of Liberty Ventures common stock you sell. If you are a holder of shares of Liberty Ventures common stock on the record date, you will be entitled to receive the shares of TripCo common stock issuable in respect of those shares only if you hold them on both the record date and the distribution date. See "The Spin-Off—Trading Prior to the Record Date."

Q: *Will I receive physical certificates representing shares of TripCo common stock following the distribution?*

A: No. In the distribution, no physical certificates representing shares of TripCo common stock will be delivered to stockholders. Instead, Liberty, with the assistance of Computershare, the distribution agent, will electronically distribute shares of TripCo common stock in book-entry form to you or your bank or brokerage firm on your behalf. If you are a record holder of Liberty Ventures common stock on the record date, Computershare will mail you a book-entry account statement that reflects your shares of TripCo common stock. If you are a beneficial owner of Liberty Ventures common stock (but not a record holder) on the record date, your bank or brokerage firm will credit your account with the shares of TripCo common stock that you are entitled to receive.

Q: *Will the number of shares of Liberty Ventures common stock or Liberty Interactive common stock (or, if the Proposed Reclassification is completed before the record date, QVC Group common stock or Liberty Digital Commerce common stock) I own change as a result of the Spin-Off?*

A: No. The number of shares of any series of Liberty common stock that you own will not change as a result of the Spin-Off.

Q: *What are the material U.S. federal income tax consequences of the Spin-Off?*

A: Liberty has received the Ruling, and the Spin-Off is conditioned upon the receipt by Liberty of the opinion of Baker Botts L.L.P. (which opinion will rely upon the continued validity of the Ruling), with each of the Ruling and the opinion providing that the Spin-Off will qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code and that for U.S. federal income tax purposes, (i) no gain or loss will be recognized by Liberty upon the distribution of our common stock in the Spin-Off, and (ii) no gain or loss will be recognized by, and no amount will be included in the income of, holders of Liberty Ventures common stock upon the receipt of shares of our common stock in the Spin-Off. The receipt of the opinion, as well as certain other conditions to the Spin-Off, may not be waived by the Liberty board of directors. We expect to receive the opinion of Baker Botts L.L.P. on or prior to the distribution date.

Please see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off" and "Risk Factors—Factors Relating to the Spin-Off—The Spin-Off could result in a significant tax liability" and "We may have a significant indemnity obligation to Liberty, which is not limited in amount or subject to any cap, if the Spin-Off is treated as a taxable transaction" for more information regarding the Ruling, the tax opinion and the potential tax consequences to you of the Spin-Off.

Q: *Does TripCo intend to pay cash dividends?*

A: No. We currently intend to retain future earnings, if any, to finance the expansion of our businesses. As a result, we do not expect to pay any cash dividends in the foreseeable future. All decisions regarding the payment of dividends by our company will be made by our board of directors, from time to time, in accordance with applicable law.

Q: *Where will TripCo common stock trade?*

A: Currently, there is no public market for our common stock. Subject to the consummation of the Spin-Off, we expect to list our Series A common stock and our Series B common stock on the Nasdaq Global Select Market under the symbols "LTRPA" and "LTRPB," respectively.

We expect that our common stock will begin trading on the first trading day following the distribution date. For a short period of time following the Spin-Off, Nasdaq may require that our common stock trade under temporary trading symbols, which will be announced by press release once available. We cannot predict the trading prices for our common stock when such trading begins.

Q: *What costs and risks were considered by the board of directors of Liberty in determining whether to effect the Spin-Off?*

A: Liberty's board considered a number of costs and risks associated with the Spin-Off, including:

- After the Spin-Off, the Liberty Ventures common stock and TripCo common stock will have smaller market capitalizations than Liberty Ventures' current market capitalization, and their stock prices may be more volatile than Liberty Ventures' stock price prior to the Spin-Off. The combined market values of the Liberty Ventures common stock and TripCo common stock may be lower than the market value of Liberty Ventures' common stock prior to the Spin-Off;
- The risk of being unable to achieve the benefits expected from the Spin-Off;
- The increased leverage to be incurred by TripCo;
- The loss of synergies from operating as one company;
- The potential disruption to the businesses of Liberty;
- The substantial costs of effecting the Spin-Off and of continued compliance with legal and other requirements applicable to two separate public reporting companies; and
- The potential tax liabilities that could arise from the Spin-Off.

Liberty's board concluded that the potential benefits of the Spin-Off outweighed its potential costs. The Liberty board did not consider alternatives to the Spin-Off due to the nature of the particular assets and businesses to be held by TripCo following the Spin-Off, in particular the ownership interest in TripAdvisor. Please see "The Spin-Off—Reasons for the Spin-Off" for more information regarding the costs and risks associated with the Spin-Off.

Q: *What will happen to the listing of Liberty common stock?*

A: The Series A and Series B Liberty Ventures common stock and Series A and Series B Liberty Interactive common stock (or, if the Proposed Reclassification occurs prior to the record date, the Series A and Series B QVC Group common stock and Series A and Series B Liberty Digital Commerce common stock) will continue to trade on the Nasdaq Global Select Market following the Spin-Off.

Q: *Will I have appraisal rights in connection with the Spin-Off?*

A: No. Holders of Liberty Ventures common stock are not entitled to appraisal rights in connection with the Spin-Off.

Q: *Who is the transfer agent for your common stock?*

A: Computershare Trust Company, N.A., 250 Royall Street, Canton, MA 02021, telephone: (866) 367-6355.

Q: *Who is the distribution agent for the Spin-Off?*

A: Computershare Trust Company, N.A., 250 Royall Street, Canton, MA 02021, telephone: (866) 367-6355.

Q: *Whom can I contact for more information?*

A: If you have questions relating to the mechanics of the distribution, you should contact the distribution agent. Before the Spin-Off, if you have questions relating to the Spin-Off, you should contact the office of Investor Relations of Liberty, 12300 Liberty Blvd., Englewood, CO 80112, telephone: (720) 875-5408.

Pursuant to a services agreement to be entered into between our company and Liberty Media, Liberty Media will provide our company with investor relations assistance for a period following the Spin-Off. Accordingly, if you have questions relating to TripCo following the Spin-Off, you should contact the office of Investor Relations of Liberty Media, 12300 Liberty Blvd., Englewood, Colorado 80112, telephone: (877) 772-1518.

RISK FACTORS

An investment in our common stock involves risks. You should consider carefully the risks described below together with all of the other information included in this prospectus in evaluating our company and our common stock. Any of the following risks, if realized, could have a material adverse effect on the value of our common stock. The risks described below and elsewhere in this prospectus are not the only ones that relate to our businesses, our capitalization or the Spin-Off. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events below were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected. This prospectus contains forward-looking statements that contain risks and uncertainties. Please refer to the section entitled "Cautionary Statements Concerning Forward Looking Statements" on page 41 of this prospectus in connection with your consideration of the risk factors and other important factors that may affect future results described below.

For purposes of these risk factors, unless the context otherwise indicates, we have assumed that the Spin-Off has occurred.

Factors Relating to Our Corporate History and Structure

The combined financial information of TripCo included in this prospectus is not necessarily representative of TripCo's future financial position, future results of operations or future cash flows nor does it reflect what TripCo's financial position, results of operations or cash flows would have been as a stand-alone company during the periods presented.

Because the historical combined financial information of Liberty included in this prospectus includes the results of the legacy TripCo business and because such financial information largely reflects the historical results of BuySeasons, it is not representative of TripCo's future financial position, future results of operations or future cash flows, nor does it reflect what TripCo's financial position, results of operations or cash flows would have been as a stand-alone company, pursuing independent strategies, during the periods presented, especially in light of the fact that the future results of operations will be significantly comprised of the results of TripAdvisor.

We are a holding company, and we could be unable in the future to obtain cash in amounts sufficient to service our financial obligations or meet our other commitments.

Our ability to meet our financial obligations and other contractual commitments, including to make debt service payments under TripSPV's Margin Loans and any other credit facilities that we may obtain in the future, depends upon our ability to access cash. We are a holding company, and our sources of cash include our available cash balances, net cash from the operating activities of our wholly owned subsidiary BuySeasons, any dividends and interest we may receive from our investments and proceeds from any asset sales we may undertake in the future. We currently have no plans with respect to any asset sales. The ability of our operating subsidiaries to pay dividends or to make other payments or advances to us depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject.

We do not have access to the cash that TripAdvisor generates from its operating activities.

TripAdvisor generated approximately \$109 million, \$44 million, \$350 million, \$239 million and \$218 million of cash from its operations during the three months ended March 31, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011, respectively. TripAdvisor uses the cash it generates from its operations to fund its investing activities and to service its debt and other financing obligations.

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We do not have access to the cash that TripAdvisor generates unless TripAdvisor declares a dividend on its capital stock payable in cash, repurchases any or all of its outstanding shares of capital stock for cash or otherwise distributes or makes payments to its stockholders, including us. Historically, TripAdvisor has not paid any dividends on its capital stock or, with limited exceptions, otherwise distributed cash to its stockholders and instead has used all of its available cash in the expansion of its business and to service its debt obligations. Covenants in TripAdvisor's existing debt instruments also restrict the payment of dividends and cash distributions to stockholders. We expect that TripAdvisor will continue to apply its available cash to the expansion of its business.

We have no operating history as a separate company upon which you can evaluate our performance.

We do not have an operating history as a separate public company. Accordingly, there can be no assurance that our business strategy will be successful on a long-term basis. We may not be able to grow our businesses as planned and may not be profitable.

If TripAdvisor's spin-off from Expedia, together with certain related transactions, were to fail to qualify as a transaction that is generally tax free for U.S. federal income tax purposes, TripAdvisor could be subject to significant tax liabilities.

As a condition to the completion of TripAdvisor's spin-off from Expedia, Expedia obtained a private letter ruling from the IRS, along with an opinion of counsel, satisfactory to the Expedia Board of Directors regarding the qualification of the spin-off, together with certain related transactions, as a transaction that is generally tax free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The IRS private letter ruling and the opinion of counsel were based on, among other things, certain facts and assumptions as well as the accuracy of certain representations, statements and undertakings that Expedia and TripAdvisor made to the IRS and to counsel. If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if TripAdvisor or Expedia breaches any of the covenants, the IRS private letter ruling and the opinions of counsel may be invalid.

Moreover, the IRS private letter ruling does not address all the issues that are relevant to determining whether TripAdvisor's spin-off from Expedia qualifies as a transaction that is generally tax free for U.S. federal income tax purposes. Notwithstanding the IRS private letter ruling and/or the opinion of counsel, the IRS could determine that the spin-off should be treated as a taxable transaction if it determines that any of the representations, assumptions or undertakings that were included in the request for the IRS private letter ruling or on which the opinion of counsel was based is false or has been violated or if it disagrees with the conclusions in the opinion of counsel that are not covered by any IRS ruling.

Under the tax sharing agreement between TripAdvisor and Expedia, TripAdvisor is generally required to indemnify Expedia for any taxes resulting from the spin-off (and any related interest, penalties, legal and professional fees, and all costs and damages associated with related stockholder litigation or controversies) to the extent such amounts resulted from (i) any act or failure to act by TripAdvisor described in the covenants in the tax sharing agreement, (ii) any acquisition of TripAdvisor's equity securities or assets or those of a member of its group, or (iii) any failure of the representations with respect to TripAdvisor or any member of its group to be true or any breach by TripAdvisor or any member of its group of any covenant, in each case, which is contained in the separation documents or in the documents relating to the IRS private letter ruling and/or the opinion of counsel.

Factors Relating to Our Businesses

If TripAdvisor is unable to continue to increase visitors to its websites and to cost-effectively convert these visitors into repeat users or contributors, its advertising revenue could decline.

The primary asset that TripAdvisor uses to attract traffic to its websites and convert these visitors into repeat users is the content created by users of its websites, particularly such content's volume, unique nature and organization. TripAdvisor's success in attracting users depends, in part, upon its continued ability to collect, create, organize and distribute high-quality, commercially valuable content in a cost-effective manner at a scale that connects consumers with content that meets their specific interests and enables them to share and interact with the content and supporting communities. If people do not perceive TripAdvisor's products to be useful, reliable and trustworthy, TripAdvisor may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement. There can be no assurances that TripAdvisor will continue to obtain content in a cost-effective manner or in a manner that timely meets rapidly changing consumer demand. Any failure to obtain such content or organize and distribute such content in any manner that will engage users could adversely affect user experiences and reduce traffic driven to its websites, which would make TripAdvisor's websites less attractive to advertisers. Any change in the cost structure pursuant to which TripAdvisor obtains its content currently, or in travelers' relative appreciation of user-based versus expert content or our user-based content versus other sites' user-based content, could negatively impact its business and financial performance.

TripAdvisor derives substantially all of its revenue from advertising and any significant reduction in spending by its advertisers could harm its business.

TripAdvisor derives substantially all of its revenue from the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. Most of TripAdvisor's advertisers can terminate their contracts with it at will or on short notice. TripAdvisor's ability to grow advertising revenue with its existing or new advertising partners is dependent in large part on its ability to generate revenue for them. Advertisers will not continue to do business with TripAdvisor if their investment in such advertising does not generate sales leads, customers, bookings, or revenue and profit on a cost-effective basis, or if it does not deliver advertisements in an effective manner. If TripAdvisor is unable to remain competitive and provide value to its advertisers, they will likely stop placing ads on its websites, which would harm our revenues and business. In addition, we cannot guarantee that TripAdvisor's current advertisers will fulfill their obligations under existing contracts, continue to advertise beyond the terms of existing contracts or enter into any additional contracts with it.

Click-based advertising accounts for the majority of TripAdvisor's advertising revenue. Any changes TripAdvisor makes to its business model may impact its advertising revenue in ways that it does not expect. If TripAdvisor's partners do not receive the benefits they expect from their advertising spend with it, they may reduce their spending. In addition, if new, more effective advertising models were to emerge, there can be no assurance that TripAdvisor would have the ability to offer these models, or offer them in an effective manner. To the extent new technology platforms, such as smartphone and tablet computing, begin to take market share from established platforms, there can be no assurance that TripAdvisor's existing advertising models will operate successfully on these new platforms, or work as effectively as on the desktop computer platform.

Furthermore, TripAdvisor's cost-per-click (CPC) pricing for click-based advertising depends, in part, on competition between advertisers. If its large advertisers become less competitive with each other, merge with each other or with its competitors, focus more on per-click profit than on traffic volume, or are able to reduce CPCs, this could have an adverse impact on TripAdvisor's CPCs which would, in turn, have an adverse effect on our business, financial condition and results of operations.

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Expenditures by advertisers also tend to be cyclical, subject to variation based on budgetary constraints, project cancellation or delay, and to reflect overall economic conditions and buying patterns. If TripAdvisor is unable to generate advertising revenue due to factors outside of its control, our business and financial performance would be adversely affected.

Our subsidiaries' businesses could be negatively affected by changes in search engine algorithms and dynamics, or search engine disintermediation.

Our subsidiaries rely heavily on Internet search engines such as Google on desktop, tablet and mobile devices, including through the purchase of related keywords, to generate traffic to their websites. Our subsidiaries obtain a significant amount of traffic via search engines and, therefore, utilize techniques such as search engine optimization (SEO) and search engine marketing (SEM) to improve their placement in relevant search queries. Search engines, including Google, frequently update and change the logic that determines the placement and display of results of a user's search, such that the purchased or algorithmic placement of links to our subsidiaries' websites can be negatively affected. Moreover, a search engine could, for competitive or other purposes, alter its search algorithms or results causing our subsidiaries' websites to place lower in search query results. If a major search engine changes its algorithms in a manner that negatively affects our subsidiaries' paid or unpaid search ranking, or if competitive dynamics impact the effectiveness of SEO or SEM in a negative manner, our business and financial performance would be adversely affected, potentially to a material extent. Furthermore, our subsidiaries' failure to successfully manage their SEO and SEM strategies could result in a substantial decrease in traffic to their websites, as well as increased costs if our subsidiaries were to replace free traffic with paid traffic.

In addition, to the extent that Google (including Google + Local and Google Hotel Finder) and Bing (including Bing Travel), or other leading search or metasearch engines that have a significant presence in TripAdvisor's key markets, disintermediate online travel agencies or travel content providers by offering comprehensive travel planning or shopping capabilities, or refer those leads to suppliers directly, or to other favored partners, there could be a material adverse impact on TripAdvisor's business and financial performance. For example, during 2011, Google completed its acquisition of flight search technology company ITA Software and separately made changes to its hotel search results, including both expanding and promoting the use of Google + Local. To the extent these actions have a negative effect on TripAdvisor's search traffic, whether on desktop, tablet or mobile devices, our business and financial performance could be adversely affected.

TripAdvisor relies on a relatively small number of significant advertisers and any reduction in spending by or loss of those advertisers could seriously harm its business.

TripAdvisor derives a substantial portion of its revenue from a relatively small number of significant advertisers. For example, for the year ended December 31, 2013, TripAdvisor's two most significant advertising customers, Expedia and Priceline (and their subsidiaries), accounted for a combined 47% of its total revenue. If any of its significant advertisers were to cease or significantly curtail advertising on TripAdvisor's websites, TripAdvisor could experience a rapid decline in its revenue over a relatively short period of time.

TripAdvisor's success depends upon the acceptance, and successful measurement, of online advertising as an alternative to offline advertising.

TripAdvisor believes that a significant discrepancy exists between the percentage of the advertising market allocated to online advertising and the percentage of consumer time spent on online media consumption as opposed to offline advertising and media consumption. Long-term growth of its business will depend heavily on this distinction between online and offline advertising narrowing or being eliminated, which may not happen in a manner or to the extent that it currently expects.

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TripAdvisor competes with traditional media for advertising dollars, in addition to websites with higher levels of traffic. If online advertising ceases to be an acceptable alternative to offline advertising then its business, financial condition and results of operations will be negatively impacted.

Because the online marketing industry is relatively new and rapidly evolving, it uses different methods than traditional media to gauge its effectiveness. Some of TripAdvisor's potential customers have little or no experience using the Internet for advertising and marketing purposes and have allocated only limited portions of their advertising and marketing budgets to the Internet. The adoption of Internet advertising, particularly by those entities that have historically relied upon traditional media for advertising, requires the acceptance of a new way of conducting business, exchanging information and evaluating new advertising and marketing technologies and services. As a result, TripAdvisor is continually evaluating changes to aspects of its business model to keep pace with the expectations of users and advertisers, and these changes may not yield the benefits it expects. In particular, it is dependent on its clients' adoption of new metrics to measure the success of online marketing campaigns. TripAdvisor may also experience resistance from traditional advertising agencies who may be advising its clients. Any lack of growth in the market for various online advertising models could have an adverse effect on our business, financial condition and results of operations.

In addition, if advertisers materially change their transaction attribution models or their return on investment calculations and/or increase their return on investment targets with respect to online advertising in general, or TripAdvisor traffic in particular, they might reduce the prices they are willing to pay for TripAdvisor's advertising products, which would have an adverse effect on our business, financial condition and results of operations.

Growth in the use of TripAdvisor through smartphones as a substitute for use on personal computers and tablets may negatively affect its revenue and financial results.

In general, TripAdvisor's content was originally designed for users accessing the Internet on a desktop or laptop computer. The number of people who access the Internet through devices other than personal computers, such as smartphones and tablets, has increased substantially in the last few years and TripAdvisor anticipates that the rate of use of smartphone computing devices will continue to grow. Although the substantial majority of smartphone users also access and engage with TripAdvisor's websites on personal computers and/or tablets, TripAdvisor's users could decide to increasingly access its products primarily through smartphone devices. TripAdvisor has developed services and applications to address limitations of these smaller devices and its advertising revenues continue to grow, however, TripAdvisor monetizes users of smartphone computing devices at a lower rate compared to users who access its websites through personal computers and the efficacy of the smartphone advertising market and its smartphone monetizing strategies are still developing. Additionally, as new devices and new platforms are continually being released, it is difficult to predict the challenges that TripAdvisor may encounter in developing versions of its offerings for use on these alternative devices, and it may need to devote significant resources to the creation, support, and maintenance of their services on such devices. If users continue to increasingly access TripAdvisor's smartphone products as a substitute for access through personal computers and/or tablets, and if TripAdvisor is unable to successfully improve monetization strategies for its smartphone users, its revenue and financial results may be negatively affected.

Declines or disruptions in the travel industry could adversely affect TripAdvisor's businesses and financial performance.

TripAdvisor's businesses and financial performance are affected by the health of the worldwide travel industry. Travel expenditures are sensitive to personal and business discretionary spending levels and tend to decline or grow more slowly during economic downturns. Decreased travel expenditures could reduce the demand for our services, thereby causing a reduction in revenue.

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In 2008, domestic and global economic conditions deteriorated rapidly, resulting in increased unemployment and a reduction in available budgets for both business and leisure travelers, which slowed spending on the services that TripAdvisor provides. The global economy remains in a fragile state and may be adversely impacted by a number of negative economic developments including defaults on government debt, significant increases in fuel and energy costs, tax increases and other matters that could reduce discretionary spending, continued tightening of credit markets, further declines in consumer confidence, and policy missteps. Further weakness in the global economy could create uncertainty for travelers and suppliers, and result in reduced spending by advertisers. These conditions could have a material adverse impact on our business and financial performance.

TripAdvisor relies on the value of its brand and consumer trust in its brand. If TripAdvisor is not able to maintain and enhance its brand, or if events occur that damage its reputation and brand, TripAdvisor's business may be harmed.

TripAdvisor believes that the TripAdvisor brand has contributed significantly to its success and that maintaining and enhancing its brand is critical to expanding its base of users, creating content and attracting advertisers. As a result, TripAdvisor invests significantly in brand marketing including, most recently, television. TripAdvisor expects these investments to continue, or even increase, as a result of a variety of factors, including increased spending from competitors, the increasing costs of supporting multiple brands, expansion into geographies and products where its brands are less well known, inflation in media pricing, and the continued emergence and relative traffic share growth of search engines as destination sites for travelers. Such efforts may not maintain or enhance consumer awareness of its brands and, even if TripAdvisor is successful in its branding efforts, such efforts may not be cost-effective or as efficient as they have been historically. If TripAdvisor is unable to maintain or enhance consumer awareness of its brands or to generate demand in a cost-effective manner, it would have a material adverse effect on our business and financial performance.

TripAdvisor receives significant media coverage in its various geographic markets. Unfavorable publicity regarding, for example, TripAdvisor's privacy practices, product changes, the accuracy of user-generated content, product quality, litigation or regulatory activity could adversely affect its reputation with its site users and its advertisers. Such negative publicity also could have an adverse effect on the size, engagement, and loyalty of TripAdvisor's user base and result in decreased revenue, which could adversely affect its business and financial results.

Intense competition could reduce TripAdvisor's market share and harm its financial performance.

The market for the travel services TripAdvisor offers is intensely competitive. TripAdvisor faces competition from a number of different sources and many of its competitors have significantly greater and more diversified resources than TripAdvisor does and may be able to leverage other aspects of their business to enable them to compete more effectively against it. More specifically:

- TripAdvisor currently faces competition from travel service providers such as major hotel companies, airlines and rental car companies, many of which have their own websites to which they drive business. For example, several major hotel companies launched an online hotel reservation service with a stated goal of driving consumers directly to their brand websites thereby reducing the share receive by online travel agents. They may also attempt to improve their competitive position by offering lower room rates, better room availability or additional features or amenities through this reservation service than are available through services like TripAdvisor's.
- TripAdvisor currently faces competition from online travel agents, such as Expedia and Priceline (and their subsidiaries), and this competition may increase to the extent that these online travel agents accumulate and develop a comprehensive offering of travel-related reviews and resources.

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The barriers to entry for these companies may be limited given their access to travel-related information and relationships with consumers.

- TripAdvisor faces increased competition from the large search engines and social networking sites, companies, such as Google and Facebook, or other companies, which competition will only increase should they choose to compete more directly with it in the travel review space, and create commercially valuable online content at significant scale. For example, Google + Local, with its aggregated reviews and local recommendations, competes with TripAdvisor and Google's access to more comprehensive data regarding user search queries through its search algorithms gives it a significant competitive advantage over other companies in the industry, including TripAdvisor. In addition, if significant numbers of users adopt Facebook's newly released Graph Search to get travel recommendations, it could have the effect of reducing traffic and user engagement on TripAdvisor.
- TripAdvisor also faces competition from travel agencies, wholesalers and travel operators as well as operators of travel industry reservation databases such as Galileo, Travelport, Amadeus and Sabre.

Many of TripAdvisor's competitors have significantly greater financial, technical, marketing and other resources compared to it and have expertise in developing online commerce and facilitating Internet traffic as well as large client bases. TripAdvisor expects to face additional competition as other established and emerging companies enter the travel advertising market. Certain of the companies it does business with, including some of its click-based advertising partners, are also its competitors. The consolidation of TripAdvisor's competitors and partners, including Expedia (through its investment in Trivago) and Priceline (through its acquisition of Kayak), may affect its relative competitiveness and its partner relationships. Competition and consolidation could result in higher traffic acquisition costs, reduced margins on TripAdvisor's advertising services, loss of market share, reduced customer traffic to its websites and reduced advertising by travel companies on its websites. For example, Google (through its launch of Google Hotel Finder, evolution and expansion of Google + Local and preferred top placement of Places results in Google organic travel search results) and Microsoft's Bing (through its launch of Bing Travel), have each taken steps to appeal more directly to travel customers, which could lead to diversion of customer traffic to their own websites or those of a favored partner, or undermine TripAdvisor's ability to obtain prominent placement in paid or unpaid search results at a reasonable cost, or at all. Competition in TripAdvisor's industry may result in pricing pressure, loss of market share or decreased member engagement, any of which could adversely affect our business and financial performance.

As a distributor and host of Internet content, TripAdvisor faces potential liability and expense for legal claims based on the nature and content of the materials that it distributes or creates, or that are accessible via its websites.

As a distributor and host of original content and user-generated content, TripAdvisor faces potential liability based on a variety of theories, including defamation, libel, negligence, copyright or trademark infringement or other legal theories based on the nature, creation or distribution of this information, and under various laws, including the Lanham Act, the Copyright Act, the Federal Trade Commission Act and the Digital Millennium Copyright Act. TripAdvisor may also be exposed to similar liability in connection with content that users post to its websites through forums, blogs, comments, and other social media features. In addition, it is possible that visitors to TripAdvisor's websites could make claims against it for losses incurred in reliance upon information provided via our websites. These claims, whether brought in the United States or abroad, could divert management time and attention away from its business and result in significant costs to investigate and defend, regardless of the merit of these claims. If TripAdvisor becomes subject to these or similar claims and is not successful in its defense, it may be forced to pay substantial damages. There is no guarantee that TripAdvisor will avoid

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future liability and potential expenses for legal claims based on the content available on its websites. Should the content distributed through its websites violate the rights of others or otherwise give rise to claims against us, TripAdvisor could be subject to substantial liability, which could have a negative impact on our business and financial performance.

Loss of trust in TripAdvisor's brand would harm its reputation and adversely affect our business, financial condition and results of operations. TripAdvisor's success depends on attracting a large number of users to its websites, and retaining such users, and providing leads and clicks to advertisers. In order to attract and retain users, TripAdvisor must remain a valuable source of travel advice. Because of its reliance on user-generated content, TripAdvisor must continually manage and monitor its content and detect incorrect or fraudulent information. For example, hotels, hotel competitors, or others, in an attempt to improperly influence a hotel's reviews and rankings, sometimes write and submit fraudulent or otherwise misleading reviews. If a significant amount of inaccurate or fraudulent information were not detected and removed by TripAdvisor in a timely manner, or if a significant amount of information was deemed by users or the media to be inaccurate or fraudulent, its brand, business and reputation could be harmed. Any damage to TripAdvisor's reputation could harm its ability to attract and retain users, employees and advertisers, which would adversely affect our business and financial performance. In addition, significant adverse news reports or media, industry or consumer coverage of TripAdvisor would reflect poorly on its brands and could have an adverse effect on its business and financial performance.

TripAdvisor may be subject to claims that it violated intellectual property rights of others, which claims are extremely costly to defend and could require it to pay significant damages and limit its ability to operate.

Companies in the Internet and technology industries, and other patent and trademark holders seeking to profit from royalties in connection with grants of licenses, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. TripAdvisor has received in the past, and may in the future receive, notices that claim it has misappropriated or misused other parties' intellectual property rights. There may be intellectual property rights held by others, including patents, copyrighted works and/or trademarks, which cover significant aspects of its technologies or content. Any intellectual property claim against TripAdvisor, regardless of merit, could be time consuming and expensive to settle or litigate and could divert management's attention and other resources. These claims also could subject us to significant liability for damages and could result in TripAdvisor having to stop using technology or content found to be in violation of another party's rights. TripAdvisor might be required or may opt to seek a license for rights to intellectual property held by others, which may not be available on commercially reasonable terms, or at all. Even if a license is available, TripAdvisor could be required to pay significant royalties, which would increase its operating expenses. TripAdvisor may also be required to develop alternative non-infringing technology, or content, which could require significant effort and expense and make it less competitive in the relevant market. Any of these results could harm our business and financial performance.

TripAdvisor is dependent upon the quality of traffic in its network to provide value to online advertisers, and any failure in its quality control could have a material adverse effect on the value of its websites to its advertisers and adversely affect its revenue.

TripAdvisor uses technology and processes to monitor the quality of and to identify any anomalous metrics associated with, the Internet traffic that it delivers to online advertisers. These metrics may be indicative of low quality clicks such as non-human processes, including robots, spiders or other software; the mechanical automation of clicking; and other types of invalid clicks or click fraud. Even with such monitoring in place, there is a risk that a certain amount of low-quality traffic, or traffic that online advertisers deem to be invalid, will be delivered to such online advertisers. As a result, TripAdvisor may be required to credit amounts owed to it by its advertisers. Furthermore, low-quality or invalid traffic may be detrimental to TripAdvisor's relationships with advertisers, and could adversely affect its advertising pricing and revenue.

TripAdvisor relies on assumptions and estimates and data from third parties to calculate certain of its key metrics, and real or perceived inaccuracies in such metrics may harm TripAdvisor's reputation and negatively affect our business.

Certain key metrics, such as the number of TripAdvisor's active users, unique visitors, total traffic and number of reviews and opinions, are calculated, in some cases, using internal company data and, in other cases, relying on data from third parties. While these numbers are based on what TripAdvisor believes to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in measuring usage and user engagement across its large user base around the world. For example, a single person or user may have multiple accounts or browse the internet on multiple browsers, some mobile applications automatically contact TripAdvisor's servers for regular updates with no user action and TripAdvisor is not able to capture user information on all of its platforms. As such, the calculations of TripAdvisor's active users and unique visitors may not accurately reflect the number of people actually using its platforms. In addition, TripAdvisor's measures of user growth and user engagement may differ from estimates published by third parties or from similar metrics of its competitors due to differences in methodologies utilized by TripAdvisor and the third parties for which it relies on this data.

TripAdvisor is continually seeking to improve its ability to estimate these key metrics. TripAdvisor regularly reviews and adjusts its processes for calculating internal metrics to improve their accuracy. If TripAdvisor's users, advertisers, partners and shareholders do not perceive its metrics to be accurate representations or if TripAdvisor discovers material inaccuracies in its user metrics, its reputation may be harmed. In which case, users may not use TripAdvisor's products and services and advertisers and partners may be less willing to allocate their budgets to its products and services which could negatively affect TripAdvisor's business and operating results.

Our subsidiaries rely on information technology to operate their business and maintain competitiveness, and any failure to adapt to technological developments or industry trends could harm our subsidiaries.

Our subsidiaries depend on the use of sophisticated information technologies and systems. As their operations grow in size and scope, they must continuously improve and upgrade their systems and infrastructure while maintaining or improving the reliability and integrity of their systems and infrastructure. Our subsidiaries' future success also depends on their ability to adapt their services and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of their services in response to competitive service and product offerings. The emergence of alternative platforms such as smartphone and tablet computing devices and the emergence of niche competitors who may be able to optimize products, services or strategies for such platforms will require new investment in technology. New developments in other areas, such as cloud computing, could also make it easier for competition to enter their markets due to lower up-front technology costs. In addition, our subsidiaries may not be able to maintain their existing systems or replace or introduce new technologies and systems as quickly as they would like or in a cost-effective manner.

If TripAdvisor does not continue to innovate and provide tools and services that are useful to travelers, it may not remain competitive, and its business and financial performance could suffer.

TripAdvisor's success depends in part on continued innovation to provide features and services that make its websites and smartphone and tablet computing applications useful for travelers. Its competitors are continually developing innovations in online travel-related services and features. As a result, TripAdvisor is continually working to improve its business model and user experience in order to drive user traffic and conversion dates. TripAdvisor can give no assurances that the changes it makes will yield the benefits it expects and will not have adverse impacts that TripAdvisor did not anticipate. If TripAdvisor is unable to continue offering innovative products and services and quality features that

travelers want to use, existing users may become dissatisfied and use a competitor's offerings and, it may be unable to attract additional users, which could adversely affect its business and financial performance.

New technologies could block TripAdvisor's ads, which would harm its business.

Technologies have been developed that can block the display of online ads and that provide tools to users to opt out of some web-based advertising products. TripAdvisor derives most of its revenues from fees paid to it by advertisers in connection with the display of ads on web pages for its users. As a result, these technologies and tools could adversely affect its business and financial performance.

TripAdvisor's culture emphasizes rapid innovation and prioritizes user engagement over short-term financial results.

TripAdvisor has a culture that encourages rapid development and release of new and improved products, which may at times result in unintended consequences or decisions that are poorly received by users or advertisers. TripAdvisor's culture also prioritizes user engagement, or website "stickiness," over short-term financial results. TripAdvisor has taken actions in the past and may continue to make product decisions going forward that have the effect of reducing its short-term revenue or profitability if it believes that the decisions benefit the aggregate user experience and/or conversion rates and CPC pricing, and will thereby improve its financial performance over the long-term. The short-term reductions in revenue or profitability could be more severe than TripAdvisor anticipates. These decisions may not produce the long-term benefits that TripAdvisor expects, in which case its user growth and engagement, its relationships with users and advertisers, and its business and results of operations could be harmed.

The online vacation rental market is rapidly evolving and if TripAdvisor fails to predict the manner in which the market develops, its business and prospects may suffer.

TripAdvisor offers vacation rental services through its U.S.-based FlipKey and European-based Holiday Lettings and Niumba businesses, as well through various partnerships. The online vacation rental market is relatively new and rapidly evolving in many respects, including acceptance of the business model by travelers, property owners and property managers; from a business and marketing perspective as well as the regulatory environment. TripAdvisor operates in various disparate jurisdictions and markets and has limited insight into trends that may develop in those markets and may affect its business. Since TripAdvisor began offering such services, there have been and continue to be significant business, marketing and regulatory developments. Operating in new and untested jurisdictions requires significant management attention and financial resources. TripAdvisor cannot assure that its expansion efforts will be successful, and the investment and additional resources required to establish operations and manage growth may not produce the desired levels of revenue or profitability.

If TripAdvisor fails to attract and maintain a critical mass of vacation rental listings and travelers, its vacation rental marketplaces will become less valuable and this may have a negative impact on its business.

In TripAdvisor's vacation rental business, revenue is generated when either owners or managers of vacation rental properties pay TripAdvisor fees to list and market vacation rental properties to users who visit the websites comprising its marketplace or owners and/or travelers pay it fees upon booking a transaction. As a result, TripAdvisor's success in this area primarily depends on its ability to attract owners, managers, travelers and advertisers to its marketplace. If property owners and managers do not perceive the benefits of marketing their properties through TripAdvisor's websites, or elect to list them with a competitor instead of listing with TripAdvisor, its volume of new listings and listing renewals may suffer. As a result, TripAdvisor may be unable to offer a sufficient supply and variety of vacation

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properties to attract travelers to its websites. A larger competitor already exists in the vacation rental space, with significantly more users and listed properties, and new competitors with significant financial resources are continually emerging.

Each of our company and TripAdvisor may have future capital needs and may not be able to obtain additional financing on acceptable terms.

In connection with the Spin-Off, we will have outstanding borrowings of \$400 million under two margin loan agreements (the **Margin Loan Agreements**) entered into by TripSPV, the payment of which borrowings are guaranteed solely by our company and secured by our ownership interest in TripAdvisor. All of our equity interests in TripAdvisor will be held through TripSPV. Because our primary asset consists of our equity interests in TripAdvisor and the Margin Loan Agreements prohibit, with limited exceptions, the incurrence of additional indebtedness by TripSPV, our company will be very limited in its ability to incur additional financing (other than the Liberty Line of Credit which will only be available to us under limited circumstances), and our cash reserves and limited operating cash flow may be insufficient to satisfy our financial obligations. In addition, the Margin Loan Agreements provide that, among other triggering events, if at any time the closing price per share of TripAdvisor common stock falls below certain minimum values, a partial repayment of the Margin Loans will be due and payable with respect to each such circumstance, together with accrued and unpaid interest and, during approximately the first 2 years of the term of the Margin Loans, a prepayment premium. If the company or TripSPV is unable to pay such amounts, the lenders may foreclose on the pledged stock of TripAdvisor that TripSPV holds and any other collateral that then secures TripSPV's obligations under the Margin Loan Agreements, which would materially adversely affect our asset composition and financial condition as well as our access to capital on a going forward basis.

TripAdvisor is party to a credit agreement which provides for up to \$600 million of borrowing, of which \$330 million was outstanding as of March 31, 2014. This credit agreement may limit TripAdvisor's ability to secure significant additional financing in the future on favorable terms, and its cash reserves and operating cash flow may be insufficient to satisfy its financial obligations under indebtedness outstanding from time to time. The ability of TripAdvisor to secure additional financing and satisfy its financial obligations will depend upon its future operating performance.

In addition, the availability of capital for our company and TripAdvisor will be subject to prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, all of which are beyond the control of our company and TripAdvisor. In light of periodic uncertainty in the capital and credit markets, there can be no assurance that sufficient financing will be available on desirable terms, if at all, to fund investments, acquisitions, stock repurchases, dividends, debt refinancing or extraordinary actions or that counterparties in any such financings would honor their contractual commitments. If financing is not available when needed or is not available on favorable terms, TripAdvisor may be unable to develop new or enhanced existing services, and both our company and TripAdvisor may be unable to complete acquisitions, repurchase equity or otherwise take advantage of business opportunities, any of which could have a material adverse effect on the business, financial condition and results of operations of our company and TripAdvisor.

Further, if TripAdvisor raises additional funds through the issuance of equity securities, including as a result of the lack of availability of debt financing, our company may experience significant dilution.

TripAdvisor is also accumulating a greater portion of its cash flows in foreign jurisdictions than previously. The repatriation of such funds for use in the United States, including for corporate purposes such as acquisitions, stock repurchases, dividends or debt refinancings, may result in additional U.S. income tax expense and higher cost for such capital.

Each of our company and TripAdvisor has significant indebtedness, which could adversely affect its business and financial condition.

As discussed above, in connection with the Spin-Off, we will enter into the Margin Loan Agreements as the guarantor with TripSPV as the borrower, pursuant to which TripSPV will borrow \$400 million. In addition, TripAdvisor is party to its own credit agreement which provides for up to \$600 million of borrowing, of which \$330 million was outstanding as of March 31, 2014. As a result of this significant indebtedness, each company may:

- Experience increased vulnerability to general adverse economic and industry conditions;
- Be required to dedicate a substantial portion of its available cash to make payments on its indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, strategic acquisitions and investments and other general corporate purposes (and we further note that, in the case of our company, we have a limited amount of cash and do not have access to the cash of TripAdvisor as a result of the significant non-controlling interest in TripAdvisor);
- Be handicapped in its ability to optimally capitalize and manage the cash flow for its businesses;
- Be limited in its flexibility in planning for, or reacting to, changes in its businesses and the markets in which it operates;
- Possibly be placed at a competitive disadvantage compared to its competitors that have less debt;
- Be exposed to the risk of increased interest rates with respect to any variable rate portion of its indebtedness; and
- Be limited in its ability to borrow additional funds or to borrow funds at rates or on other terms that it finds acceptable.

In addition, it is possible that each company may need to incur additional indebtedness in the future in the ordinary course of business. The terms of TripAdvisor's outstanding indebtedness permit it to incur additional debt subject to certain limitations. If new debt is added to the current debt levels, the risks described above could intensify. In addition, TripSPV is prohibited from incurring additional indebtedness under the Margin Loan Agreements, and we expect our company to have limited capacity to incur indebtedness outside of TripSPV (other than with respect to the Liberty Line of Credit, which is only available under limited circumstances).

Although TripAdvisor has substantial cash flow from operations with which it may service its debt obligations, we have limited sources of cash and liquidity. Our initial cash balance is expected to enable us to fund our parent level operating expenses and debt service obligations for the next five years; however, we cannot assure you that we will not experience unexpected expenses or that we will have sufficient liquidity to fund our operations and service our direct debt obligations during those five years or thereafter. For additional information about our company's ability to potentially service our direct debt obligations, see "*We are a holding company, and we could be unable in the future to obtain cash in amounts sufficient to service our financial obligations or meet our other commitments.*" and "*We do not have access to the cash that TripAdvisor generates from its operating activities.*" above. Also, please see "Description of Certain Indebtedness—Margin Loans" for a description of the Margin Loan Agreements and our payment obligations thereunder. A description of TripAdvisor's debt service obligations can be found in footnote 8 (Debt) to the Notes to Consolidated and Combined Financial Statements of TripAdvisor, Inc. for the period ended December 31, 2013 included herein under "Financials Statements."

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The agreements that govern TripAdvisor's credit facility contain various covenants that limit its discretion in the operation of its businesses and require it to meet financial maintenance tests. The failure to comply with such tests and covenants could have a material adverse effect on TripAdvisor. In addition, the Margin Loan Agreements contain various covenants that will restrict the activities of TripSPV.

TripAdvisor is party to a credit agreement providing for a revolving credit facility with a borrowing capacity of \$200 million and a term of five years, as well as a five-year term loan to TripAdvisor Holdings, LLC with an outstanding balance of \$330 million as of March 31, 2014. The agreements that govern the term loan and revolving credit facility contain various covenants, including those that limit TripAdvisor's ability to, among other things:

- Incur indebtedness;
- Pay dividends on, redeem or repurchase its capital stock;
- Enter into certain asset sale transactions, including partial or full spin-off transactions;
- Enter into secured financing arrangements;
- Enter into sale and leaseback transactions; and
- Enter into unrelated businesses.

These covenants may limit TripAdvisor's ability to optimally operate its business. In addition, TripAdvisor's term loan and revolving credit facility require that it meets certain financial tests, including an interest coverage test and a leverage ratio test.

As discussed above, in connection with the Spin-Off, we will enter into the Margin Loan Agreements as the guarantor with TripSPV as the borrower, pursuant to which we will borrow \$400 million. The Margin Loan Agreements will contain various covenants, including those that limit our ability to, among other things:

- Incur indebtedness by TripSPV;
- Enter into financing arrangements with respect to the stock of TripAdvisor; and
- Cause TripSPV to enter into unrelated businesses or otherwise conduct business other than owning common stock or other shares of TripAdvisor.

In addition, as discussed above, the Margin Loan Agreements provide that, among other triggering events, if at any time the closing price per share of TripAdvisor common stock falls below certain minimum values, a partial repayment of the Margin Loans to certain specified amounts will be due and payable with respect to each such circumstance, together with accrued and unpaid interest and, during approximately the first 2 years of the term of the Margin Loans, a prepayment premium, and if the company or TripSPV is unable to pay such amounts, the lenders may foreclose on the pledged stock of TripAdvisor that TripSPV holds and any other collateral that then secures TripSPV's obligations under the Margin Loan Agreements, which would materially adversely affect our asset composition and financial condition

Any failure to comply with the restrictions of TripAdvisor's term loan and credit facility or the Margin Loan Agreements may result in an event of default under the agreements governing such facilities. Such default may allow the applicable creditors to accelerate the debt incurred thereunder. In addition, lenders may be able to terminate any commitments they had made to supply TripAdvisor with further funds (including periodic rollovers of existing borrowings). For additional information regarding the potential impact of the restrictions in these debt arrangements, see "*Each of our company and TripAdvisor may have future capital needs and may not be able to obtain additional financing on acceptable terms.*"

If TripAdvisor fails to manage its growth effectively, its brand, results of operations and business could be harmed.

TripAdvisor has experienced rapid growth in its headcount and operations, which places substantial demands on management and its operational infrastructure. TripAdvisor has also consummated a number of acquisitions which have increased its headcount, operations and locations. TripAdvisor intends to make substantial investments in its technology, sales and marketing and community management organizations. TripAdvisor also intends to continue to explore acquisitions. As TripAdvisor continues to grow, it must effectively integrate, develop and motivate a large number of new employees, including employees in international markets, while maintaining the beneficial aspects of its company culture. If TripAdvisor does not manage the growth of its business and operations effectively, the quality of its platform and efficiency of its operations could suffer, which could harm its brand, results of operations and business.

TripAdvisor's international operations involve additional risks and its exposure to these risks will increase as its business expands globally.

TripAdvisor operates in a number of jurisdictions outside of the United States and intends to continue to expand its international operations. To achieve widespread acceptance in new countries and markets, TripAdvisor must continue to tailor its services and business model to the unique circumstances of such countries and markets, which can be difficult, costly and divert management and personnel resources. Failure to adapt practices and models effectively to each country into which TripAdvisor expands could slow its international growth.

TripAdvisor has businesses operating in China, which create particular risks and uncertainties relating to the laws in China. TripAdvisor operates in China under the brands daodao.com and kuxun.cn. The success of these businesses, and of any future investments in China, is subject to risks and uncertainties regarding the application, development and interpretation of China's laws and regulations.

The laws and regulations of China restrict foreign investment in areas including air-ticketing and travel agency services, Internet content provision, mobile communication and related businesses. Although TripAdvisor has established effective control of its Chinese businesses through a series of agreements, future developments in the interpretation or enforcement of Chinese laws and regulations or a dispute relating to these agreements could restrict its ability to operate or restructure these businesses or to engage in strategic transactions.

Other risks faced by TripAdvisor as a result of its international operations, including its operations in China, include:

- Political instability;
- Threatened or actual acts of terrorism;
- Regulatory requirements, including the Foreign Corrupt Practices Act and U.K. Bribery Act, data privacy requirements, labor laws and anti-competition regulations;
- Ability to comply with additional U.S. laws applicable to U.S. companies operating internationally as well as local laws and regulations;
- Diminished ability to legally enforce contractual rights;
- Increased risk and limits on enforceability of intellectual property rights;
- Possible preferences by local populations for local providers;
- Restrictions on, or adverse consequences related to, the withdrawal of non-U.S. investment and earnings;

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- Currency exchange restrictions, particularly conversion of the U.S. dollar into Chinese renminbi;
- Restrictions on repatriation of cash as well as restrictions on investments in operations in certain countries;
- Financial risk arising from transactions in multiple currencies;
- Slower adoption of the Internet as an advertising, broadcast and commerce medium in certain of those markets as compared to the United States;
- Difficulties in managing staffing and operations due to distance, time zones, language and cultural differences; and
- Uncertainty regarding liability for services, content and intellectual property rights, including uncertainty as a result of local laws and lack of precedent.

The loss of one or more of TripAdvisor's key personnel, or its failure to attract and retain other highly qualified personnel in the future, could harm TripAdvisor's business.

TripAdvisor's future success depends upon the continued contributions of its senior corporate management and other key employees. In particular, the contributions of Stephen Kaufer, TripAdvisor's President and Chief Executive Officer, are critical to its overall management. TripAdvisor cannot ensure that it will be able to retain the services of these individuals, and the loss of one or more of its key personnel could seriously harm its business. TripAdvisor does not maintain any key person life insurance policies.

In addition, competition remains intense for well-qualified employees in certain aspects of TripAdvisor's business, including software engineers, developers, product management and development personnel, and other technology professionals. TripAdvisor's continued ability to compete effectively depends on its ability to attract new employees and to retain and motivate existing employees. If TripAdvisor does not succeed in attracting well-qualified employees or retaining or motivating existing employees, our business would be adversely affected.

Changing laws, rules and regulations and legal uncertainties may adversely affect our subsidiaries or our financial performance.

Our subsidiaries' and our businesses and financial performance could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to us, our business and our subsidiaries, including those relating to the Internet and online commerce, Internet advertising, consumer protection and privacy. Unfavorable changes could decrease demand for products and services, limit marketing methods and capabilities, increase costs and/or subject us and/or our subsidiaries to additional liabilities.

For example, there is, and will likely continue to be, an increasing number of laws and regulations pertaining to the Internet and online commerce that may relate to liability for information retrieved from or transmitted over the Internet, online editorial and user-generated content, user privacy, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of products and services. Our subsidiaries' current business partner arrangements with third parties, including Facebook, could be negatively impacted to the extent that more restrictive privacy laws or regulations are enacted, particularly in the United States or European Union. In addition, enforcement authorities in the United States continue to rely on their authority under existing consumer protection laws to take action against companies relating to data privacy and security practices. The growth and development of online commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally.

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TripAdvisor's effective tax rate is impacted by a number of factors that could have a material impact on our financial results and could increase the volatility of those results.

Due to the global nature of its business, TripAdvisor is subject to income taxes in the United States and other foreign jurisdictions. In the event TripAdvisor incurs net income in certain jurisdictions but incurs losses in other jurisdictions, it generally cannot offset the income from one jurisdiction with the loss from another, which could increase its effective tax rate. Furthermore, significant judgment is required to calculate TripAdvisor's worldwide provision for income taxes. In the ordinary course of its business there are many transactions and calculations where the ultimate tax determination is uncertain. By virtue of TripAdvisor's previously filed separate company and consolidated income tax returns with Expedia, TripAdvisor is routinely under audit by federal, state and foreign taxing authorities. Although TripAdvisor believes its tax estimates are reasonable, the final determination of audits could be materially different from its historical income tax provisions and accruals. The results of an audit could have a material effect on TripAdvisor's financial position, results of operations, or cash flows in the period or periods for which that determination is made.

Additionally, TripAdvisor earns an increasing portion of its income, and accumulates a greater portion of cash flow, in foreign jurisdictions. Any repatriation of funds currently held in foreign jurisdictions may result in higher effective tax rates and incremental cash tax payments. In addition, there have been proposals to amend U.S. tax laws that would significantly impact the manner in which U.S. companies are taxed on foreign earnings. Although we cannot predict whether or in what form any legislation will pass, if enacted, it could have a material adverse impact on TripAdvisor's U.S. tax expense and cash flows.

TripAdvisor cannot be sure that its intellectual property is protected from copying or use by others, including potential competitors.

TripAdvisor's websites rely on content, brands and technology, much of which is proprietary. TripAdvisor protects its proprietary content, brands and technology by relying on a combination of trademarks, copyrights, trade secrets, patents and confidentiality agreements. In connection with its license agreements with third parties, TripAdvisor seeks to control access to, and the use and distribution of, proprietary technology, content and brands. Even with these precautions, it may be possible for another party to copy or otherwise obtain and use TripAdvisor's proprietary technology, content or brands without authorization or to develop similar technology, content or brands independently. Effective trademark, copyright, patent and trade secret protection may not be available in every jurisdiction in which its services are made available, and policing unauthorized use of its proprietary technology, content and brands is difficult and expensive. Therefore, in certain jurisdictions, TripAdvisor may be unable to protect its proprietary technology, content and brands adequately against unauthorized third-party copying or use, which could adversely affect its business or ability to compete. TripAdvisor cannot be sure that the steps it has taken will prevent misappropriation or infringement of proprietary technology, content or brands. Any misappropriation or violation of TripAdvisor's rights could have a material adverse effect on our business. Furthermore, TripAdvisor may need to go to court or other tribunals to enforce its intellectual property rights, to protect its trade secrets or to determine the validity and scope of the proprietary rights of others. These proceedings might result in substantial costs and diversion of resources and management attention. TripAdvisor's failure to protect its intellectual property in a cost-effective or effective manner could have a material adverse effect on its business and ability to protect its technology, content and brands.

TripAdvisor currently licenses from third parties and incorporates the technologies and content into its websites. As TripAdvisor continues to introduce new services that incorporate new technologies and content, it may be required to license additional technology or content. TripAdvisor cannot be sure that such technology or content will be available on commercially reasonable terms, if at all.

TripAdvisor is subject to foreign exchange risk.

TripAdvisor conducts a significant and growing portion of its business outside the United States. As a result, TripAdvisor faces exposure to movements in currency exchange rates, particularly those related to the Euro, British pound sterling, Singapore dollar and Chinese renminbi. These exposures include, but are not limited to re-measurement gains and losses from changes in the value of foreign denominated assets and liabilities; translation gains and losses on foreign subsidiary financial results that are translated into U.S. dollars upon consolidation; and planning risk related to changes in exchange rates between the time TripAdvisor prepares its annual and quarterly forecasts and when actual results occur.

Depending on the size of the exposures and the relative movements of exchange rates, if TripAdvisor were to choose not to hedge or were to fail to hedge effectively its exposure, TripAdvisor could experience a material adverse effect on its financial statements and financial condition. As seen in some recent periods, in the event of severe volatility in exchange rates, the impact of these exposures can increase, and the impact on results of operations can be more pronounced. In addition, the current environment and the increasingly global nature of TripAdvisor's business have made hedging these exposures both more complex and costly. TripAdvisor hedges certain short-term foreign currency exposures with the purchase of forward exchange contracts. These hedge contracts only help mitigate the impact of changes in foreign currency rates that occur during the term of the related contract period and carry risks of counter-party failure. There can be no assurance that its hedges will have their intended effects.

System interruption and the lack of redundancy in some of its internal information systems may harm our subsidiaries' business.

Our subsidiaries rely on computer systems to deliver content and services. Our subsidiaries have experienced, and may in the future experience, system interruptions that make some or all of these systems unavailable or prevent them from efficiently fulfilling orders or providing content and services to users and third parties. Significant interruptions, outages or delays in internal systems, or systems of third parties that they rely upon, including multiple co-location providers for data centers and network access, or deterioration in the performance of any such systems, would impair our subsidiaries' ability to process transactions or display content and decrease the quality of the services they offer to users. These interruptions could include security intrusions and attacks on their systems for fraud or service interruption (called "denial of service" or "bot" attacks). If our subsidiaries were to experience frequent or persistent system failures, their business, reputations and brand could be harmed.

In addition, our subsidiaries lack backup systems or contingency plans for certain critical aspects of their operations or business processes. Many other systems are not fully redundant and their disaster recovery or business continuity planning may not be sufficient. Fire, flood, power loss, telecommunications failure, break-ins, earthquakes, acts of war or terrorism, acts of God, computer viruses, electronic intrusion attempts from both external and internal sources and similar events or disruptions may damage or impact or interrupt computer or communications systems or business processes at any time. Although our subsidiaries have put measures in place to protect certain portions of their facilities and assets, any of these events could cause system interruption, delays and loss of critical data, and could prevent them from providing content and services to users and/or third parties for a significant period of time. Remediation may be costly and our subsidiaries may not have adequate insurance to cover such costs. Moreover, the costs of enhancing infrastructure to attain improved stability and redundancy may be time consuming and expensive and may require resources and expertise that are difficult to obtain.

Our subsidiaries' processing, storage and use of personal information and other data exposes them to risks stemming from external and internal security breaches and failure to comply with governmental regulation, which could give rise to liabilities.

There are numerous laws regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other consumer data, the scope of which is changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. Our subsidiaries strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection. Any failure or perceived failure by our subsidiaries to comply with their privacy policies, privacy-related obligations to users or other third parties, or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, may result in governmental enforcement actions, litigation or public statements that could harm their reputation and cause their customers and members to lose trust in them, which could have an adverse effect on their businesses, brand, market share and results of operations.

The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the Internet have recently come under increased public scrutiny. The U.S. Congress and federal agencies, including the Federal Trade Commission and the Department of Commerce, are reviewing the need for greater regulation for the collection and use of information concerning consumer behavior on the Internet. U.S. courts are also considering the applicability of existing federal and state statutes, including computer trespass and wiretapping laws, to the collection and exchange of information online. In addition, the European Union is in the process of proposing reforms to its existing data protection legal framework, which may result in a greater compliance burden for companies, including our subsidiaries, with users in Europe and increased costs of compliance.

Potential security breaches to our subsidiaries' systems, whether resulting from internal or external sources, could significantly harm our business. A party, whether internal or external, that is able to circumvent their security systems could misappropriate user information or proprietary information or cause significant interruptions in their operations. In the past, our subsidiaries have experienced "denial-of-service" type attacks on their systems that have made portions of their websites unavailable for short periods of time as well as unauthorized access of their systems and data. Our subsidiaries may need to expend significant resources to protect against security breaches or to address problems caused by breaches, and reductions in website availability could cause a loss of substantial business volume during the occurrence of any such incident. Because the techniques used to sabotage security change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, our subsidiaries may be unable to proactively address these techniques or to implement adequate preventive measures. Security breaches could result in negative publicity, damage to reputation, exposure to risk of loss or litigation and possible liability due to regulatory penalties and sanctions. Security breaches could also cause users and potential users to lose confidence in their security, which would have a negative effect on the value of their brands. Failure to adequately protect against attacks or intrusions, whether for their own systems or systems of vendors, could expose our subsidiaries to security breaches that could have an adverse impact on financial performance.

Our subsidiaries also face risks associated with security breaches affecting third parties conducting business over the Internet. For example, much of TripAdvisor's business is conducted with third party marketing affiliates, which may generate travel reservations through its infrastructure or through its systems. In addition, our subsidiaries frequently use third parties to process credit card payments. A security breach at such third party could be perceived by consumers as a security breach of our subsidiaries' systems and could result in negative publicity, damage our subsidiaries' reputation, expose them to risk of loss or litigation and possible liability and subject them to regulatory penalties and sanctions. In addition, such third parties may not comply with applicable disclosure requirements, which could expose our subsidiaries to liability.

If the businesses TripAdvisor has acquired or invested in do not perform as expected or TripAdvisor is unable to effectively integrate acquired businesses, its operating results and prospects could be harmed.

TripAdvisor has acquired a number of businesses in the past, and its future growth may depend, in part, on future acquisitions, any of which could be material to its financial condition and results of operations. Certain financial and operational risks related to acquisitions that may have a material impact on TripAdvisor's business are:

- Use of cash resources and incurrence of debt and contingent liabilities in funding acquisitions may limit other potential uses of its cash, including stock repurchases, dividend payments and retirement of outstanding indebtedness;
- Amortization expenses related to acquired intangible assets and other adverse accounting consequences;
- Expected and unexpected costs incurred in identifying and pursuing acquisitions, and performing due diligence on potential acquisition targets that may or may not be successful;
- Diversion of management's attention or other resources from its existing business;
- Difficulties and expenses in integrating the operations, products, technology, privacy protection systems, information systems or personnel of the acquired company;
- Impairment of relationships with employees, suppliers and affiliates of its business and the acquired business;
- The assumption of known and unknown debt and liabilities of the acquired company;
- Failure of the acquired company to achieve anticipated traffic, revenues, earnings or cash flows or to retain key management or employees;
- Failure to generate adequate returns on acquisitions and investments;
- Entrance into markets in which TripAdvisor has no direct prior experience and increased complexity in its business;
- Impairment of goodwill or other intangible assets such as trademarks or other intellectual property arising from acquisitions; and
- Adverse market reaction to acquisitions.

Moreover, TripAdvisor relies heavily on the representations and warranties provided to it by the sellers of acquired companies, including as they relate to creation, ownership and rights in intellectual property and compliance with laws and contractual requirements. TripAdvisor's failure to address these risks or other problems encountered in connection with past or future acquisitions and investments could cause it to fail to realize the anticipated benefits of such acquisitions or investments, to incur unanticipated liabilities and to harm its business generally.

No assurance can be made that we will be successful in integrating any acquired businesses.

Our subsidiaries may grow through acquisitions in selected markets. Integration of new businesses may present significant challenges, including: realizing economies of scale in programming and network operations; eliminating duplicative overhead; and integrating networks, financial systems and operational systems. No assurance can be made that, with respect to any acquisition, we will realize anticipated benefits or successfully integrate any acquired business with our existing operations. In addition, while we intend to implement appropriate controls and procedures as we integrate acquired companies, we may not be able to certify as to the effectiveness of these companies' disclosure controls

and procedures or internal control over financial reporting (as required by U.S. federal securities laws and regulations) until we have fully integrated them.

Future sales of shares of TripAdvisor's or our common stock in the public market, or the perception that such sales may occur, may depress its or our stock price.

For the period ended December 31, 2013, the average daily trading volume of TripAdvisor's common stock on The Nasdaq Global Select Market was approximately 1.9 million shares. If its stockholders were to sell substantial amounts of TripAdvisor's common stock in the public market, the market price of its common stock and hence our common stock could decrease significantly. The perception in the public market that TripAdvisor's existing stockholders or our stockholders might sell shares of common stock could also depress the trading price of our common stock. For example, sales of or hedging transactions, such as collars, in our shares by our Chairman of the Board or any of our other directors or executive officers could cause a perception in the marketplace that our stock price (and hence TripAdvisor's stock price) has peaked or that adverse events or trends have occurred or may be occurring at our company or TripAdvisor. This perception could result notwithstanding any personal financial motivation for these insider transactions. In addition, we have the right to require TripAdvisor to file registration statements covering TripAdvisor shares we own or to include TripAdvisor shares in registration statements that it may file for itself or other stockholders. A decline in the price of shares of TripAdvisor's common stock or our common stock might impede its or our ability to raise capital through the issuance of additional equity securities.

The seasonality of our subsidiary BuySeasons places increased strain on its operations.

The net revenue of BuySeasons in recent years indicates that its business is seasonal due to a higher volume of sales in certain months or calendar quarters or related to holiday shopping. BuySeasons earns approximately half of its revenue from the sale of costumes in September and October leading up to Halloween. If the vendors for BuySeasons' business are not able to provide popular products in sufficient amounts such that BuySeasons fails to meet customer demand, it could significantly affect its revenue and future growth. If too many customers access the websites of BuySeasons within a short period of time due to increased demand, its business may experience system interruptions that make its websites unavailable or prevent them from efficiently fulfilling orders, which may reduce the volume of goods it sells and the attractiveness of its products and services. In addition, BuySeasons may be unable to adequately staff its fulfillment and customer service centers during these peak periods and delivery and other third party shipping (or carrier) companies may be unable to meet the seasonal demand.

Factors Relating to the Spin-Off

The Spin-Off could result in a significant tax liability.

Liberty has received the Ruling from the IRS to the effect that, among other things, the Spin-Off will qualify as a tax-free transaction for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. It is a condition to the Spin-Off that the Ruling shall not have been withdrawn, invalidated or modified in an adverse manner. Although the Ruling will generally be binding on the IRS, the continued validity of the Ruling will be subject to the accuracy of factual statements and representations made to the IRS by Liberty upon which the Ruling is based. Further, as a result of the IRS's general ruling policy with respect to transactions under Section 355 of the Code, the Ruling does not represent a determination by the IRS that certain requirements necessary to obtain tax-free treatment to holders of Liberty Ventures common stock and to Liberty under Sections 355 and 368(a)(1)(D) of the Code (specifically, the corporate business purpose requirement, the requirement that the Spin-Off not be used principally as a device for the distribution of earnings and profits, and the non-application of Section 355(e) of the Code to the Spin-Off (discussed below)) have been

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satisfied. Rather, the Ruling is based upon representations made to the IRS by Liberty that these requirements have been satisfied. If any of the statements or representations upon which the Ruling is based are incorrect or untrue in any material respect, or the facts upon which the Ruling is based were materially different from the facts at the time of the Spin-Off, the Ruling could be invalidated.

As a result of this IRS ruling policy, the Spin-Off is also conditioned upon the receipt by Liberty of the opinion of Baker Botts L.L.P., in form and substance reasonably acceptable to Liberty, to the effect that the Spin-Off will qualify as a tax-free transaction to Liberty and to the holders of Liberty Ventures common stock for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The opinion of counsel will rely on the continued validity of the Ruling, as to the matters covered by the Ruling, and will be based upon certain assumptions, as well as statements, representations and certain undertakings made by officers of Liberty and TripCo and John C. Malone. These assumptions, statements, representations and undertakings are expected to relate to, among other things, Liberty's business reasons for engaging in the Spin-Off and Liberty's and TripCo's current plans and intentions to continue conducting certain of its business activities and not to materially modify its ownership or capital structure, in each case following the Spin-Off. If the Ruling is no longer valid, if any of those statements, representations or assumptions is incorrect or untrue in any material respect or any of those undertakings is not complied with, or if the facts upon which the opinion is based are materially different from the facts at the time of the Spin-Off, the conclusions reached in such opinion could be adversely affected. Opinions of counsel are not binding on the IRS or the courts, and the conclusions expressed in such opinion could be challenged by the IRS and a court could sustain such challenge. The receipt of the opinion, as well as certain other conditions to the Spin-Off, may not be waived by the Liberty board of directors.

Even if the Spin-Off otherwise qualifies under Sections 355 and 368(a)(1)(D) of the Code, the Spin-Off would result in a significant U.S. federal income tax liability to Liberty (but not to holders of Liberty Ventures common stock) under Section 355(e) of the Code if one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of Liberty or in the stock of TripCo as part of a plan or series of related transactions that includes the Spin-Off. Current tax law generally creates a presumption that any acquisition of the stock of Liberty or the stock of TripCo within two years before or after the Spin-Off is part of a plan that includes the Spin-Off, although the parties may be able to rebut that presumption. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual and subject to an analysis of the facts and circumstances of a particular case. Notwithstanding the opinion of counsel described above, Liberty or TripCo might inadvertently cause or permit a prohibited change in Liberty's ownership or TripCo's ownership to occur, thereby triggering tax liability to Liberty, which could have a material adverse effect.

If it is subsequently determined, for whatever reason, that the Spin-Off does not qualify for tax-free treatment, Liberty and/or the holders of Liberty Ventures common stock immediately prior to the Spin-Off could incur significant tax liabilities determined in the manner described in "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off." As described further under "Certain Relationships and Related Party Transactions—Relationships between TripCo and Liberty and/or Liberty Media—Tax Sharing Agreement," in certain circumstances, TripCo will be required to indemnify Liberty, its subsidiaries, and certain related persons for taxes and losses resulting from the Spin-Off. For a more complete discussion of the Ruling, the tax opinion and the tax consequences if the Spin-Off is not tax-free, please see "The Spin-Off—Material U.S. Federal Income Tax Consequences of the Spin-Off."

We may have a significant indemnity obligation to Liberty, which is not limited in amount or subject to any cap, if the Spin-Off is treated as a taxable transaction.

Pursuant to the tax sharing agreement that we will enter into with Liberty in connection with the Spin-Off (the **tax sharing agreement**), subject to certain limited exceptions, we will be required to indemnify Liberty, its subsidiaries, and certain related persons for taxes and losses resulting from the failure of the Spin-Off to qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code to the extent such taxes or losses (x) result primarily from, individually or in the aggregate, the breach of certain covenants made by TripCo (applicable to actions or failures to act by TripCo and its subsidiaries following the completion of the Spin-Off), or (y) result from Section 355(e) of the Code applying to the Spin-Off as a result of the Spin-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of TripCo or any successor.

Our indemnification obligations to Liberty, its subsidiaries and certain related persons will not be limited in amount or subject to any cap. If we are required to indemnify Liberty, its subsidiaries and certain related persons under the circumstances set forth in the tax sharing agreement, we may be subject to substantial liabilities, which could materially adversely affect our financial position.

We may determine to forgo certain transactions in order to avoid the risk of incurring significant tax-related liabilities.

In the tax sharing agreement, we will covenant not to take any action, or fail to take any action, following the Spin-Off, which action or failure to act is inconsistent with the Spin-Off qualifying for tax-free treatment under Sections 355 and 368(a)(1)(D) of the Code. Further, the tax sharing agreement will require that we generally indemnify Liberty for any taxes or losses incurred by Liberty (or its subsidiaries) resulting from breaches of such covenants or resulting from Section 355(e) of the Code applying to the Spin-Off because of acquisitions of a 50-percent or greater interest (measured by vote or value) in our stock that are part of a plan that includes the Spin-Off. As a result, we might determine to forgo certain transactions that might have otherwise been advantageous in order to preserve the tax-free treatment of the Spin-Off.

In particular, we might determine to continue to operate certain of our business operations for the foreseeable future even if a sale or discontinuance of such business might have otherwise been advantageous. Moreover, in light of the requirements of Section 355(e) of the Code, we might determine to forgo certain transactions, including share repurchases, stock issuances, certain asset dispositions or other strategic transactions for some period of time following the Spin-Off. In addition, our indemnity obligation under the tax sharing agreement might discourage, delay or prevent a change of control transaction for some period of time following the Spin-Off.

We may incur material costs as a result of our separation from Liberty.

We will incur costs and expenses not previously incurred as a result of our separation from Liberty. These increased costs and expenses may arise from various factors, including financial reporting, costs associated with complying with the federal securities laws (including compliance with the Sarbanes-Oxley Act of 2002), tax administration and human resources related functions. Although Liberty Media will continue to provide many of these services for us under the services agreement, we cannot assure you that the services agreement will continue or that these costs will not be material to our business.

Prior to the Spin-Off, we will not have been an independent company and we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company.

Prior to the Spin-Off, our business was operated by Liberty as part of its broader corporate organization, rather than as an independent company. Liberty's senior management oversaw the

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strategic direction of our businesses and Liberty (directly and through its services agreement with Liberty Media) performed various corporate functions for us, including, but not limited to:

- selected human resources related functions;
- tax administration;
- selected legal functions (including compliance with the Sarbanes-Oxley Act of 2002), as well as external reporting;
- treasury administration, investor relations, internal audit and insurance functions; and
- selected information technology and telecommunications services.

Following the Spin-Off, neither Liberty nor any of its affiliates will have any obligation to provide these functions to us other than those services that will be provided by Liberty Media pursuant to the services agreement between us and Liberty Media. If, once our services agreement terminates, we do not have in place our own systems and business functions, we do not have agreements with other providers of these services or we are not able to make these changes cost effectively, we may not be able to operate our business effectively and our profitability may decline. If Liberty Media does not continue to perform effectively the services that are called for under its services agreement with us, we may not be able to operate our business effectively after the Spin-Off.

We may not realize the potential benefits from the Spin-Off in the near term or at all.

In this prospectus, we have described anticipated strategic and financial benefits we expect to realize as a result of our separation from Liberty. See "The Spin-Off—Reasons for the Spin-Off." In particular, we believe that the Spin-Off will better position us to take advantage of business opportunities, strategic alliances and other acquisitions through TripCo's enhanced acquisition currency, as well as facilitate a potential combination of TripCo and TripAdvisor. We also expect the Spin-Off to enable TripCo to provide its employees with more attractive equity incentive awards. However, no assurance can be given that the market will react favorably to the Spin-Off or that the current discount applied by the market to the Liberty Ventures common stock will not be applied to TripCo's common stock, thereby causing TripCo's equity to not be as attractive to its employees as well as any potential acquisition counterparties. In addition, no assurance can be given that any investment, acquisition or other strategic opportunities will become available following the Spin-Off on terms that TripCo finds favorable or at all, nor can any assurance be given that a combination of TripCo and TripAdvisor will ever occur. Given the added costs associated with the completion of the Spin-Off, including the separate accounting, legal and other compliance costs of being a separate public company, our failure to realize the anticipated benefits of the Spin-Off in the near term or at all could adversely affect our company.

Our company has overlapping directors and officers with Liberty and Liberty Media, which may lead to conflicting interests.

As a result of the Spin-Off, the September 2011 separation of Starz from Liberty and the January 2013 spin-off of Liberty Media from Starz, most of the executive officers of TripCo also serve as executive officers of Liberty and Liberty Media and there are overlapping directors. Following the Spin-Off, Gregory B. Maffei will be the Chief Executive Officer, President, Chairman of the Board and a director of our company, Liberty and Liberty Media. None of these companies has any ownership interest in any of the others. Our executive officers and members of our company's board of directors have fiduciary duties to our stockholders. Likewise, any such persons who serve in similar capacities at Liberty or Liberty Media or any other public company have fiduciary duties to that company's stockholders. For example, there may be the potential for a conflict of interest when our company, Liberty or Liberty Media pursues acquisitions and other corporate opportunities that may be suitable

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for each of them. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting more than one of the companies to which they owe fiduciary duties. Our company has renounced its rights to certain business opportunities and our restated certificate of incorporation will provide that no director or officer of our company will breach their fiduciary duty and therefore be liable to our company or its stockholders by reason of the fact that any such individual directs a corporate opportunity to another person or entity (including Liberty and Liberty Interactive) instead of our company, or does not refer or communicate information regarding such corporate opportunity to our company, unless (x) such opportunity was expressly offered to such person solely in his or her capacity as a director or officer of our company or as a director or officer of any of our subsidiaries, and (y) such opportunity relates to a line of business in which our company or any of its subsidiaries is then directly engaged. In addition, any potential conflict that qualifies as a "related party transaction" (as defined in Item 404 of Regulation S-K) is subject to review by an independent committee of the applicable issuer's board of directors in accordance with its corporate governance guidelines. Any other potential conflicts that arise will be addressed on a case-by-case basis, keeping in mind the applicable fiduciary duties owed by the executive officers and directors of each issuer. From time to time, we may enter into transactions with Liberty or Liberty Media and/or their respective subsidiaries or other affiliates. There can be no assurance that the terms of any such transactions will be as favorable to our company, Liberty, Liberty Media or any of their respective subsidiaries or affiliates as would be the case where there is no overlapping officer or director.

Our inter-company agreements are being negotiated while we are a subsidiary of Liberty. We are entering into a number of inter-company agreements covering matters such as tax sharing and our responsibility for certain liabilities previously undertaken by Liberty for certain of our businesses. In addition, we are entering into a services agreement with Liberty Media pursuant to which it will provide to us certain management, administrative, financial, treasury, accounting, tax, legal and other services, for which we will pay Liberty Media a services fee. The terms of all of these agreements are being established while we are a wholly owned subsidiary of Liberty, and hence may not be the result of arms' length negotiations. Although we believe that the negotiations with Liberty Media will be at arms' length, the persons negotiating on behalf of Liberty Media also serve as officers of Liberty, as described above. We believe that the terms of these inter-company agreements are commercially reasonable and fair to all parties under the circumstances; however, conflicts could arise in the interpretation or any extension or renegotiation of the foregoing agreements after the Spin-Off. See "Certain Relationships and Related Party Transactions."

Liberty's board of directors may abandon the Spin-Off at any time, and its board of directors may determine to amend the terms of any agreement we enter into relating to the Spin-Off.

No assurance can be given that the Spin-Off will occur, or if it occurs that it will occur on the terms described in this prospectus. In addition to the conditions to the Spin-Off described herein (certain of which may be waived by the Liberty board of directors in its sole discretion), the Liberty board of directors may abandon the Spin-Off at any time prior to the distribution date for any reason or for no reason. In addition, the agreements to be entered into by TripCo with Liberty in connection with the Spin-Off (including the reorganization agreement, the tax sharing agreement, the services agreement, the facilities sharing agreement and the aircraft time sharing agreements) may be amended or modified prior to the distribution date in the sole discretion of Liberty. If any condition to the Spin-Off is waived or if any material amendments or modifications are made to the terms of the Spin-Off or to such ancillary agreements prior to the Spin-Off, Liberty intends to promptly issue a press release and file a Form 8-K informing the market of the substance of such waiver, amendment or modification.

Factors Relating to our Common Stock and the Securities Market

We cannot be certain that an active trading market will develop or be sustained after the Spin-Off, and following the Spin-Off, our stock price may fluctuate significantly.

There can be no assurance that an active trading market will develop or be sustained for our common stock after the Spin-Off. We cannot predict the prices at which either series of our common stock may trade after the Spin-Off, the effect of the Spin-Off on the trading prices of the Liberty Ventures common stock or whether the market value of the shares of a series of our common stock and the shares of the same series of the Liberty Ventures common stock held by a stockholder after the Spin-Off will be less than, equal to or greater than the market value of a share of the corresponding series of Liberty Ventures common stock held by such stockholder prior to the Spin-Off.

The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of comparable companies; and
- domestic and foreign economic conditions.

The fair value of Liberty's investment in TripAdvisor, on an as-converted basis, was approximately \$3.3 billion as of June 30, 2014, which represents a large portion of the total market value of the Liberty Ventures tracking stock, as a whole, and will represent an even larger portion of TripCo's total market value following the Spin-Off. The Liberty Ventures tracking stock has historically traded at times somewhat in tandem with TripAdvisor's common stock. As a result of the Spin-Off, our stock price may move in tandem with the TripAdvisor stock price to a greater degree than the Liberty Ventures common stock does today, with the result that our stock price may be disproportionately affected by the results of operations of TripAdvisor and developments in its business.

If, following the Spin-Off, we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or our internal control over financial reporting is not effective, the reliability of our financial statements may be questioned and our stock price may suffer.

Section 404 of the Sarbanes-Oxley Act of 2002 requires any company subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its consolidated subsidiaries' internal control over financial reporting. To comply with this statute, we will be required to document and test our internal control procedures; our management will be required to assess and issue a report concerning our internal control over financial reporting; and our independent auditors will be required to issue an opinion on management's assessment of those matters. Our compliance with Section 404 of the Sarbanes-Oxley Act will first be tested in connection with the filing of our Annual Report on Form 10-K for the fiscal year ending December 31, 2015. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act. If our management cannot favorably assess the effectiveness of our internal control over financial reporting or our auditors identify material weaknesses in our internal controls, investor confidence in our financial results may weaken, and our stock price may suffer.

It may be difficult for a third party to acquire us, even if doing so may be beneficial to our stockholders.

Certain provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a change in control of our company that a stockholder may consider favorable. These provisions include the following:

- authorizing a capital structure with multiple series of common stock: a Series B that entitles the holders to ten votes per share, a Series A that entitles the holders to one vote per share and a Series C that, except as otherwise required by applicable law, entitles the holders to no voting rights;
- authorizing the issuance of "blank check" preferred stock, which could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- classifying our board of directors with staggered three-year terms beginning in 2015, which may lengthen the time required to gain control of our board of directors;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders;
- establishing advance notice requirements for nominations of candidates for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- requiring stockholder approval by holders of at least 80% of our voting power or the approval by at least 75% of our board of directors with respect to certain extraordinary matters, such as a merger or consolidation of our company, a sale of all or substantially all of our assets or an amendment to our certificate of incorporation; and
- the existence of authorized and unissued stock which would allow our board of directors to issue shares to persons friendly to current management, thereby protecting the continuity of its management, or which could be used to dilute the stock ownership of persons seeking to obtain control of us.

After the Spin-Off, TripCo may be controlled by one principal stockholder.

John C. Malone currently beneficially owns shares of Liberty Ventures common stock representing approximately 28.9% of the aggregate voting power of the outstanding shares of Liberty Ventures common stock as of June 30, 2014. Following the consummation of the Spin-Off, Mr. Malone is expected to beneficially own shares of our common stock representing approximately 28.9% of TripCo's voting power, based upon the one-for-one distribution ratio in the Spin-Off and his beneficial ownership of LVNTA and LVNTB as of June 30, 2014 (as reflected under "Security Ownership of Certain Beneficial Owners—Security Ownership of Management" below). Mr. Malone's rights to vote or dispose of his equity interest in TripCo will not be subject to any restrictions in favor of TripCo other than as may be required by applicable law and except for customary transfer restrictions pursuant to incentive award agreements.

Holders of a single series of our common stock may not have any remedies if an action by our directors has an adverse effect on only that series of our common stock.

Principles of Delaware law and the provisions of our certificate of incorporation may protect decisions of our board of directors that have a disparate impact upon holders of any single series of our common stock. Under Delaware law, the board of directors has a duty to act with due care and in the best interests of all of our stockholders, including the holders of all series of our common stock.

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Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that a board of directors owes an equal duty to all common stockholders regardless of class or series and does not have separate or additional duties to any group of stockholders. As a result, in some circumstances, our directors may be required to make a decision that is viewed as adverse to the holders of one series of our common stock. Under the principles of Delaware law and the business judgment rule, holders may not be able to successfully challenge decisions that they believe have a disparate impact upon the holders of one series of our stock if our board of directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken and acts in good faith and in the honest belief that the board is acting in the best interest of all of our stockholders.

CAUTIONARY STATEMENTS CONCERNING FORWARD LOOKING STATEMENTS

Certain statements in this prospectus and in the documents incorporated by reference herein constitute forward-looking statements, including certain statements relating to the business strategies, market potential and future financial performance of our company and our subsidiaries, and other matters. In particular, information included under "The Spin-Off," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of our Business" and "Financial Statements" contain forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but such statements necessarily involve risks and uncertainties and there can be no assurance that the expectation or belief will result or be achieved or accomplished. In addition to the risk factors described herein under the headings "Risk Factors," the following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for products and services and the ability of our company and our subsidiaries to adapt to changes in demand;
- competitor responses to products and services;
- the levels and quality of online traffic to our businesses' websites and the ability of our subsidiaries to convert visitors into consumers or contributors;
- the expansion of social integration and member acquisition efforts with social media by our subsidiaries;
- the impact of changes in search engine algorithms and dynamics or search engine disintermediation;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the FCC and adverse outcomes from regulatory proceedings;
- changes in the business models of our subsidiaries;
- changes in the nature of key strategic relationships with partners, vendors and joint venturers;
- general economic and business conditions and industry trends including the current economic downturn and those which result in declines or disruptions in the travel industry;
- consumer spending levels, including the availability and amount of individual consumer debt;
- costs related to the maintenance and enhancement of brand awareness by our subsidiaries;
- advertising spending levels;
- rapid technological changes;

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- our failure, and the failure of our subsidiaries, to protect the security of personal information about customers, subjecting each of us to potentially costly government enforcement actions or private litigation and reputational damage;
- the regulatory and competitive environment of the industries in which our subsidiaries operate; and
- fluctuations in foreign currency exchange rates and political unrest in international markets.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this prospectus, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein or therein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind the factors described in "Risk Factors" and other cautionary statements contained or incorporated in this document. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

THE SPIN-OFF

Background for the Spin-Off

The board of directors of Liberty periodically reviews with management the strategic goals and prospects of its various businesses, equity affiliates and other investments. In 2012, Liberty recapitalized its common stock into two new tracking stocks, the Liberty Interactive Group and the Liberty Ventures Group, for the purpose of creating greater transparency for the assets and liabilities attributed to each group, among other reasons. The Liberty Interactive common stock and Liberty Ventures common stock are intended to track and reflect the economic performance of the Interactive Group and the Ventures Group, respectively. Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. While the Interactive Group and the Ventures Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore no group can own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation. The Interactive Group is primarily focused on Liberty's video and e-commerce operating businesses and has attributed to it Liberty's operating subsidiaries QVC, Inc., Provide Commerce, Inc., Backcountry.com, Inc., Bodybuilding.com, Inc., Celebrate and CommerceHub, as well as Liberty's interest in HSN, Inc., along with cash and certain liabilities that reside with QVC and the other attributed entities as well as outstanding senior notes and one series of exchangeable debentures of Liberty LLC and certain deferred tax liabilities. The Ventures Group is comprised primarily of Liberty's investments in TripAdvisor, Expedia, Inc., Interval Leisure Group, Inc., Tree.com, Inc., Time Warner Inc., Time Warner Cable Inc. and AOL, Inc., along with cash and certain liabilities related to Liberty LLC's other exchangeable debentures and certain deferred tax liabilities. Although the public markets have responded favorably to these two tracking stocks, Liberty believes that the public markets continue to apply a meaningful discount to the underlying value of the businesses and assets attributed to the Liberty Ventures tracking stock group in establishing the trading value of the Liberty Ventures common stock due to the interrelationships of the businesses of Liberty, the multiple layers of financial reporting and uncertainty surrounding the allocation of corporate opportunities and capital resources among Liberty's tracking stock groups. Accordingly, in the fall of 2013, the Liberty board of directors determined to pursue the Spin-Off, as described in more detail below.

Our company is currently a wholly-owned subsidiary of Liberty. Following the Spin-Off, our principal businesses, assets and liabilities will consist of Liberty's 22% ownership interest and 57% voting interest in TripAdvisor, BuySeasons, anticipated corporate level cash and cash equivalents of \$50 million and \$400 million in indebtedness (such businesses and assets, as well as any related liabilities, including with respect to the Margin Loans, the **TripCo Assets and Liabilities**). To accomplish the Spin-Off, Liberty will effect the distribution, whereby holders of LVNTA and LVNTB will receive, by means of a dividend, shares of our Series A common stock and Series B common stock, respectively. Holders of LINTA and LINTB (or, if the Proposed Reclassification has occurred, holders of Liberty's QVC Group common stock and Liberty Digital Commerce common stock) will not receive shares of our common stock in the Spin-Off. Following the Spin-Off, Liberty will cease to own any equity interest in our company, and we will be an independent publicly traded company. No vote of Liberty's stockholders is required or being sought in connection with the Spin-Off, and holders of Liberty Ventures common stock will have no appraisal rights in connection with the Spin-Off.

At present, Liberty's interest in TripAdvisor is attributed to its Ventures Group and BuySeasons, as a part of Celebrate, is attributed to its Interactive Group. Although historically BuySeasons has not been included in the asset composition of the Liberty Ventures Group, BuySeasons, as an operating company, has been included in the businesses and assets of TripCo in order to preserve the tax-free

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nature of the Spin-Off to Liberty and to holders of Liberty Ventures common stock under applicable tax regulations. Because no operating subsidiaries are currently attributed to the Ventures Group, Liberty's board selected one of the operating subsidiaries that are currently attributed to its Interactive Group to reattribute to the Ventures Group prior to the completion of the Spin-Off. BuySeasons was selected because it was no longer considered to be strategic to the continuing operations of Liberty and the Interactive Group. Concurrently with Liberty's plan to effect the Spin-Off, Liberty is also pursuing the Proposed Reclassification, whereby it would reclassify its Liberty Interactive common stock into a new QVC Group common stock and a new Liberty Digital Commerce common stock. In the event that the Spin-Off occurs prior to the Proposed Reclassification, BuySeasons would be reattributed from Liberty's Interactive Group to its Ventures Group prior to the Spin-Off. In the event that the Spin-Off does not occur prior to the Proposed Reclassification, BuySeasons will be attributed to the QVC Group in connection with the Proposed Reclassification and then later reattributed to the Ventures Group prior to the Spin-Off. Our interest in TripAdvisor will remain attributed to the Ventures Group regardless of whether the Proposed Reclassification occurs prior to the Spin-Off and, except as described above, Liberty currently does not anticipate any additional changes to the assets and liabilities attributed to the Ventures Group to be made in connection with the Spin-Off.

Reasons for the Spin-Off

In determining to approve the Spin-Off, it was believed that the Spin-Off would result in the creation of stockholder value because the aggregate trading value of our common stock and the Liberty Ventures common stock would exceed the aggregate trading value of the existing Liberty Ventures common stock. The Liberty board took into account a number of factors approving the Spin-Off, including the following:

- The creation of a more traditional, asset-backed security is expected to provide greater transparency for investors with respect to TripCo's dominant business, TripAdvisor, resulting in more focus and attention by the investment community on this business.
- The Spin-Off is expected to cause the trading discount applied to the Liberty Ventures common stock to be reduced, because separating TripCo will better highlight the discount at which the Liberty Ventures common stock historically has traded relative to the underlying asset composition of the Liberty Ventures tracking stock group. An increase in the aggregate trading prices associated with the Liberty Ventures common stock and the TripCo common stock would enhance the ability of each of Liberty and TripCo to issue its equity for purposes of making strategic acquisitions with less dilution to each company's respective stockholder base (including in a potential future combination of TripCo with TripAdvisor following the Spin-Off, in which TripCo could issue its common stock as consideration in such a transaction).
- By separating TripCo from Liberty, it is expected that complications in negotiations with TripAdvisor regarding the valuation of Liberty's other businesses will be avoided, thus increasing the likelihood of reaching a potential agreement with respect to the combination of our company with TripAdvisor.
- The Spin-Off is expected to enhance the ability of Liberty and TripCo to retain and attract qualified personnel, by enabling each company to grant equity incentive awards based on its own publicly traded equity with less dilution to its stockholders (as a result of the reduction in the discount associated with its equity), and will further enable each company to more effectively tailor employee benefit plans and retention programs and provide improved incentives to the management, employees and future hires of each company that will better and more directly align the incentives for each company's management and employees with their performance.

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The Liberty board also considered a number of costs and risks associated with the Spin-Off in approving the Spin-Off, including the following:

- After the Spin-Off, the Liberty Ventures tracking stock group and TripCo will have smaller market capitalizations than the current market capitalization of the Liberty Ventures tracking stock group, and their stock prices may be more volatile than the Liberty Ventures tracking stock price was prior to the Spin-Off. The board also considered the possibility that the combined market values of the separate stocks may be lower than the market value of the Liberty Ventures tracking stock prior to the Spin-Off.
- The risk of being unable to achieve the benefits expected from the Spin-Off.
- The leverage to be incurred by TripCo as a result of obtaining the proceeds from the Margin Loans, a substantial portion of which will be distributed to Liberty by TripCo as part of the internal restructuring.
- The loss of synergies from operating as one company, particularly in administrative and support functions.
- The potential disruption of the businesses of Liberty, as its management and employees devote time and resources to completing the Spin-Off.
- The substantial costs of effecting the Spin-Off and continued compliance with legal and other requirements applicable to two separate public reporting companies.
- The potential tax liabilities that could arise from the Spin-Off, including the possibility that the IRS could successfully assert that the Spin-Off is taxable to holders of Liberty Ventures common stock and/or to Liberty. In the event such tax liabilities were to arise, TripCo's potential indemnity obligation to Liberty is not subject to a cap.

Liberty's board evaluated the costs and benefits of the transaction as a whole and did not find it necessary to assign relative weights to the specific factors considered. Liberty's board concluded, however, that the potential benefits of the Spin-Off outweighed its potential costs, and that separating our company from Liberty in the form of a distribution to Liberty's stockholders that is generally tax-free is appropriate, advisable and in the best interests of Liberty and its stockholders. The Liberty board did not consider alternatives to the Spin-Off due to the nature of the particular assets and businesses to be held by TripCo following the Spin-Off, in particular the ownership interest in TripAdvisor.

Interests of Certain Persons

In connection with the Spin-Off, the executive officers and directors of Liberty will receive adjustments to their stock incentive awards with respect to Liberty Ventures common stock and stock incentive awards with respect to TripCo common stock. See "—Effect of the Spin-Off on Outstanding Liberty Ventures Incentive Awards" below for more information.

Certain current executive officers of Liberty will also serve as executive officers of TripCo immediately following the Spin-Off. See "Risk Factors—Our company has overlapping management with Liberty and Liberty Media, which may lead to conflicting interests." Furthermore the executive officers of Liberty and TripCo are entitled to indemnification with respect to actions taken by them in connection with the Spin-Off under the organizational documents of Liberty and TripCo, as well as customary indemnification agreements to which Liberty and TripCo, on the one hand, and these persons, on the other hand, are parties.

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As of June 30, 2014, Liberty's executive officers and directors beneficially owned shares of Liberty Ventures common stock representing in the aggregate approximately 30.0% of the aggregate voting power of the outstanding shares of Liberty Ventures common stock.

The Liberty board was aware of these interests and considered them when it approved the Spin-Off.

Conditions to the Spin-Off

Liberty's board of directors has reserved the right, in its sole discretion, to amend, modify, delay or abandon the Spin-Off and the related transactions at any time prior to the distribution date. In addition, the completion of the Spin-Off and related transactions are subject to the satisfaction (as determined by the Liberty board of directors in its sole discretion) of the following conditions, certain of which may be waived by the Liberty board of directors in its sole discretion:

- (1) The Ruling received by Liberty from the IRS to the effect that the Spin-Off will qualify as a tax-free transaction to Liberty and to the holders of Liberty Ventures common stock under Sections 355 and 368(a)(1)(D) of the Code not having been withdrawn, invalidated or modified in an adverse manner;
- (2) the opinion of Baker Botts L.L.P., in form and substance reasonably acceptable to Liberty and which opinion will rely upon the continued validity of the Ruling, providing to the effect that the Spin-Off will qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, and that for U.S. federal income tax purposes, (i) no gain or loss will be recognized by Liberty upon the distribution of our common stock in the Spin-Off, and (ii) no gain or loss will be recognized by, and no amount will be included in the income of, holders of Liberty Ventures common stock upon the receipt of shares of our common stock in the Spin-Off;
- (3) the effectiveness under the Securities Act of the TripCo registration statement, of which this prospectus forms a part, and the effectiveness of the registration of the TripCo common stock under Section 12(b) of the Exchange Act;
- (4) the approval of Nasdaq for the listing of our common stock;
- (5) the entry into certain margin loan arrangements by our company and one or more subsidiaries in a principal amount of \$400 million; and
- (6) any material regulatory or contractual consents or approvals that the Liberty board determines to obtain shall have been obtained.

The second, third and fourth conditions set forth above are non-waivable. The Liberty board may, however, waive the first, fifth and sixth conditions set forth above. In the event the Liberty board of directors waives a material condition to the Spin-Off, Liberty intends to promptly issue a press release and file a Current Report on Form 8-K to report such event.

Manner of Effecting the Spin-Off

Liberty is effecting the Spin-Off by distribution to holders of its Liberty Ventures common stock as a dividend: (i) one share of our Series A common stock for each whole share of LVNTA, and (ii) one share of our Series B common stock for each whole share of LVNTB, in each case, held by such stockholder as of the record date.

Following the record date and prior to the distribution date, Liberty will deliver all of the issued and outstanding shares of our Series A common stock and Series B common stock to the distribution agent. If you own Liberty Ventures common stock as of the close of business on the record date, the shares of TripCo common stock that you are entitled to receive in the Spin-Off will be issued

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electronically in book-entry form, as of the distribution date, to you or to your bank or brokerage firm on your behalf, which we expect to occur within one (1) business day of the distribution date to allow the distribution agent to effect the distribution of shares. Registration in book-entry form refers to a method of recording stock ownership when no physical share certificates are issued to stockholders, as is the case in the Spin-Off. Please note that if any stockholder of Liberty Ventures common stock sells shares of LVNTA or LVNTB before the record date, so that such stockholder is not the record holder on the record date, the buyer of those shares, and not the seller, will become entitled to receive the shares of our common stock issuable in respect of the shares sold. If you are a holder of shares of Liberty Ventures common stock on the record date, you will be entitled to receive the shares of TripCo common stock issuable in respect of those shares sold only if you hold them on both the record date and the distribution date. See "—Trading Prior to the Record Date" below for more information. At such time, pursuant to the reorganization agreement to be entered into between TripCo and Liberty, TripCo will be spun off from Liberty and will become an independent publicly traded company. If you are a record holder of Liberty Ventures common stock on the record date, Computershare will mail you a book-entry account statement that reflects your shares of TripCo common stock. If you are a beneficial owner of Liberty Ventures common stock (but not a record holder) on the record date, your bank or brokerage firm will credit your account with the shares of TripCo common stock that you are entitled to receive.

Stockholders of Liberty are not being asked to take any action in connection with the Spin-Off. No stockholder approval of the Spin-Off is required or being sought. Neither Liberty nor our company is asking you for a proxy, and you are requested not to send us a proxy. You are not required to pay any consideration or give up any portion of your Liberty Ventures common stock to receive shares of our common stock in the Spin-Off.

Effect of the Spin-Off on Outstanding Liberty Ventures Incentive Awards

Options to purchase shares of Liberty Ventures common stock, stock appreciation rights with respect to shares of Liberty Ventures common stock and restricted shares of Liberty Ventures common stock have been granted to various directors, officers and employees and consultants of Liberty and certain of its subsidiaries pursuant to the various stock incentive plans administered by the Liberty board of directors or the compensation committee thereof. Below is a description of the effect of the Spin-Off on these outstanding equity awards.

Option Awards

Each holder of an outstanding option to purchase shares of Liberty Ventures common stock on the record date (an **original Ventures option award**) will receive an option to purchase shares of the corresponding series of our common stock (a **new TripCo option award**) and an adjustment to the exercise price of and the number of shares subject to the original Ventures option award (as so adjusted, an **adjusted Ventures option award**). The exercise prices of and the number of shares subject to the new TripCo option award and the related adjusted Ventures option award will be determined based on the exercise price of and the number of shares subject to the original Ventures option award, the pre-Spin-Off trading price of Liberty Ventures common stock (determined using the volume weighted average price of the applicable series of Liberty Ventures common stock over the three-consecutive trading days immediately preceding the Spin-Off) and the relative post-Spin-Off trading prices of Liberty Ventures common stock and TripCo common stock (determined using the volume weighted average price of the applicable series of common stock over the three-consecutive trading days beginning on the first trading day following the Spin-Off on which both the Liberty Ventures common stock and the TripCo common stock trade in the "regular way" (meaning once the common stock trades using a standard settlement cycle)), such that the pre-Spin-Off intrinsic value of the

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original Ventures option award is allocated between the new TripCo option award and the adjusted Ventures option award.

Except as described above, all other terms of an adjusted Ventures option award and a new TripCo option award (including, for example, the vesting terms thereof) will, in all material respects, be the same as those of the corresponding original Ventures option award. The terms of the adjusted Ventures option awards will be determined and the new TripCo option awards will be issued as soon as practicable following the determination of the pre- and post-Spin-Off trading prices of Liberty Ventures common stock and TripCo common stock, as applicable.

SAR Awards

Each holder of an outstanding stock appreciation right with respect to shares of Liberty Ventures common stock on the record date (**an original Ventures SAR**) will receive a stock appreciation right with respect to shares of the corresponding series of our common stock (a **new TripCo SAR**) and an adjustment to the base price of and the number of shares subject to the original Ventures SAR (as so adjusted, an **adjusted Ventures SAR**). The base prices of and the number of shares subject to the new TripCo SAR and the related adjusted Ventures SAR will be determined based upon the base price of and the number of shares subject to the original Ventures SAR, the pre-Spin-Off trading price of Liberty Ventures common stock (determined as described above) and the relative post-Spin-Off trading prices of Liberty Ventures common stock and TripCo common stock (determined as described above), such that the pre-Spin-Off intrinsic value of the original Ventures SAR is allocated between the new TripCo SAR and the adjusted Ventures SAR.

Except as described above, all other terms of an adjusted Ventures SAR and a new TripCo SAR (including, for example, the vesting terms thereof) will, in all material respects, be the same as those of the corresponding original Ventures SAR. The terms of the adjusted Ventures SAR will be determined and the new TripCo SAR will be issued as soon as practicable following the determination of the pre- and post-Spin-Off trading prices of Liberty Ventures common stock and TripCo common stock, as applicable.

Restricted Stock Awards

Each holder of a restricted stock award with respect to shares of Liberty Ventures common stock (**an original Ventures restricted stock award**) will receive in the distribution one restricted share of the corresponding series of TripCo common stock (a **new TripCo restricted stock award**) for each restricted share of Liberty Ventures common stock held by them as of the distribution record date. Except as described above, all new TripCo restricted stock awards (including, for example, the vesting terms thereof) will, in all material respects, be the same as those of the corresponding original Ventures restricted stock award.

Transitional Plan

All of the new TripCo option awards, new TripCo SARs and new TripCo restricted stock awards will be issued pursuant to the TripCo Transitional Stock Adjustment Plan (the **transitional plan**), a copy of which will be filed as an exhibit to the Registration Statement on Form S-1 of which this prospectus forms a part. The transitional plan will govern the terms and conditions of the foregoing TripCo incentive awards but will not be used to make any grants following the Spin-Off.

Material U.S. Federal Income Tax Consequences of the Spin-Off

The following discussion summarizes the material U.S. federal income tax consequences to holders of Liberty Ventures common stock as a result of the Spin-Off. This discussion is based on the Code, applicable Treasury regulations, judicial authority, and administrative rulings and practice, all as in

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effect as of the date of this document. This section is limited to holders of Liberty Ventures common stock that are U.S. holders, as defined below, that hold their shares of Liberty Ventures common stock as capital assets, within the meaning of Section 1221 of the Code. Further, this section does not discuss all tax considerations that may be relevant to holders of Liberty Ventures common stock in light of their particular circumstances, nor does it address the consequences to holders of Liberty Ventures common stock subject to special treatment under the U.S. federal income tax laws, such as tax-exempt entities, partnerships (including entities treated as partnerships for U.S. federal income tax purposes), persons who acquired such shares of Liberty Ventures common stock pursuant to the exercise of employee stock options or otherwise as compensation, financial institutions, insurance companies, dealers or traders in securities, and persons who hold their shares of Liberty Ventures common stock as part of a straddle, hedge, conversion, constructive sale, synthetic security, integrated investment or other risk-reduction transaction for U.S. federal income tax purposes. This section does not address any U.S. federal estate, gift or other non-income tax consequences or any state, local or foreign tax consequences.

Holders of Liberty Ventures common stock are urged to consult with their tax advisors as to the particular tax consequences to them as a result of the Spin-Off.

For purposes of this section, a U.S. holder is a beneficial owner of Liberty Ventures common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state or political subdivision thereof;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) it has a valid election in place under applicable Treasury regulations to be treated as a U.S. person.

If a partnership (including any entity treated as partnership for U.S. federal income tax purposes) holds shares of Liberty Ventures common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding shares of Liberty Ventures common stock should consult its tax advisor regarding the tax consequences of the Spin-Off.

Liberty has received the Ruling from the IRS to the effect that the Spin-Off will qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code and that, accordingly, for U.S. federal income tax purposes, among other things:

- no gain or loss will be recognized by Liberty upon the distribution of (a) shares of TripCo Series A common stock to holders of LVNTA and (b) shares of TripCo Series B common stock to holders of LVNTB pursuant to the Spin-Off;
- no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Liberty Ventures common stock upon the receipt of shares of TripCo common stock pursuant to the Spin-Off;
- a stockholder who receives shares of TripCo common stock in the Spin-Off will have an aggregate basis in its Liberty Ventures common stock and TripCo common stock following the Spin-Off equal to the aggregate basis of the Liberty Ventures common stock that the stockholder

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held immediately before the Spin-Off, allocated between the Liberty Ventures common stock and TripCo common stock in proportion to the fair market value of each; and

- the holding period of the shares of TripCo common stock received in the Spin-Off by a holder of Liberty Ventures common stock will include the holding period of its shares of Liberty Ventures common stock.

It is a condition to the Spin-Off that the Ruling shall not have been withdrawn, invalidated or modified in an adverse manner. This condition, as well as certain other conditions to the Spin-Off, may be waived by the Liberty board of directors in its sole discretion.

Stockholders that have acquired different blocks of Liberty Ventures common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, shares of TripCo common stock distributed with respect to such blocks of Liberty Ventures common stock.

Although the Ruling will generally be binding on the IRS, the continued validity of the Ruling will be subject to the accuracy of factual statements and representations made to the IRS by Liberty upon which the Ruling is based. Further, as a result of the IRS's general ruling policy with respect to transactions under Section 355 of the Code, the Ruling does not represent a determination by the IRS that certain requirements necessary to obtain tax-free treatment to holders of Liberty Ventures common stock and to Liberty under Sections 355 and 368(a)(1)(D) of the Code (specifically, the corporate business purpose requirement, the requirement that the Spin-Off not be used principally as a device for the distribution of earnings and profits, and the non-application of Section 355(e) of the Code to the Spin-Off (discussed below)) have been satisfied. Rather, the Ruling is based upon representations made to the IRS by Liberty that these requirements have been satisfied. If any of the statements or representations upon which the Ruling is based are incorrect or untrue in any material respect, or the facts upon which the Ruling is based were materially different from the facts at the time of the Spin-Off, the Ruling could be invalidated.

As a result of this IRS ruling policy, the Spin-Off is also conditioned upon the receipt by Liberty of the opinion of Baker Botts L.L.P., in form and substance reasonably acceptable to Liberty, to the effect that the Spin-Off will qualify as a tax-free transaction to Liberty and to the holders of Liberty Ventures common stock for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The opinion of counsel will rely on the continued validity of the Ruling, as to the matters covered by the Ruling, and will be based upon certain assumptions, as well as statements, representations and certain undertakings made by officers of Liberty and TripCo and John C. Malone. These assumptions, statements, representations and undertakings are expected to relate to, among other things, Liberty's business reasons for engaging in the Spin-Off and Liberty's and TripCo's current plans and intentions to continue conducting certain of its business activities and not to materially modify its ownership or capital structure, in each case following the Spin-Off. If the Ruling is no longer valid, if any of those statements, representations or assumptions is incorrect or untrue in any material respect or any of those undertakings is not complied with, or if the facts upon which the opinion is based are materially different from the facts at the time of the Spin-Off, the conclusions reached in such opinion could be adversely affected. Opinions of counsel are not binding on the IRS or the courts, and the conclusions expressed in such opinion could be challenged by the IRS and a court could sustain such challenge. The receipt of the opinion, as well as certain other conditions to the Spin-Off, may not be waived by the Liberty board of directors.

If the Spin-Off does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, Liberty would be subject to tax as if it had sold the TripCo common stock in a taxable sale for its fair market value. The holders of Liberty Ventures common stock would be subject to tax as if they had received a taxable distribution equal to the fair market value of TripCo common stock that was distributed to them, taxable as a dividend to the extent of Liberty's earnings and profits. The

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amount of the taxable distribution in excess of Liberty's earnings and profits would result first in a non-taxable dollar-for-dollar reduction in the stockholder's basis in its Liberty Ventures common stock, and thereafter would be treated as capital gain from the sale or exchange of such stockholder's Liberty Ventures common stock. It is expected that the amount of any such taxes to the holders of Liberty Ventures common stock and to Liberty would be substantial.

Even if the Spin-Off otherwise qualifies under Sections 355 and 368(a)(1)(D) of the Code, the Spin-Off would result in a significant U.S. federal income tax liability to Liberty (but not to holders of Liberty Ventures common stock) under Section 355(e) of the Code if one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of Liberty or in the stock of TripCo as part of a plan or series of related transactions that includes the Spin-Off. Current tax law generally creates a presumption that any acquisition of the stock of Liberty or the stock of TripCo within two years before or after the Spin-Off is part of a plan that includes the Spin-Off, although the parties may be able to rebut that presumption. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual and subject to an analysis of the facts and circumstances of a particular case. Notwithstanding the opinion of counsel described above, Liberty or TripCo might inadvertently cause or permit a prohibited change in Liberty's ownership or TripCo's ownership to occur, thereby triggering tax liability to Liberty. If the Spin-Off is determined to be taxable to Liberty under Section 355(e), Liberty would recognize gain equal to the excess of the fair market value of the TripCo common stock held by it immediately before the Spin-Off over Liberty's tax basis therein. The Spin-Off would, however, generally be tax-free to each holder of Liberty Ventures common stock who received shares of our stock in the distribution.

Pursuant to the tax sharing agreement that TripCo will enter into with Liberty in connection with the Spin-Off, subject to certain limited exceptions, TripCo will be required to indemnify Liberty, its subsidiaries, and certain related persons for taxes and losses resulting from the failure of the Spin-Off to qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code to the extent that such taxes and losses (x) result primarily from, individually or in the aggregate, the breach of certain covenants made by TripCo (applicable to actions or failures to act by TripCo and its subsidiaries following the completion of the Spin-Off), or (y) result from Section 355(e) of the Code applying to the Spin-Off as a result of the Spin-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of TripCo or any successor. Please see "Certain Relationships and Related Party Transactions—Relationships Between TripCo and Liberty and/or Liberty Media—Tax Sharing Agreement" for a more detailed discussion of the tax sharing agreement between our company and Liberty.

Conduct of the Business of the Ventures Group if the Spin-Off is Not Completed

If the Spin-Off is not completed, Liberty intends to continue to conduct the business of the Ventures Group substantially in the same manner as it is operated today. From time to time, Liberty will evaluate and review its business operations, properties, dividend policy and capitalization, and make such changes as are deemed appropriate, and continue to seek to identify strategic alternatives to maximize stockholder value.

Amount and Source of Funds and Financing of the Transaction; Expenses

It is expected that Liberty will incur an aggregate of \$5 million in expenses in connection with the Spin-Off. These expenses will be comprised of:

- approximately \$1 million of printing and mailing expenses associated with this prospectus;
- approximately \$1 million in legal fees and expenses;

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- approximately \$1.5 million in accounting fees and expenses;
- approximately \$0.5 million in SEC filing fees; and
- approximately \$1 million in other miscellaneous expenses.

These expenses will be paid by Liberty from its existing cash balances.

Accounting Treatment

The Spin-Off will be accounted for at historical cost due to the fact that our common stock is to be distributed pro rata to holders of Liberty Ventures common stock.

No Appraisal Rights

Under the General Corporation Law of the State of Delaware, holders of Liberty Ventures common stock will not have appraisal rights in connection with the Spin-Off.

Results of the Spin-Off

Immediately following the Spin-Off, we expect to have outstanding approximately [•] shares of our Series A common stock and [•] shares of our Series B common stock, based upon the number of shares of LVNTA and LVNTB, respectively, outstanding as of [•], 2014. The actual number of shares of our Series A common stock and our Series B common stock to be distributed in the Spin-Off will depend upon the actual number of shares of LVNTA and LVNTB outstanding on the record date.

Immediately following the Spin-Off, we expect to have approximately [•] holders of record of our Series A common stock and [•] holders of record of our Series B common stock, based upon the number of holders of record of LVNTA and LVNTB, respectively, as of [•], 2014 (which amount does not include the number of stockholders whose shares are held of record by banks, brokerage houses or other institutions, but includes each such institution as one stockholder).

Listing and Trading of our Common Stock

On the date of this prospectus, we are a wholly owned subsidiary of Liberty. Accordingly, there is no public market for our common stock. We have applied to list our Series A common stock and our Series B common stock on the Nasdaq Global Select Market under the symbols "LTRPA" and "LTRPB," respectively. However, Nasdaq may require that our common stock trade under temporary symbols for a brief period of time following the Spin-Off, beginning on the first day of trading following the distribution date. If this is the case, these temporary symbols will be announced by press release once they are available. Neither we nor Liberty can assure you as to the trading price of either series of our common stock after the Spin-Off. The approval of Nasdaq for the listing of our common stock is a condition to the Spin-Off, which may not be waived by the Liberty board of directors.

Stock Transfer Agent and Registrar

Computershare Trust Company, N.A. is the transfer agent and registrar for all series of Liberty common stock, including the Liberty Ventures common stock, and TripCo common stock.

Trading Prior to the Record Date

Prior to the record date, Liberty Ventures common stock will continue to trade on the Nasdaq Global Select Market in the regular way. During this time, shares of LVNTA and LVNTB that trade in the regular way will trade with an entitlement to receive shares of the same series of our common stock distributable in the Spin-Off. Therefore, if you own shares of either LVNTA or LVNTB common stock and sell those shares prior to the record date, so that you are not the record holder of such shares on

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the record date, you will also be selling the shares of our common stock that would have been distributed to you in the Spin-Off with respect to the shares of LVNTA or LVNTB common stock you sell. However, because it is expected that the "ex-dividend" date for the Spin-Off will be the first trading date following the distribution date, if you are a holder of shares of LVNTA or LVNTB on the record date, you will be entitled to receive the shares of TripCo common stock issuable in respect of those shares only if you hold them on both the record date and the distribution date. If you are a holder of shares of LVNTA or LVNTB on the record date but sell them between the record date and the distribution date, you will not be entitled to receive the shares of TripCo common stock issuable in respect of those shares sold. On the first day of trading following the distribution date, shares of our Series A common stock and our Series B common stock will begin trading under the symbols "LTRPA" and "LTRPB," respectively.

Reasons for Furnishing this Prospectus

This prospectus is being furnished solely to provide information to Liberty stockholders who will receive shares of our common stock in the Spin-Off. We believe that the information contained in this prospectus is accurate as of the date set forth on the cover. Changes to the information contained in this prospectus may occur after that date, and neither our company nor Liberty undertakes any obligation to update the information except in the normal course of our respective public disclosure obligations and practices.

CAPITALIZATION

The following table sets forth (i) TripCo's historical capitalization as of March 31, 2014 and (ii) TripCo's adjusted capitalization assuming the Spin-Off was effective on March 31, 2014. The table below should be read in conjunction with the accompanying historical combined financial statements of TripCo, including the notes thereto.

	<u>Historical</u> <u>3/31/2014</u>	<u>As Adjusted</u> <u>3/31/2014</u>
	(amounts in millions)	
Cash and cash equivalents(1)	\$ 322	372
Related party note payable(2)	36	—
Long-term debt, including current portion:		
Corporate level debt		
New margin loan(1)	—	400
Combined company level debt		
TripAdvisor term loan and revolving credit facility	330	330
TripAdvisor Chinese credit facilities	31	31
Total long-term debt, including current portion	361	761
Equity		
Additional paid-in capital(2)	220	256
Accumulated comprehensive income, net of taxes	1	1
Retained earnings(1)	987	637
Total stockholders' equity	1,208	894
Non-controlling interests in equity of combined company	4,416	4,416
Total capitalization	<u>\$ 6,021</u>	<u>6,071</u>

- (1) In connection with the Spin-Off, TripSPV, a wholly owned subsidiary of the company, is expected to enter into \$400 million principal amount of margin loans. The company anticipates distributing approximately \$350 million of proceeds from these new loans as a dividend to Liberty.
- (2) Prior to the completion of the Spin-Off, it is anticipated that Liberty will contribute the BuySeasons note to the capital of BuySeasons.

SELECTED FINANCIAL DATA

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. The following data should be read in conjunction with our combined financial statements.

	March 31,		December 31,				
	2014	2013	2013	2012(1)	2011	2010	2009
	(amounts in millions)						
Cash and cash equivalents	\$ 322	211	354	369	1	2	2
Investments in available for sale securities and other cost investments	\$ 284	191	188	99	—	—	—
Investment in affiliates(1)	\$ —	—	—	—	183	—	—
Intangible assets not subject to amortization	\$ 5,294	5,256	5,292	5,267	46	46	46
Intangible assets subject to amortization, net	\$ 856	1,060	908	1,158	2	1	1
Total assets	\$ 7,181	7,148	7,089	7,205	350	90	79
Long-term debt	\$ 290	331	300	343	1	—	1
Deferred income tax liabilities, noncurrent	\$ 836	940	853	972	—	3	4
Parent's investment	\$ 1,208	1,264	1,208	1,279	329	66	51
Noncontrolling interest	\$ 4,416	4,350	4,373	4,340	—	—	—

	Three months ended		Years ended December 31,				
	March 31, 2014	2013	2013(1)	2012(1)	2011	2010	2009
	(amounts in millions, except per share amounts)						
Revenue	\$ 294	247	1,034	165	155	157	137
Operating income (loss)	\$ 29	8	(17)	(54)	—	12	2
Interest expense, including related party	\$ 2	3	(12)	(1)	—	—	(1)
Share of earnings (losses) of affiliates(1)	\$ —	—	—	38	1	—	—
Gains (losses) on transactions, net(1)	\$ —	—	(1)	1,088	—	—	(2)
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders(2)	\$ 5	(11)	(7)	983	12	12	(1)
Unaudited Pro Forma basic earnings (loss) per common share(3)	\$ 0.07	(0.15)	(0.10)	13.35	0.16	0.17	(0.02)

- (1) On December 11, 2012, we acquired approximately 4.8 million additional shares of common stock of TripAdvisor (an additional 4% equity ownership interest), for \$300 million, along with the right to control the vote of the shares of TripAdvisor's common stock and class B common stock we own. Following the transaction we own approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. As we now control TripAdvisor, we applied the applicable purchase accounting guidance and recorded a gain on the transaction of \$800 million on our ownership interest held prior to the transaction, recognized in the gain (loss) on transactions, net line in the combined statements of operations. See note 4 of the accompanying combined financial statements for further details on the purchase price allocation.
- (2) Includes adjustments attributable to the noncontrolling interests in TripAdvisor of \$18 million and \$15 million, respectively, of income for the three months ended March 31, 2014 and 2013, respectively. Includes adjustments attributable to the noncontrolling interests in TripAdvisor of \$34 million of income for the year ended December 31, 2013 and \$3 million of loss for the year ended December 31, 2012.

- (3) On April 11, 2014, Liberty completed a two for one stock split of Series A and Series B Liberty Ventures common stock, effected by means of a dividend. The stock split was done in order to bring Liberty into compliance with a Nasdaq listing requirement regarding the minimum number of publicly held shares of the Series B Liberty Ventures stock. Accordingly, on April 11, 2014, Liberty paid a dividend of one share of Series A or Series B Liberty Ventures stock to holders of each share Series A or Series B Liberty Ventures stock, respectively, held by them as of April 4, 2014. Due to the Liberty Ventures stock split being completed prior to the issuance of these financial statements, the stock split was recorded retroactively for all periods presented. As of December 31, 2013, there were 36,823,293 common shares of Series A and Series B Liberty Ventures common stock outstanding. Unaudited pro forma earnings (loss) per common share for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 is computed by dividing net earnings (loss) for the respective period by 73,646,586 common shares, which is the aggregate number of shares of our Series A and Series B common stock that would have been issued if the Spin-Off had occurred on December 31, 2013, assuming a distribution on a 1 for 1 basis and considering retroactive treatment of the stock split that occurred on April 11, 2014. As of March 31, 2014, there were 73,672,146 common shares of Series A and Series B Liberty Ventures common stock outstanding. Unaudited pro forma earnings (loss) per common share for the three months ended March 31, 2014 and 2013 is computed by dividing net earnings (loss) for the respective period by 73,646,586 common shares, which is inclusive of the retroactive treatment of the stock split that occurred on April 11, 2014.

DESCRIPTION OF OUR BUSINESS

Overview

TripCo is currently a wholly owned subsidiary of Liberty. Following the Spin-Off, we will be an independent, publicly traded company, and Liberty will not retain any ownership interest in us. TripCo is a holding company, engaged primarily in (1) the online advertising sector of the global travel industry and (2) the online commerce industry through our ownership of interests in our subsidiaries. Following the Spin-Off, our principal assets and businesses will consist of our consolidated subsidiary TripAdvisor, in which we hold a 22% equity interest and 57% voting interest, and our subsidiary BuySeasons.

TripAdvisor, Inc.

TripAdvisor is the world's largest online travel company (as of December 31, 2013), empowering users to plan and maximize their travel experience. Its travel research platform aggregates reviews and opinions from its community of travelers about destinations, accommodations (including hotels, resorts, motels, bed and breakfasts, or B&Bs, specialty lodging and vacation rentals), restaurants and activities throughout the world through its flagship TripAdvisor brand. TripAdvisor's-branded websites include tripadvisor.com in the United States and localized versions of the website in 33 other countries, including in China under the brand *daodao.com*. Its branded websites globally reached more than 260 million monthly unique visitors during the year ended December 31, 2013, according to Google Analytics, and it features over 125 million reviews and opinions. Beyond travel-related content, TripAdvisor's websites also include links to the websites of its customers, including travel advertisers, allowing travelers to directly book their travel arrangements. In addition to the flagship TripAdvisor brand, TripAdvisor now manages and operates 20 other travel media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector.

TripAdvisor was founded with the goal of providing an online resource based on user-generated content to prospective travelers. By using the power of the Internet to create transparency in the travel planning process with a comprehensive online resource for travel information, TripAdvisor has democratized the travel research and planning process. In order to achieve its goals, TripAdvisor leverages its key assets: a robust community of users, rich user-generated content, technology and a commitment to continuous innovation and global reach.

TripAdvisor derives substantially all of its revenue from the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. The remainder of its revenue is generated through a combination of subscription-based offerings, making hotel room nights available on its transactional sites, including Jetsetter and Tingo, and other revenue including content licensing. In the year ended December 31, 2013, TripAdvisor earned \$696 million of revenue from click-based advertising, \$119 million in revenue from display-based advertising and \$130 million in revenue from subscription-based offerings, transaction revenue and other revenue.

TripAdvisor has click-based advertising relationships with the vast majority of the leading online travel agencies globally as well as a variety of other travel suppliers pursuant to which these companies purchase traveler leads from it, generally on a CPC basis. For the year ended December 31, 2013, approximately \$217 million, or 23%, of its total revenue was derived from Expedia businesses. At the time of TripAdvisor's spin-off from Expedia (Liberty has an approximate 18% ownership interest in Expedia and accounts for such investment as an equity method affiliate), new commercial arrangements with Expedia-owned brands, including Expedia.com and Hotels.com were implemented and, during the year ended December 31, 2013, these arrangements were renegotiated in light of TripAdvisor and Expedia having since become separate publicly-traded companies. For the year ended December 31, 2013, TripAdvisor's two most significant advertising customers accounted for a combined 47% of total revenue. These and its other click-based advertising relationships are strategically important to it and most can be terminated by the advertiser at will or on short notice.

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TripAdvisor has a content licensing program utilized by over 850 partners across the world, including hotel chains, online travel agents, tourist boards, airlines and media sites. TripAdvisor also distributes its content through self-service HTML widgets, which are used on the websites of hotels, restaurants, attractions and destination marketing organizations. These products, which are available at no cost in the TripAdvisor Management Center, allow businesses and destinations to promote themselves by displaying their TripAdvisor ratings, reviews and awards. TripAdvisor widgets are presently found on more than 100,000 unique domains around the globe, reaching over 500 million people per month. Partners benefit from TripAdvisor's user-generated content, such as reviews, ratings, photos and traveler forums. In addition, TripAdvisor powers review collection for a growing number of partners such as Accor Hotels, Wyndham Hotel Group, Best Western and Easytobook.com, enabling them to proactively collect reviews from their own customers post-stay in their own branded environment. TripAdvisor has also developed partnerships with mobile carriers and device manufacturers.

TripAdvisor also syndicates its click-based advertising to third-party websites. The largest such syndication relationship is with Yahoo! Travel Guides, pursuant to which it provides "show prices" advertising on the Yahoo! Travel Guides' hotel pages.

TripAdvisor's systems infrastructure, web and database servers for TripAdvisor branded websites are housed at two geographically separate facilities and have multiple communication links as well as continuous monitoring and engineering support. Each facility is fully self-sufficient and operational with its own hardware, networking, software, and content, and is structured in an active/passive, fully redundant configuration. Substantially all of its software components, data, and content are replicated in multiple datacenters and development centers, as well as being backed up at offsite locations. TripAdvisor's systems are monitored and protected through multiple layers of security. Several of its individual subsidiaries and businesses, including its subsidiaries in China, have their own data infrastructure and technology teams.

Business Model

TripAdvisor's platforms connect users wishing to plan and have the best travel experiences with providers of travel accommodations and travel services around the world. TripAdvisor derives substantially all of its revenue from the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. The remainder of TripAdvisor's revenue is generated through a combination of subscription-based offerings, allowing users to book room nights on its transactional sites, and other revenue including content licensing.

- **Click-Based Advertising Revenue.** TripAdvisor's largest source of revenue is click-based advertising, which includes links to its partners' booking sites and contextually-relevant branded and unbranded text links. TripAdvisor's click-based advertising partners are predominantly online travel agencies and direct suppliers in the hotel, airline and cruise product categories. Click-based advertising is generally priced on a cost-per-click, or CPC, basis, with payments from advertisers based on the number of users who click on each type of link. Most of TripAdvisor's click-based advertising contracts can be terminated by the advertisers at will or on short notice. For the years ended December 31, 2013, 2012 and 2011, TripAdvisor earned \$696 million, \$588 million and \$500 million, respectively, of revenue from click-based advertising.
- **Display-Based Advertising Revenue.** TripAdvisor earns revenue from a variety of display-based advertising placements on its websites through which its advertising partners can promote their brands in a contextually-relevant manner. While its display-based advertising clients are predominately direct suppliers in the hotel, airline and cruise categories and online travel agencies, TripAdvisor also accepts display advertising from destination marketing organizations, casinos, resorts and attractions, as well as advertisers from non-travel categories. TripAdvisor

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generally sells its display-based advertising on a cost per thousand impressions, or CPM, basis. TripAdvisor's display-based advertising products also include a number of custom-built products including the sponsorship of certain site features and functionality, for example, Delayed Ad Call, which charges customers only when the ad unit is in a users' view, as well as certain customized co-branded features. For the years ended December 31, 2013, 2012 and 2011, TripAdvisor earned \$119 million, \$94 million and \$86 million, respectively, in revenue from display-based advertising.

- **Subscription-Based, Transaction and Other Revenue.** Business Listings is a subscription-based advertising product offered to hotels, B&Bs and other specialty lodging properties. Managed by its TripAdvisor for Business team, this advertising product is sold for a flat fee per time period and allows subscribers to list a website URL, email address and phone number on TripAdvisor-branded websites as well as to post special offers for travelers. TripAdvisor's Vacation Rentals business consists of its U.S.-based TripAdvisor Vacation Rentals and FlipKey brands as well as its Europe-based Holiday Lettings and Niumba brands. This product is sold to individual vacation property owners and property managers, either as a flat subscription fee per time period or as a free-to-list commission-based model to list properties on its websites. Other revenue consists of making hotel room nights available for booking on its transactional sites, including its Jetsetter and Tingo brands, as well as content licensing arrangements with third-party sites. For the years ended December 31, 2013, 2012 and 2011, TripAdvisor earned \$130 million, \$81 million and \$51 million, respectively, in revenue from subscription-based, transaction and other revenue.

Strategic Relationships

Click-Based Advertisers

TripAdvisor has click-based advertising relationships with the vast majority of the leading online travel agencies as well as a variety of other travel suppliers, pursuant to which such companies purchase traveler leads from TripAdvisor, generally on a CPC basis. For the year ended December 31, 2013, TripAdvisor's two most significant advertising customers, Expedia and Priceline (and their subsidiaries), each accounted for more than 10% of its total revenue and combined accounted for 47% of total revenue. These and its other click-based advertising relationships are strategically important to TripAdvisor and most can be terminated by the advertiser at will or on short notice.

Content-Related Partnerships

TripAdvisor has a content licensing program utilized by over 850 partners across the world, including hotel chains, online travel agents, tourist boards, airlines and media sites. TripAdvisor also distributes its content through self-service HTML widgets, which are used on the websites of hotels, restaurants, attractions and destination marketing organizations. These products, which are available at no cost in the TripAdvisor Management Center, allow businesses and destinations to promote themselves by displaying their TripAdvisor ratings, reviews and awards. TripAdvisor widgets are presently found on more than 100,000 unique domains around the globe, reaching over 500 million people per month. Partners benefit from its user-generated content, such as reviews, ratings, photos and traveler forums. In addition, TripAdvisor powers review collection for a growing number of partners, such as Accor Hotels, Wyndham Hotel Group, Best Western and Easytobook.com, enabling them to proactively collect reviews from their own customers post-stay in their own branded environment. TripAdvisor has also developed partnerships with mobile carriers and device manufacturers.

Syndication Partners

TripAdvisor also syndicates its click-based advertising to third-party websites. The largest such syndication relationship is with Yahoo! Travel Guides, pursuant to which TripAdvisor provides "show

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prices" advertising on the Yahoo! Travel Guides' hotel pages. Other syndication partners include Bing and Axel Springer.

Intellectual Property

TripAdvisor's intellectual property, including patents, trademarks, copyrights, domain names, trade dress, proprietary technology and trade secrets, is an important component of its business. TripAdvisor relies on its intellectual property rights in its content, proprietary technology, software code, ratings indexes, databases of reviews and forum content, images, videos, graphics and brands. TripAdvisor has acquired some of its intellectual property rights through licenses and content agreements with third parties. These licenses and agreements may place restrictions on its use of the intellectual property.

TripAdvisor protects its intellectual property by relying on its terms of use, confidentiality procedures and contractual provisions, as well as on international, national, state and common law rights. In addition, TripAdvisor enters into confidentiality and invention assignment agreements with employees and contractors, and confidentiality agreements with other third parties. TripAdvisor protects its brands by pursuing the trademark registration of its core brands, such as TripAdvisor and the Owl Logo, maintaining its trademark portfolio, securing contractual trademark rights protection when appropriate, and relying on common law trademark rights when appropriate. TripAdvisor also registers copyrights and domain names as deemed appropriate. Additionally, TripAdvisor protects its trademarks, domain names and copyrights with an enforcement program and the use of intellectual property licenses.

Seasonality

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

Relationship between TripAdvisor and Expedia

For purposes of governing certain of the ongoing relationships between TripAdvisor and Expedia at and following TripAdvisor's spin-off from Expedia in December 2011, and to provide for an orderly transition, TripAdvisor and Expedia entered into various agreements, including, among others, a separation agreement, a tax sharing agreement, an employee matters agreement and a transition services agreement, along with certain negotiated commercial agreements (as described above). TripAdvisor has since satisfied its obligations under the separation agreement, the employee matters agreement and the transition services agreement but continues to be subject to certain post-spin obligations under the tax sharing agreement and remains party to various commercial agreements (which have since been renegotiated following TripAdvisor's spin-off from Expedia), as mentioned above. Following the Spin-Off, we expect that TripAdvisor will continue to be party to the tax sharing agreement and the various commercial agreements, and we do not expect that the Spin-Off will have any effect on those agreements.

Terms of Investment in TripAdvisor

We own an approximate 22% equity interest and 57% voting interest in TripAdvisor. TripAdvisor's amended and restated certificate of incorporation provides that the holders of TripAdvisor common stock, acting as a single class, are entitled to elect a number of directors equal to 25% of the total number of directors, rounded up to the next whole number, which is currently two directors. As discussed previously we currently consolidate TripAdvisor as we control a majority of the voting interest

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in TripAdvisor. We are subject to a Governance Agreement with TripAdvisor which provides us with certain director nomination, registration and other rights and imposes certain restrictions on our shares of Class B common stock. For more information regarding the Governance Agreement, see "Certain Relationships and Related Party Transactions."

BuySeasons

BuySeasons is currently a wholly owned subsidiary of Liberty. Liberty acquired BuySeasons in 2006, which in turn acquired Celebrate Express in 2008. Following the Spin-Off, BuySeasons will be a wholly-owned subsidiary of ours that owns and operates BuyCostumes.com and the Celebrate Express family of websites. BuySeasons, an internet celebrations leader, provides a unique party offering by giving individuals the resources necessary to plan, execute and attend a wide variety of celebrations and costuming events. These resources include party supplies primarily through the retail websites which offer proprietary products through exclusive license agreements and costumes for a wide variety of occasions (the primary occasion is Halloween). BuySeasons purchases its products from various suppliers, both domestic and international. BuySeasons depends on five suppliers for approximately one half of its costumes, accessories, and party supplies. The loss of any of these suppliers could adversely impact stand alone financial results of BuySeasons.

BuySeasons' business is highly seasonal with approximately half of its revenue earned from the sale of costumes in September and October leading up to Halloween. Since the acquisition of Celebrate Express, BuySeasons has seen the seasonality decrease slightly due to higher sales of birthday party supplies which is a less seasonal businesses. BuySeasons maintains a customer service center, at its corporate headquarters, and customer service representatives are available 16 hours a day, seven days a week during its busy season to respond to customer questions. The customer service center and warehouse staffing is scalable and BuySeasons employs seasonal labor to react to higher volume during the peak Halloween season.

Geographic Areas

Please see Note 13—Segment Information of our Combined Financial Statements included in this prospectus for certain financial information in each geographic area in which we conduct business.

Regulatory Matters

Internet Services

Our online commerce businesses are subject, both directly and indirectly, to various laws and governmental regulations. Certain of these businesses engaged in the provision of goods and services over the Internet must comply with federal and state laws and regulations applicable to online communications and commerce. For example, the Children's Online Privacy Protection Act (**COPPA**) prohibits web sites from collecting personally identifiable information online from children under age 13 without parental consent and imposes a number of operational requirements. In 2012, the Federal Trade Commission (**FTC**) adopted revised COPPA regulations amending certain definitions and modifying certain operational requirements regarding notice and parental consent, among other matters. Certain email activities are subject to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, commonly known as the CAN-SPAM Act. The CAN-SPAM Act regulates the sending of unsolicited commercial email by requiring the email sender, among other things, to comply with specific disclosure requirements and to provide an "opt-out" mechanism for recipients. Both of these laws include statutory penalties for non-compliance. The Digital Millennium Copyright Act limits, but does not eliminate, liability for listing or linking to third party websites that may include content that infringes on copyrights or other rights so long as our Internet businesses comply with the statutory requirements. Various states also have adopted laws regulating certain aspects

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of Internet communications. In 2007, Congress enacted legislation extending the moratorium on state and local taxes on Internet access and commerce until 2014. Legislative proposals that would extend the moratorium on state and local taxation of Internet access and commerce permanently are pending in Congress, while other pending legislation would permit the imposition of such taxes on Internet access and commerce.

Goods sold over the Internet also must comply with traditional regulatory requirements, such as the FTC requirements regarding truthful and accurate claims. Our online commerce businesses are subject to laws governing the collection, use, retention, security and transfer of personally-identifiable information about their users. In particular, the collection and use of personal information by companies has received increased regulatory scrutiny on a global basis. The enactment, interpretation and application of user data protection laws are in a state of flux, and the interpretation and application of such laws may vary from country to country. For example, new data laws that give customers additional rights and impose additional restrictions and penalties on companies for illegal collection and misuse of personal information are under consideration in the European Union, and a European Union directive restricting the Internet tracking tools known as "cookies" has taken effect. In the U.S., the FTC has proposed a privacy policy framework, and legislation that would require organizations that suffer a breach of security related to personal information to notify owners of such information is pending in Congress. Many states have adopted laws requiring notification to users when there is a security breach affecting personal data, such as California's Information Practices Act. Complying with these different national and state privacy requirements may cause the Internet companies in which we have interests to incur substantial costs. In addition, such companies generally have and post on their websites privacy policies and practices regarding the collection, use and disclosure of user data. A failure to comply with such posted privacy policies or with the regulatory requirements of federal, state, or foreign privacy laws could result in proceedings or actions by governmental agencies or others (such as class action litigation) which could adversely affect our online commerce businesses. Technical violations of certain privacy laws can result in significant penalties, including statutory penalties. In 2012, the FCC amended its regulations under the Telephone Consumer Protection Act (**TCPA**), which could subject our Internet businesses to increased liability for certain telephonic communications with customers, including but not limited to text messages to mobile phones. Under the TCPA, plaintiffs may seek actual monetary loss or statutory damages of \$500 per violation, whichever is greater, and courts may treble such damage awards for willful or knowing violations. Data collection, privacy and security are growing public concerns. If consumers were to decrease their use of our Internet businesses' websites to purchase products and services, the businesses could be harmed. Congress and individual states may consider additional online privacy legislation.

Other Internet-related laws and regulations enacted in the future may cover issues such as defamatory speech, copyright infringement, pricing and characteristics and quality of products and services. The future adoption of such laws or regulations may slow the growth of commercial online services and the Internet, which could in turn cause a decline in the demand for the services and products of our online commerce businesses and increase their costs of doing business or otherwise have an adverse effect on their businesses, operating results and financial conditions. Moreover, the applicability to commercial online services and the Internet of existing laws governing issues such as property ownership, libel, personal privacy and taxation is uncertain and could expose these companies to substantial liability.

In 2010, the FCC adopted rules in its open Internet proceeding that require all broadband providers to disclose network management practices, restrict broadband providers from blocking Internet content and applications, and prohibit fixed broadband providers from engaging in unreasonable discrimination in transmitting lawful network traffic. The open Internet rules could restrict the ability of broadband providers to block or otherwise disadvantage our Internet businesses. On January 14, 2014, the United States Court of Appeals for the District of Columbia Circuit vacated

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the anti-discrimination and anti-blocking rules, but upheld the disclosure rule. On May 15, 2014, the FCC issued a Notice of Proposed Rulemaking (the **Notice**) regarding new open Internet rules in which the FCC proposes, among other things, to retain the definitions and scope of the 2010 rules, enhance the disclosure rule, and require broadband providers to comply with an enforceable legal standard of commercially reasonable practices. The Notice also seeks comment regarding whether certain practices, such as paid prioritization for content, application and service providers, should be prohibited. The FCC intends to adopt revised open Internet rules this year.

Proposed Changes in Regulation

The regulation of Internet services, online sales and other forms of product marketing is subject to the political process and has been in constant flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated and there can be no assurance that our business will not be adversely affected by future legislation, new regulation or deregulation.

Competition

TripAdvisor

TripAdvisor faces competition for users, advertisers and travel reviews. TripAdvisor's primary competitors include large online portals, social networking sites and search engines, such as Google, Microsoft's Bing (including Bing Travel), Yahoo! (including Yahoo! Travel) and Baidu. TripAdvisor faces competition from online travel agencies (such as Expedia and Priceline and their respective subsidiaries), as well as wholesalers, tour operators and traditional offline travel agencies. TripAdvisor also competes with a wide range of other companies, including Airbnb, Inc., Ctrip.com International, Ltd., HolidayCheck AG, HomeAway.com, Inc., and Yelp, Inc.

TripAdvisor faces competition in the travel review space from online travel agencies, such as Expedia and Priceline and their respective subsidiaries, which solicit reviews from travelers who book travel on their websites. Moreover, networks with significant installed user bases such as Google (for example, via Google + Local and Google Hotel Finder) have begun to compete more directly with TripAdvisor by attracting and accumulating user-generated travel reviews and opinions or may pursue the acquisition of travel-related content directly from consumers, and other networks and channels, like Facebook, could choose to do the same. In the competition to attract users, TripAdvisor relies on its ability to acquire traffic through offline brand recognition and brand-direct efforts such as television, email and online search, whether unpaid or paid. Finally, TripAdvisor also competes for travel-related advertising budgets with large, established search engines with significantly greater resources than it has, such as Google, Bing, and Yahoo!, as well as online media companies and ad networks, offline advertising sources, such as television and print media.

BuySeasons

The party and costume segments have a large number of independent retailers, both bricks-and-mortar and online. Our subsidiary BuySeasons has three primary competitors. Party City is the most significant competitor selling in both the party and costume categories. BuySeasons believes it has a competitive advantage due to the combination of a large assortment of on-line products, services related to party planning, product personalization, value pricing and a high level of customer service.

In addition, BuySeasons competes with traditional bricks-and-mortar and online retailers ranging from large department stores to specialty shops, electronic retailers, direct marketing retailers, such as mail order and catalog companies, and discount retailers. Due to the nature of these businesses there is not a single or small group of competitors that own a significant portion of the overall market share. However, some of these competitors, such as Amazon, have a significantly greater Web-presence than our e-commerce businesses. We believe that the principal competitive factors in the markets in which

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BuySeasons competes are selection, price, availability of inventory, convenience, brand recognition, accessibility, customer service, reliability, website performance, and ease of use.

Properties

In connection with the Spin-Off, a wholly owned subsidiary of Liberty Media will enter into a facilities sharing agreement with TripCo, pursuant to which TripCo will share office facilities with Liberty Media and Liberty located at 12300 Liberty Boulevard, Englewood, Colorado. See "Certain Relationships and Related Party Transactions—Relationships between TripCo and Liberty and/or Liberty Media—Facilities Sharing Agreement."

TripAdvisor did not legally own any real estate as of December 31, 2013. TripAdvisor currently leases approximately 119,000 square feet for its corporate headquarters in Newton, Massachusetts, pursuant to a lease agreement with an expiration date of April 2015. In addition, in June 2013, TripAdvisor entered into an additional lease for an approximately 280,000 square foot rental building which will be built in Needham, Massachusetts by the lessor and will serve as its new corporate headquarters in conjunction with the expiration of its current lease. TripAdvisor also leases an aggregate of approximately 382,000 square feet at approximately 30 other locations across North America, Europe and Asia Pacific, primarily for its international management teams' sales offices and subsidiary headquarters, pursuant to lease agreements with expiration dates through December 2030.

BuySeasons has its corporate headquarters and maintains warehouse operations in New Berlin, Wisconsin. BuySeasons leases its 468,745 square foot facility for its headquarters and warehouse operations pursuant to a non-cancelable operating lease agreement which expires in July 2026.

Employees

TripCo (on a nonconsolidated basis) currently does not have any corporate employees. We anticipate that, subsequent to the Spin-Off, Liberty Media will provide TripCo with certain transitional services pursuant to a services agreement, and that certain of Liberty and/or Liberty Media's corporate employees and executive officers will serve as corporate employees and executive officers of TripCo. See "Certain Relationships and Related Party Transactions—Relationships between TripCo and Liberty and/or Liberty Media—Services Agreements." As of December 31, 2013, TripAdvisor had approximately 2,000 employees. Of those employees, approximately 1,200 were based in the United States. As of December 31, 2013, BuySeasons had approximately 400 full and part-time employees. None of these employees is represented by a labor union or covered by a collective bargaining agreement. TripCo believes that these employee relations are good.

Legal Proceedings

In the ordinary course of its business, our subsidiary TripAdvisor and its subsidiaries are party to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. There are no other material pending legal proceedings or claims to which we or our subsidiaries are party or of which any of our property is the subject. There may be claims or actions pending or threatened against us or our subsidiaries of which we are currently not aware and the ultimate disposition of which would have a material adverse effect on us.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Overview

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries (**Liberty**, formerly known as Liberty Media Corporation) authorized a plan to distribute to the stockholders of Liberty shares of a wholly-owned subsidiary Liberty TripAdvisor Holdings, Inc. (**TripCo** as discussed below) which will hold the subsidiaries TripAdvisor, Inc. (**TripAdvisor**) and BuySeasons, Inc. which includes the retail businesses BuyCostumes.com and Celebrate Express (**BuySeasons**) (the **Trip Spin-Off**). The transaction will be effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The Trip Spin-Off is intended to be tax-free and is expected to be accounted for at historical cost due to the pro rata nature of the distribution to shareholders of Liberty Ventures common stock.

The financial information represents a combination of the historical results of TripAdvisor, an equity method affiliate from December 20, 2011 through December 11, 2012 and a combined company since December 11, 2012 (see note 4 of the included financial statements for a more detailed discussion of transactions related to TripAdvisor), and BuySeasons. These financial statements refer to the combination of TripAdvisor and BuySeasons as "TripCo," "the Company," "us," "we" and "our" in the notes to the combined financial statements. All significant intercompany accounts and transactions have been eliminated in the combined financial statements.

Our "Corporate and Other" category includes our interest in BuySeasons and corporate ownership interests in unconsolidated businesses and corporate expenses. Prior to the combination of TripAdvisor in December 2012, the share of earnings of TripAdvisor were included in "Corporate and Other."

Strategies and Challenges

Executive Summary

Our results prior to December 11, 2012 were largely dependent on the operating performance of BuySeasons. In 2013 and future periods, results for TripCo will be largely dependent upon the operating performance of TripAdvisor. Therefore, the executive summary below contains the strategies and challenges of TripAdvisor for an understanding of the business objectives of TripAdvisor, our most significant operating business. In addition, we have included challenges and strategies related to BuySeasons.

TripAdvisor's financial results are currently principally dependent on its ability to drive click-based advertising revenue. TripAdvisor continues to invest in areas of potential click-based revenue growth, including social, mobile and global initiatives, while also focusing on growing both its subscription-based products, such as Vacation Rentals and Business Listings, and transaction-based businesses, which include Jetsetter and Tingo. TripAdvisor has leveraged its position as the largest online travel company (as of December 31, 2013) to become an important partner for online advertisers—including hotels, online travel agencies and other travel-related service providers—by providing customers with access to a large audience of highly-qualified, highly-engaged users. The key drivers of click-based and display-based advertising revenue are described below, as well as a summary of key growth areas and the current trends impacting the business.

Key Drivers of Click-Based Advertising Revenue

For the years ended December 31, 2013, 2012 and 2011, 74%, 77% and 79%, respectively, of TripAdvisor total revenue came from TripAdvisor's core cost-per-click, or CPC, based lead generation product. The key drivers of TripAdvisor's click-based advertising revenue include the growth in monthly unique hotel shoppers and revenue per hotel shopper.

Hotel shoppers: Total traffic growth, or growth in monthly visits from unique visitors, is reflective of TripAdvisor's overall brand growth. TripAdvisor tracks and analyzes sub-segments of traffic and their correlation to revenue generation and utilizes hotel shoppers as an indicator of revenue growth. The term "hotel shoppers" is used to refer to users who view a listing of hotels in a city or visitors who view a specific hotel page. Hotel shoppers tend to be seasonal and also tend to vary based on general economic conditions. The number of hotel shoppers increased 36% and 32% for the years ended December 31, 2013 and 2012, respectively.

Revenue per hotel shopper: Revenue per hotel shopper is a metric TripAdvisor uses to analyze how effectively it is able to monetize hotel shoppers based on a combination of user conversion and pricing. User conversion is a measure of how many hotel shoppers ultimately click on a CPC link that generates revenue. User conversion on the TripAdvisor site is primarily driven by three factors: merchandising, commerce coverage and choice. TripAdvisor defines merchandising as the number and location of ads that are available on a page; TripAdvisor defines commerce coverage as whether a client can take an online booking for a particular property; and TripAdvisor defines choice as the number of clients available for any given property, allowing the user to shop for the best price. Pricing is the effective CPC that online travel agencies and hoteliers are willing to pay for a hotel shopper lead. Revenue per hotel shopper decreased 13% and 8% for the years ended December 31, 2013 and 2012, respectively.

Key Drivers of Display-Based Advertising Revenue

For the years ended December 31, 2013, 2012 and 2011, approximately 13%, 12% and 13%, respectively, of TripAdvisor's total revenue came from its display-based advertising product. The key drivers of TripAdvisor's display-based advertising revenue include the growth in number of impressions, or the number of times an ad is displayed on TripAdvisor's site, and the cost per thousand impressions, or CPM (or pricing). TripAdvisor's number of impressions increased 34% and 6% for the years ended December 31, 2013 and 2012, respectively, while pricing over the same period decreased 5% and increased 1%, respectively.

Key Growth Areas

TripAdvisor continues to invest in areas of potential growth, including TripAdvisor's social, mobile and global initiatives as well as TripAdvisor's subscription-based products, such as Vacation Rentals and Business Listings.

Social. TripAdvisor's Wisdom of Friends initiative is a core component of TripAdvisor's strategic growth plan. TripAdvisor believes that having a strong social presence drives traffic to and engagement on TripAdvisor's sites and improves the sites' "stickiness" amongst the users. As a result, TripAdvisor continues to deepen its integration with Facebook. According to AppData, an independent application tracking traffic service, TripAdvisor has averaged more than 36 million monthly Facebook users via its TripAdvisor Facebook application. Facebook users are offered a personalized and social travel planning experience that enables travelers to engage first with their own Facebook friends' reviews and opinions when planning their trip on TripAdvisor.

Mobile. Mobile is an investment area that is geared towards creating a more complete user experience by reinforcing the TripAdvisor brand when users are in-market. Mobile usage continues to increase, as aggregate downloads of TripAdvisor, City Guides, SeatGuru, Jetsetter and GateGuru apps

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reached 82 million downloads and averaged more than 87 million monthly unique users on mobile devices, as measured by TripAdvisor log files. TripAdvisor believes that travelers will increasingly use mobile devices, including smartphones and tablets, to conduct travel research and planning.

Vacation Rentals. TripAdvisor had more than 550,000 properties as of December 31, 2013, up more than 80% during the year. TripAdvisor believes its highly-engaged and motivated user community creates a competitive advantage in this market.

Business Listings. Created in early 2010, TripAdvisor's Business Listings product enables hotel and accommodation owners to list pertinent property information on TripAdvisor, bringing them closer to potential customers and thereby increasing direct bookings. In the year ended December 31, 2013, the Business Listings customer base grew over 38% to 69,000 subscribers, representing approximately 9% of the current hotel and accommodation listings on TripAdvisor branded sites. TripAdvisor continues to expand its sales force and improve features to grow the subscriber base.

Current Trends Affecting TripAdvisor's 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 several large online travel agencies, have begun to collect and aggregate travel information and resources. TripAdvisor plans to continue to invest in order to remain the leading source of travel reviews as well as continuing to enhance the content and user experience.

Increasing Mobile Usage. Consumers are increasingly using smartphone and tablet computing devices to access the Internet. To address these demands, TripAdvisor continues to extend the platform to develop smartphone and tablet applications to allow greater access to travel information and resources. Although the substantial majority of smartphone users also access and engage with TripAdvisor's websites on personal computers and tablets where advertising is displayed, users could decide to increasingly access TripAdvisor products primarily through smartphone devices. Historically graphic advertising has not been displayed on smartphones and smartphone monetization strategies are still developing. Improvement of mobile offerings is a key priority which is believed to be a necessary strategy to help maintain and grow the user base and engagement over the long term and TripAdvisor will continue to invest and innovate in this growing platform.

Click-Based Advertising Revenue. In recent years, the majority of TripAdvisor revenue growth resulted from higher click-based advertising revenue due to increased traffic across the websites and an increase in the volume of clicks on advertisers' placements. Although click-based advertising revenue growth has generally been driven by traffic volume, a focus is maintained on the various 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 traffic, the quality and mix of traffic to the websites and the quality and mix of traffic from advertising placements to advertisers, as well as advertisers' evolving approach to transaction attribution models and return on investment targets. TripAdvisor monitors and regularly responds to changes in these factors in order to strategically improve the user experience, customer satisfaction and monetization in this dynamic environment.

Challenges and Strategies Related to BuySeasons

BuySeasons is engaged in the online costume and party supply business. In recent years, BuySeasons has faced increased competition from both internet companies and brick-and-mortar stores resulting in declining revenue and lower margins due primarily to increased marketing spend and discounting of products to drive sales. In order to try and reverse these adverse trends, BuySeasons management intends to improve its product offerings by changing its inventory mix and to change its

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marketing strategy to focus on more efficient marketing channels. In addition, BuySeasons has implemented cost-cutting measures across the organization, including warehouse operations, customer service and corporate expenses, to improve margins.

Results of Operations—Combined—March 31, 2014 and 2013

General. We provide in the tables below information regarding our Combined Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our principal reportable segment. The "corporate and other" category consists of those assets or businesses which we do not disclose separately. For a more detailed discussion and analysis of the financial results of the principal reporting segment, see "Results of Operations—Businesses" below.

Operating Results

	Three months ended	
	March 31,	
	2014	2013
	(amounts in millions)	
<i>Revenue</i>		
TripAdvisor	\$ 281	230
Corporate and other	13	17
Combined TripCo	<u>\$ 294</u>	<u>247</u>
<i>Adjusted OIBDA</i>		
TripAdvisor	\$ 122	109
Corporate and other	(6)	(7)
Combined TripCo	<u>\$ 116</u>	<u>102</u>
<i>Operating Income (Loss)</i>		
TripAdvisor	\$ 36	15
Corporate and other	(7)	(7)
Combined TripCo	<u>\$ 29</u>	<u>8</u>

Revenue. Our combined revenue increased approximately \$47 million during the three months ended March 31, 2014 as compared to the corresponding period in the prior year. The increase was due to revenue growth at TripAdvisor offset slightly by a 21% decrease in revenue at BuySeasons for the three months ended March 31, 2014, as compared to the prior period. The decrease in revenue for BuySeasons in 2014, as compared to 2013, was due to a combination of (i) 5% fewer site visits and a 6% lower conversion rate which resulted in 10% fewer orders and (ii) a 10% decrease in average order value. As noted above under "Challenges and Strategies Related to BuySeasons," Buy Seasons is implementing procedures to try and improve revenue and margins. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative **\$G&A** expenses (excluding stock compensation). Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of

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performance excludes such costs as depreciation and amortization, stock-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 8 to the accompanying March 31, 2014 condensed combined financial statements for a reconciliation of Adjusted OIBDA to earnings (loss) before income taxes.

Combined Adjusted OIBDA increased approximately \$14 million during the three months ended March 31, 2014, as compared to the corresponding period in the prior year. The increase was due to the increased operating results of TripAdvisor and a slightly lower Adjusted OIBDA loss at BuySeasons and corporate and other. The slight improvement in Adjusted OIBDA for BuySeasons in 2014 was the net result of lower revenue, as discussed above, which was more than offset by a \$6 million or 32% decrease in operating expenses and a \$1 million or 25% decrease in SG&A expenses. Such decreases in expenses which included reduced marketing spend and certain operational efficiencies resulted from the cost containment initiatives previously discussed. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

In connection with the Spin-Off, among other matters, we intend to enter into a services agreement and a facilities sharing agreement with Liberty Media. Pursuant to the services agreement, we will pay Liberty Media for certain specified services related to our being a public company including insurance administration and risk management services, legal, investor relations, tax, accounting and internal audit services. We expect that combined fees paid under the services agreement and the facilities agreement will not exceed \$4 million annually. As the services provided under these agreements relate to our being a public company and have not been provided by Liberty Media in the past, no such fees are reflected in our historical financial statements.

Operating Income (Loss). Our combined operating income increased approximately \$21 million for the three months ended March 31, 2014, as compared to the corresponding period in the prior year. The change in operating income from 2013 was primarily due to the increased operating results of TripAdvisor and lower amortization expense of intangibles related to the assets recognized in connection with the combination of TripAdvisor as the amortization is slightly accelerated due to the estimated usage of such assets. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

Other Income and Expense

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

	Three months ended March 31,	
	2014	2013
	(amounts in millions)	
<i>Interest expense (including related party)</i>		
TripAdvisor	\$ (2)	(3)
Corporate and other	—	—
Combined TripCo	<u>\$ (2)</u>	<u>(3)</u>
<i>Other, net</i>		
TripAdvisor	\$ —	—
Corporate and other	—	(1)
Combined TripCo	<u>\$ —</u>	<u>(1)</u>

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Interest expense. Interest expense was flat as the total debt balance did not change significantly as compared to the prior period.

Other, net. The primary component of other, net is the income and interest earned on marketable securities and net foreign exchange gains and losses and was relatively flat as compared to the prior period. Yield on these investments was slightly lower period over period.

Income taxes. Income tax expense for the three months ended March 31, 2014 and 2013 was approximately \$4 million and zero, respectively, and the effective tax rate was approximately 15% and zero, respectively. The effective rate for these periods was lower than the federal rate of 35% due primarily to foreign tax benefits.

Net earnings. We had net earnings of \$23 million and \$4 million for the three months ended March 31, 2014 and 2013, respectively. The change in net earnings was the result of the above described fluctuations in our revenue and expenses.

Liquidity and Capital Resources

As of March 31, 2014 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

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

As of March 31, 2014 TripCo had a cash balance of \$322 million. Approximately \$319 million of the cash balance, at March 31, 2014, is held at TripAdvisor. Although TripCo has a 57% voting interest in TripAdvisor, TripAdvisor is a separate public company with a significant non-controlling interest, as TripCo has only a 22% economic interest in TripAdvisor. Even though TripCo controls TripAdvisor through its voting interest and board representation, decision making with respect to TripAdvisor must consider TripAdvisor's minority holders. As a result, TripCo does not have ready access to TripAdvisor's cash. Approximately \$231 million of the TripAdvisor cash balance is held by foreign subsidiaries of TripAdvisor which is generally accessible but certain tax consequences may reduce the net amount of cash TripAdvisor is able to utilize for domestic purposes. TripCo is anticipated to hold approximately \$50 million in corporate cash at the date of the Trip Spin-Off following the drawdown of an anticipated \$400 million in Margin Loans (see "Description of Certain Indebtedness" for further discussion) and distribution to Liberty of \$350 million.

	Three months ended	
	March 31,	
	2014	2013
	(amounts in millions)	
Cash flow information		
Net cash provided (used) by operating activities	\$ 104	31
Net cash provided (used) by investing activities	\$ (129)	(180)
Net cash provided (used) by financing activities	\$ (7)	(6)

During the three months ended March 31, 2014, TripCo's primary use of cash was approximately \$107 million of net purchases of short-term and long-term marketable securities. This use of cash was funded primarily with cash from operations and cash on hand. Uses of cash in the prior period were primarily related to the investment in certain short-term and long-term marketable securities.

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The projected use of TripCo's corporate cash will be to primarily fund any operational cash deficits at BuySeasons and to pay a fee (not expected to exceed \$4 million annually) to Liberty Media for providing certain services pursuant to the services agreement and facilities sharing agreement. We anticipate TripCo's initial corporate cash balance (without other financial resources potentially available, including availability under the Margin Loans and potential dividends) to be sufficient to maintain operations for approximately five years. The debt service costs of the Margin Loans described above are paid in kind and become outstanding principal. At the maturity of the Margin Loans, a number of options are available to satisfy the loan assuming appreciation of TripAdvisor's share value. The TripAdvisor projected use of cash, incremental to increased operational investment in the business, will primarily be payment of long term debt obligations and other financial commitments, the continued repurchases of TripAdvisor common stock under their approved share buyback program and investment in new or existing businesses. Subsequent to March 31, 2014, TripAdvisor has made or is in the process of acquiring certain international and domestic businesses that operate in complimentary spaces to TripAdvisor which will allow TripAdvisor to further utilize their international and domestic website traffic to generate more travel leads. The international acquisitions allow TripAdvisor to reinvest foreign cash in an efficient manner.

Results of Operations—TripAdvisor

TripAdvisor, Inc. Our economic ownership interest in TripAdvisor is 22% and TripCo's results include the consolidated results of TripAdvisor and the elimination of approximately 78% of TripAdvisor's net income (loss), including purchase accounting adjustments, through the noncontrolling interest line item in the condensed combined statement of operations. TripAdvisor is a separate publicly traded company and additional information about TripAdvisor can be obtained through its website and its public filings. We believe a discussion of TripAdvisor's stand alone results promotes a better understanding of overall results of their business. TripAdvisor's revenue, Adjusted OIBDA and operating income on a standalone basis for the three months ended March 31, 2014 and 2013 were as follows (see tables below for a reconciliation of TripAdvisor's standalone results to those amounts reported by Liberty):

	Three months ended March 31,	
	2014	2013
	(amounts in millions)	
Revenue		
Click-based advertising	\$ 207	179
Display-based advertising	32	25
Subscription, transaction and other	42	26
Total revenue	<u>281</u>	<u>230</u>
Operating Expense	40	26
SG&A	<u>119</u>	<u>95</u>
Adjusted OIBDA	122	109
Stock-based compensation	14	14
Depreciation and amortization	<u>12</u>	<u>7</u>
Operating income (loss) as reported by TripAdvisor	<u>\$ 96</u>	<u>88</u>

Revenue

Revenue increased \$51 million during the three months ended March 31, 2014 when compared to the same period in 2013, primarily due to an increase in click-based advertising revenue of \$28 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers, which refers to users who view a listing of hotels in a city or visitors who view a specific hotel page as tracked by TripAdvisor, of 14% and an increase in revenue per hotel shopper of 1% for the three months ended March 31, 2014. Display-based advertising increased by \$7 million during the three months ended March 31, 2014, primarily as a result of a 30% increase in the number of impressions sold due to increased sales productivity coupled with TripAdvisor's Delayed Ad Call product and worldwide growth particularly in emerging markets when compared to the same period in 2013, partially offset by a 1% decrease in pricing for the three months ended March 31, 2014. Subscription, transaction and other revenue increased by \$16 million during the three months ended March 31, 2014, primarily due to growth in TripAdvisor's Business Listings and Vacation Rentals products.

Adjusted OIBDA

Operating expense

The most significant driver of operating expense is technology and content costs which increased \$9 million or 31% during the three months ended March 31, 2014 when compared to the same period in 2013, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion, enhanced site features and additional personnel costs related to employees acquired through recent business acquisitions.

Selling, general and administrative

Direct sales and marketing costs increased \$13 million or 25% during the three months ended March 31, 2014 when compared to the same period in 2013, primarily due to increased search engine marketing costs and other traffic acquisition costs, partially offset by a decrease in spending in social media and brand advertising costs. Personnel and overhead costs increased \$9 million or 32% during the three months ended March 31, 2014 when compared to the same period in 2013, primarily due to an increase in headcount to support business growth, including international expansion and employees acquired through recent business acquisitions.

General and administrative costs increased \$3 million or 13% during the three months ended March 31, 2014, when compared to the same period in 2013, primarily due to increased personnel costs from increased headcount to support business growth.

Operating Income (Loss)

Operating income, on a standalone basis, was impacted by the above Adjusted OIBDA explanations in addition to an increase in the depreciation on property and equipment and amortization of intangible assets, from recent TripAdvisor acquisitions, during the three months ended March 31, 2014, as compared to the corresponding period in the prior year. The increase in operating income on a combined basis (as reconciled below) was the result of a decrease in amortization associated with purchase accounting adjustments due to the anticipated utilization of such intangibles acquired.

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The following is a reconciliation of the results as reported by TripAdvisor, used for comparison purposes as discussed above, for a greater understanding of the standalone operations of TripAdvisor to the results reported by Liberty (amounts in millions):

	Three months ended March 31, 2014		
	As Reported by TripAdvisor	Purchase Accounting Adjustments	As Reported by TripCo
Revenue	\$ 281	—	281
Operating Expense	40	—	40
SG&A	119	—	119
Adjusted OIBDA	122	—	122
Stock-based compensation	14	3	17
Depreciation and amortization	12	57	69
Operating income (loss)	\$ 96	(60)	36

	Three months ended March 31, 2013		
	As Reported by TripAdvisor	Purchase Accounting Adjustments	As Reported by TripCo
Revenue	\$ 230	—	230
Operating Expense	26	—	26
SG&A	95	—	95
Adjusted OIBDA	109	—	109
Stock-based compensation	14	3	17
Depreciation and amortization	7	70	77
Operating income (loss)	\$ 88	(73)	15

Results of Operations—Combined—December 31, 2013, 2012 and 2011

General. We provide in the tables below information regarding our historical Combined Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segment. The "corporate and other" category consists of those assets or businesses which we do not disclose separately. In addition, we provide a comparison of our historical results of operations for 2013 to pro forma results of operations for 2012 as if our acquisition of TripAdvisor had occurred as of January 1, 2012. For a more detailed discussion and analysis of the financial results of the principal reporting segment, see "Results of Operations—TripAdvisor" below.

Historical Combined Operating Results

	Years ended December 31,		
	2013	2012	2011
	(amounts in millions)		
<i>Revenue</i>			
TripAdvisor	\$ 945	36	—
Corporate and other	89	129	155
Combined TripCo	<u>\$ 1,034</u>	<u>165</u>	<u>155</u>
<i>Adjusted OIBDA</i>			
TripAdvisor	\$ 379	8	—
Corporate and other	(18)	(7)	3
Combined TripCo	<u>\$ 361</u>	<u>1</u>	<u>3</u>
<i>Operating Income (Loss)</i>			
TripAdvisor	\$ 8	(5)	—
Corporate and other	(25)	(49)	—
Combined TripCo	<u>\$ (17)</u>	<u>(54)</u>	<u>—</u>

Revenue. Our combined revenue increased \$869 million and \$10 million for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The significant increase in revenue during 2013 was the result of the full year consolidation of TripAdvisor. During 2012, the consolidation of TripAdvisor for one month more than offset the decrease in BuySeasons results. Revenue for BuySeasons declined for the years ended December 31, 2013 and 2012, as compared to the corresponding prior periods, due primarily to increased market pressure and competition. Other costume retailers, both on-line and bricks-and-mortar retailers were more aggressive in marketing and promotions and BuySeasons inventory mix had become less compelling for consumers. For the year ended December 31, 2013, as compared to the prior year period, BuySeasons' order volume decreased 42%, which was partially offset by a 3% increase in average order value. For the year ended December 31, 2012, as compared to the prior year period, order volume decreased 13.5% and average order value decreased 3.2%. BuySeasons expects in future periods to focus on better inventory offerings and spend marketing dollars in more efficient channels. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative **\$G&A**) expenses (excluding stock compensation). Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 13 to the accompanying December 31, 2013 combined financial statements for a reconciliation of Adjusted OIBDA to earnings (loss) from continuing operations before income taxes.

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Combined Adjusted OIBDA increased approximately \$360 million and decreased approximately \$2 million for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The significant increase in Adjusted OIBDA during 2013 was the result of the full year consolidation of TripAdvisor offset slightly by declining results for BuySeasons. BuySeasons' results have been in decline over the past two years. BuySeasons' adjusted OIBDA declined for the years ended December 31, 2013 and 2012, as compared to the corresponding prior periods, primarily as a result of decreased revenue and declining product margin. Product margin was 22% in 2013, 31% in 2012 and 38% in 2011. The decline in product margin was the result of continued discounting of product to meet market pricing for costumes and sell through inventory. Also negatively impacting BuySeasons Adjusted OIBDA in 2013 and 2012 were operating expenses, which, while remaining flat in absolute dollar terms, increased as a percentage of revenue from 9% in 2011 to 11% in 2012 and to 15% in 2013. Conversely, SG&A expenses decreased 30% in 2013 and 20% in 2012 but remained at approximately 25% of revenue for each period presented.

BuySeasons expects to continue to discount product prices in future periods to stay competitive with the overall market but anticipates some cost containment measures, related to the operation of a smaller business, which is expected to increase overall Adjusted OIBDA if these efforts are successful. We expect BuySeasons, based on growth projections and cost-containment initiatives, to be Adjusted OIBDA positive again within a few years. BuySeasons also recognized additional inventory adjustments of \$3 million during the year ended December 31, 2012 as inventory continued to build as a result of decreased sales. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

Operating Income (Loss). Our combined operating loss decreased \$37 million and increased \$55 million for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The significant increase in operating income during 2013 was the result of the full year consolidation of TripAdvisor's results offset by amortization related to intangibles recorded upon obtaining control of TripAdvisor. The decrease in 2012 was primarily due to the impairment of goodwill at BuySeasons, as a result of continued declining operating results and increased amortization of intangible assets related to TripAdvisor. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

Other Income and Expense

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

	Years ended December 31,		
	2013	2012	2011
	(amounts in millions)		
<i>Interest expense (including related party)</i>			
TripAdvisor	\$ (10)	(1)	—
Corporate and other	(2)	—	—
Combined TripCo	<u>\$ (12)</u>	<u>(1)</u>	<u>—</u>
<i>Share of earnings (losses) of affiliates</i>			
TripAdvisor	\$ —	—	1
Corporate and other	—	38	—
Combined TripCo	<u>\$ —</u>	<u>38</u>	<u>1</u>
<i>Gains (losses) on transactions, net</i>			
TripAdvisor	\$ (1)	—	—
Corporate and other	—	1,088	—
Combined TripCo	<u>\$ (1)</u>	<u>1,088</u>	<u>—</u>
<i>Other, net</i>			
TripAdvisor	\$ 2	—	—
Corporate and other	—	33	—
Combined TripCo	<u>\$ 2</u>	<u>33</u>	<u>—</u>

Interest expense. Interest expense increased \$11 million and remained flat for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The increase in interest expense for the year ended December 31, 2013 was primarily the result of the consolidation of TripAdvisor and the inclusion of the interest expense related to TripAdvisor's debt. The 2012 interest expense reflects approximately one month of interest expense whereas 2013 includes a full year of interest expense in accordance with the consolidation of TripAdvisor during December 2012.

Share of earnings (losses) of affiliates. During the fourth quarter of 2011, Expedia, Inc. completed the pro-rata spin-off of TripAdvisor, a wholly owned subsidiary. During the second quarter of 2012 we disposed of approximately 8.5 million shares of TripAdvisor and then subsequently in the fourth quarter of 2012 we acquired approximately 5 million shares along with the right to control the vote of the shares of TripAdvisor's common stock and Class B common stock. Following the transaction we own approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. As we now control TripAdvisor we ceased accounting for our investment using the equity method of accounting and consolidated TripAdvisor for the last 20 days of 2012. Share of earnings for TripAdvisor for the year ended December 31, 2012 only includes TripCo's share of earnings in TripAdvisor through December 10, 2012.

Gains (losses) on transactions, net. The net loss on transactions for the year ended December 31, 2013 primarily relates to losses on the disposal of certain TripAdvisor fixed assets. The gains on transactions for the year ended December 31, 2012 relate to our acquisition of a controlling interest in TripAdvisor, and a gain on the sale of TripAdvisor shares (\$288 million) during the year ended December 31, 2012. In December 2012, as discussed above, we acquired an additional ownership interest in TripAdvisor and the right to vote our shares of its Class B common stock. The application of business combination accounting, as a result of the acquisition, for TripAdvisor required the recognition

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of an \$800 million gain which was the difference between the fair value of our previously held interest in TripAdvisor and the carrying value of the same ownership interest.

Other, net. For the year ended December 31, 2013 other, net primarily consisted of interest earned and amortization of discounts and premiums on TripAdvisor's marketable securities. The increase in interest income in 2013 is primarily due to the fact that TripAdvisor began investing in marketable securities during the fourth quarter of 2012. The primary component of other, net for the year ended December 31, 2012 was the recognition of a gain on the impact of TripAdvisor issuing additional equity during the year, at an amount in excess of our per share investment, while TripAdvisor was accounted for as an equity method affiliate. TripAdvisor issued shares under an outstanding warrant agreement which generated additional paid in capital above the TripCo cost basis in the shares.

Income taxes. Our income tax benefit (expense) for the years ended December 31, 2013, 2012 and 2011 was \$55 million, \$(124) million and \$11 million, respectively. The 2013 effective tax rate is greater than the U.S. federal income tax rate of 35% due primarily to a change in the corporate effective state rate for outstanding deferred tax liabilities and assets of TripCo due to a change in the apportionment of income to various states. The 2012 effective tax rate is less than the U.S. federal income tax rate of 35% due primarily to the consolidation of TripAdvisor in the current period that triggered a gain for accounting purposes but not for tax purposes offset slightly by a goodwill impairment which is not deductible for tax purposes. The 2011 effective tax rate is greater than the U.S. federal income tax rate of 35% primarily due to a reversal of a valuation allowance attributable to BuySeasons that was no longer necessary after the contribution of TripAdvisor by Liberty.

Net earnings. We had a net loss of \$7 million and net earnings of \$983 million and \$12 million for the years ended December 31, 2013, 2012 and 2011, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Pro Forma Combined Operating Results

	Years ended December 31,	
	2013	2012
	(amounts in millions)	
	Historical TripCo	Pro Forma TripCo(1)
Revenue	\$ 1,034	892
Operating expense	211	191
SG&A	462	357
Adjusted OIBDA	361	344
Stock-based compensation	60	41
Depreciation and amortization	315	303
Impairment of intangible assets	3	39
Operating income (loss)	\$ (17)	(39)

- (1) Amounts include the pro forma effects of the acquisition of TripAdvisor by TripCo as if such acquisition had occurred as of January 1, 2012. The pro forma information includes the historical financial information of TripAdvisor and TripCo for the year ended December 31, 2012 and the impacts of purchase accounting, which are primarily amortization of intangibles and recognition of stock-based compensation.

After giving effect to the acquisition of TripAdvisor, changes in our revenue and expenses are due primarily to changes in the operations of TripAdvisor. See "Results of Operations—TripAdvisor" below.

Liquidity and Capital Resources

As of December 31, 2013 substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

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

As of December 31, 2013 TripCo had a cash balance of \$354 million. Approximately \$351 million of the cash balance is from TripAdvisor. Although TripCo has a 57% voting interest in TripAdvisor, TripAdvisor is a separate public company with a significant non-controlling interest, as TripCo has only a 22% economic interest in TripAdvisor. Even though TripCo controls TripAdvisor through its voting interest and board representation, decision making at the TripAdvisor level must consider TripAdvisor's minority holders. As a result, TripCo does not have ready access to TripAdvisor's cash. As of December 31, 2013, approximately \$297 million of TripCo cash is held by TripAdvisor foreign subsidiaries. Cash in foreign subsidiaries is generally accessible but certain tax consequences may reduce the net amount of cash TripAdvisor is able to utilize for domestic purposes. Historically, TripAdvisor's operating cash flows have been sufficient to fund its working capital requirements, capital expenditures and long term debt obligations and other financial commitments and is expected to be sufficient in future periods. TripCo is anticipated to hold approximately \$50 million in corporate cash at the date of the Trip Spin-Off following the drawdown of an anticipated \$400 million margin loan (see "Description of Certain Indebtedness" for further discussion) and distribution to Liberty of \$350 million.

	Years ended December 31,		
	2013	2012	2011
Cash flow information	(amounts in millions)		
Net cash provided (used) by operating activities	\$ 336	(19)	11
Net cash provided (used) by investing activities	\$ (205)	425	(6)
Net cash provided (used) by financing activities	\$ (147)	(38)	(6)

During the year ended December 31, 2013, TripCo's primary uses of cash were approximately \$145 million of shares repurchased by TripAdvisor, \$107 million of net investments in short term investments and \$60 million capital expenditures. These uses of cash were funded primarily with cash provided by operations. During the year ended December 31, 2012, TripCo's primary uses of cash were approximately \$300 million to acquire a controlling interest which was funded with \$338 million of cash proceeds from the sale of 8.5 million shares of TripAdvisor earlier in the year. Uses of cash in the prior years were related to the operations of BuySeasons including capital expenditures and debt repayments.

The projected use of TripCo's corporate cash will be to primarily fund any operational cash deficits at BuySeasons and to pay a fee (not expected to exceed \$4 million annually) to Liberty Media for providing certain services pursuant to the services agreement and the facilities sharing agreement. We anticipate that TripCo's initial corporate cash balance (without other financial resources potentially available, including potential availability under the Margin Loans and potential dividends) to be sufficient to maintain operations for approximately five years. The debt service costs of the Margin Loans described above are paid in kind and become outstanding principal. At the maturity of the Margin Loans, a number of options are available to satisfy the loan assuming appreciation of TripAdvisor's share value. TripAdvisor's projected use of cash will primarily consist of repayments of interest and principal on the TripAdvisor Term Loan and Chinese credit facilities, payment of lease

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obligations, the repurchase of TripAdvisor common stock under the stock repurchase program approved in 2013 and potential investments or acquisitions in new or existing businesses.

Quantitative and Qualitative Disclosures about Market Risk

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

We are exposed to changes in interest rates primarily as a result of our borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We plan to manage our overall exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this will protect us from interest rate risk. We will achieve this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity and (ii) issuing variable rate debt with appropriate maturities and interest rates. As of December 31, 2013, our debt is comprised of the following amounts of variable rate debt:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal Amount	Weighted avg interest rate
		(amount in millions)		
TripAdvisor	\$ 369	2.0%	—	N/A

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

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

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

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

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
(amounts in millions)					
<i>Combined contractual obligations</i>					
Long-term debt(1)	\$ 369	69	300	—	—
Interest payments(2)	\$ 15	6	9	—	—
Operating lease obligations	\$ 270	16	36	41	177
Related party note payable	\$ 30	2	28	—	—
Purchase orders and other obligations	\$ 1	1	—	—	—
Total	\$ 685	94	373	41	177

- (1) Amounts are stated at the face amount at maturity of our debt instruments. Amounts also include capital lease obligations. Amounts do not assume additional borrowings or refinancings of existing debt. The outstanding Chinese credit facility has been included as a current payment as the facility is short term in nature.
- (2) Amounts (i) are based on our outstanding debt at December 31, 2013, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2013 rates and (iii) assume that our existing debt is repaid at maturity.

Critical Accounting Estimates

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

Fair Value Measurements

Non-Financial Instruments. Our non-financial instrument valuations are primarily comprised of our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, such as trademarks and our evaluation of the recoverability of our other long-lived assets upon certain triggering events and the initial recognition of such assets through the application of the purchase accounting method. If the carrying value of our definite lived intangible assets and long-lived assets exceeds their undiscounted cash flows, we are required to write the carrying value down to fair value. Any such writedown is included in impairment of long-lived assets in our combined statement of operations. A high degree of judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value. As each of our operating segments has long-lived assets, this critical accounting policy affects the financial position and results of operations of each segment.

As of December 31, 2013, the intangible assets not subject to amortization for each of our significant reportable segments was as follows:

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Total</u>
	(amounts in millions)		
TripAdvisor	\$ 3,460	1,828	5,288
Corporate and other	—	4	4
	<u>\$ 3,460</u>	<u>1,832</u>	<u>5,292</u>

We perform our annual assessment of the recoverability of our goodwill and other non-amortizable intangible assets as of December 31. We adopted accounting guidance relating to annual assessments of recoverability of goodwill and other non-amortizable intangibles during the current and prior years and at year-end we utilized a qualitative assessment for determining whether step one of the goodwill impairment analysis was necessary. During the year ended December 31, 2012 we recorded \$39 million in goodwill impairments for the BuySeasons retail business. Continued declining operating results as compared to budgeted results and certain trends required a Step 2 impairment test and a determination of fair value for these subsidiaries. Fair value for these subsidiaries, including intangible assets and goodwill, was determined using TripCo projections of future operating performance and applying a combination of market multiples and a discounted cash flow calculation (Level 3).

Revenue Recognition and Retail Related Adjustments and Allowances.

Revenue Recognition. Revenue is recognized from the sale of goods and advertising services when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable, and collectability is reasonably assured.

Click-based Advertising. Revenue is derived primarily from click-through fees charged to our travel partners for traveler leads sent to the travel partners' website. We record revenue from click-through fees after the traveler makes the click-through to the travel partners' websites. Deferred revenue, which primarily relates to subscription-based programs, is recorded when payments are received in advance of our performance as required by the underlying agreements.

Display and Other Advertising. We recognize display advertising revenue ratably over the advertising period or upon delivery of advertising impressions, depending on the terms of the advertising contract. Subscription-based revenue is recognized ratably over the related subscription period. We recognize revenue from all other sources either upon delivery or when we provide the service.

Merchandise Sales. Revenue is recognized at the time of delivery to customers. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The total reduction in sales due to returns was approximately \$3.2 million, \$4.1 million and \$4.7 million for each of the years ended December 31, 2013, 2012 and 2011, respectively. Sales tax collected from customers on retail sales is recorded on a net basis and is not included in revenue.

Adjustments and Allowances. BuySeasons records adjustments and allowances for inventory obsolescence and uncollectible receivables. Each of these adjustments is estimated based on historical experience. The inventory obsolescence is calculated as a percent of BuySeasons' inventory at the end of a reporting period based on among other factors, the age of the inventory, the sales experience for these items for the preceding 12 months and historical experience with liquidated inventory. The change in the reserve is included in cost of goods sold in the combined statements of operations. At December 31, 2013, BuySeasons' inventory is approximately \$12 million, which is net of the obsolescence adjustment of approximately \$2 million. Each of these estimates requires management judgment and actual activity may be different from management estimates.

Income Taxes

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

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

TripAdvisor has not provided for deferred U.S. income taxes on undistributed earnings of certain foreign subsidiaries that are intended to be reinvested permanently outside the United States. Should the earnings of foreign subsidiaries be distributed in the form of dividends or otherwise, they may be subject to U.S. income taxes. Due to complexities in tax laws and various assumptions that would have to be made, it is not practicable, at this time, to estimate the amount of unrecognized deferred U.S. taxes on these earnings.

Stock-Based Compensation

The exercise price for all stock options granted is equal to the market price of the underlying shares of common stock at the date of grant. In this regard, when making stock option awards, the practice is to determine the applicable grant date and to specify that the exercise price shall be the closing price of the respective common stock on the date of grant. Stock options granted during the year ended December 31, 2013 typically have a term of ten years from the date of grant and generally vest over a four-year period.

The estimated fair value of options granted to date is calculated using the Black-Scholes model. The Black-Scholes model incorporates assumptions to value stock-based awards, which includes the risk-free rate of return, volatility, expected term and expected dividend yield.

The risk-free interest rate is based on the rates currently available on zero-coupon U.S. Treasury issues, in effect at the time of the grant, whose remaining maturity period most closely approximates the stock option's expected term assumption. The volatility of the respective common stock is estimated by using an average of historical stock price volatility of publicly traded companies that are considered peers based on daily price observations over a period equivalent or approximate to the expected term of the stock option grants. The decision to use a weighted average volatility factor of a peer group was based upon the relatively short period of availability of data on the respective common stock. The expected term was estimated using the simplified method for all stock options. The expected dividend yield is zero, as no dividends have been paid on the respective common stocks to date.

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The fair value of stock options, net of estimated forfeitures, is amortized as stock-based compensation expense over the vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

Results of Operations—TripAdvisor

The consolidated results of operations for TripAdvisor were not significant for the year ended December 31, 2012, due to the consolidation of TripAdvisor for only one month. However, TripAdvisor results were more significant in 2013. Therefore, we believe a discussion of TripAdvisor's stand-alone operating results is appropriate to understand the TripAdvisor business. We note that the historical results do not include any purchase accounting amortization and adjustments and may not be indicative of future results. See the pro forma information in note 4 in the accompanying annual financial statements. Our economic ownership interest in TripAdvisor is 22% and TripCo's results include the consolidated results of TripAdvisor and the elimination of approximately 78% (the applicable noncontrolling interest percentage) of TripAdvisor's net income (loss) through the noncontrolling interest line item. TripAdvisor is a separate publicly traded company and additional information about TripAdvisor can be obtained through its website and its public filings. We believe a discussion of TripAdvisor's stand alone results promotes a better understanding of the overall results of its business. TripAdvisor's revenue, Adjusted OIBDA and operating income on a standalone basis for the years ended December 31, 2013, 2012 and 2011 were as follows (see tables below for a reconciliation of TripAdvisor's standalone results to those amounts reported by Liberty):

	Years ended		
	December 31,		
	2013	2012	2011
	(amounts in millions)		
Revenue			
Click-based advertising	\$ 696	588	500
Display-based advertising	119	94	86
Subscription, transaction and other	130	81	51
Total revenue	945	763	637
Operating expense	127	88	64
SG&A	439	323	250
Adjusted OIBDA	379	352	323
Stock based compensation	49	30	17
Depreciation and amortization	35	26	26
Spin-off costs	—	—	7
Operating income	295	296	273

Revenue

TripAdvisor derives substantially all of its revenue through the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. In addition, TripAdvisor earns revenue through a combination of subscription-based offerings related to its Business Listings and Vacation Rentals products, transaction revenue from selling room nights on its transactional sites, and other revenue including content licensing. Revenue increased \$182 million during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to an increase in click-based advertising revenue of \$108 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers, which refers to users who view a listing of hotels in a city or visitors who view a specific hotel page as tracked by TripAdvisor, of 36%

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for the year ended December 31, 2013, partially offset by lower revenue per hotel shopper of 13% for the year ended December 31, 2013, primarily due to a combination of lower user conversion related to the transition to hotel metasearch, growth in hotel shoppers on smartphones, which have a lower monetization rate than desktops and tablets, and growth in emerging international markets that are currently monetizing at lower levels than mature markets. Display-based advertising increased by \$25 million during the year ended December 31, 2013, primarily as a result of a 34% increase in the number of impressions due to increased site traffic and worldwide growth particularly in emerging markets, respectively, when compared to the same period in 2012, partially offset by a decrease in pricing by 5% for the year ended December 31, 2013. Subscription, transaction and other revenue increased by \$49 million during the year ended December 31, 2013, respectively, primarily due to growth in TripAdvisor's Business Listings and Vacation Rentals products. TripAdvisor derives substantially all of its revenue through the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. In addition, TripAdvisor earns revenue through a combination of subscription-based offerings related to its Business Listings and Vacation Rentals products, transaction revenue from selling room nights on TripAdvisor's transactional sites, and other revenue including content licensing.

Revenue increased \$126 million during the year ended December 31, 2012 when compared to the same period in 2011, primarily due to an increase in click-based advertising revenue of \$88 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers during the year ended December 31, 2012, when compared to the same period for 2011, of over 30%, partially offset by lower clicks per hotel shopper due to the TripAdvisor site redesign in September 2011, and lower revenue per click. Subscription, transaction and other revenue increased by \$30 million during the year ended December 31, 2012, primarily due to growth in subscription based products, Business Listings and Vacation Rentals products.

Adjusted OIBDA

Adjusted OIBDA as a percentage of revenue has declined year over year as TripAdvisor continues to invest in the business and the brand. The primary expenses that drive Adjusted OIBDA results are operating expense (primarily technology and content costs), sales and marketing and general and administrative expense.

Technology and Content

Technology and content expenses consist of personnel and overhead expenses, including salaries and benefits, stock-based compensation expense and bonuses for salaried employees and contractors engaged in the design, development, testing and maintenance of the TripAdvisor website. Other costs include licensing and maintenance expense.

Technology and content costs increased \$44 million or 51% during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion, enhanced site features, extending products onto smartphone and tablet platforms, and development of the hotel metasearch product, as well as an increase in stock based compensation (excluded from Adjusted OIBDA but included in operating income) and additional personnel costs related to employees acquired in recent business acquisitions.

Technology and content costs increased \$30 million during the year ended December 31, 2012 when compared to the same period in 2011, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion, enhanced site features, extending products onto smartphone and tablet platforms and development of a new hotel metasearch product.

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Selling and Marketing

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

Direct sales and marketing costs increased \$66 million or 38% during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to increased search engine marketing costs, other traffic acquisition costs and brand advertising costs, including offline advertising, partially offset by a decrease in spending in social media costs. Personnel and overhead costs increased \$36 million or 40% during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to an increase in headcount to support business growth, including international expansion, and employees acquired in recent business acquisitions and also increased stock-based compensation costs (excluded from Adjusted OIBDA but included in operating income).

Direct selling and marketing costs increased \$40 million during the year ended December 31, 2012 when compared to the same period in 2011, primarily due to increased search engine marketing costs, brand advertising costs and investments in social media costs. TripAdvisor increased spending on social media in the year ended December 31, 2012 compared to the same period in 2011, in order to increase social engagement on its websites. Personnel and overhead costs increased \$17 million during the year ended December 31, 2012 when compared to the same period in 2011, primarily due to an increase in headcount to support business growth, including international expansion.

General and Administrative

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

General and administrative costs increased \$22 million or 30% during the year ended December 31, 2013, when compared to the same period in 2012, primarily due to increased personnel costs related to an increase in stock-based compensation (excluded from Adjusted OIBDA but included in operating income), as well as increased headcount to support business growth and additional professional service fees in order to support the operations and an increase to the bad debt provision.

General and administrative costs increased \$31 million during the year ended December 31, 2012, when compared to the same period in 2011, due to increased personnel and overhead costs related to an increase in stock based compensation, as well as increased headcount to support business growth, and a full year of costs related to additional headcount and professional service fees to support TripAdvisor's operations as a standalone public company in 2012. TripAdvisor also incurred increased professional service fees primarily related to legal and tax initiatives. In addition, in connection with the spin-off from Expedia (the **Expedia Spin-Off**), TripAdvisor assumed Expedia's obligation to fund a charitable foundation. TripAdvisor's expense related to the funding of this charitable foundation was \$7 million for the year ended December 31, 2012.

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The following is a reconciliation of the results as reported by TripAdvisor, used for comparison purposes as discussed above, for a greater understanding of the stand-alone operations of TripAdvisor to the results reported by TripCo (amounts in millions):

	Year ended December 31, 2013		
	As Reported	Purchase	As Reported
	By TripAdvisor	Accounting Adjustments	By TripCo
Revenue	\$ 945	—	945
Operating expense	(127)	—	(127)
Selling, general and administrative expense	(439)	—	(439)
Adjusted OIBDA	379	—	379
Stock-based compensation expense	(49)	(11)	(60)
Depreciation and amortization expense	(35)	(276)	(311)
Operating income (loss)	\$ 295	(287)	8

	Year ended December 31, 2012			
	As Reported	Purchase	Elimination For	As
	By TripAdvisor	Accounting Adjustments	Equity Method Accounting Prior To Combination	Reported By TripCo
Revenue	\$ 763	—	(727)	36
Operating expense	(88)	—	80	(8)
Selling, general and administrative expense	(323)	—	303	(20)
Adjusted OIBDA	352	—	(344)	8
Stock-based compensation expense	(30)	—	30	—
Depreciation and amortization expense	(26)	(12)	25	(13)
Operating income (loss)	\$ 296	(12)	(289)	(5)

DESCRIPTION OF CERTAIN INDEBTEDNESS

Margin Loans

Prior to the consummation of the Spin-Off, we anticipate that a wholly-owned special purpose subsidiary of TripCo, TripSPV, will enter into the Margin Loan Agreements with each of the lenders. The summary provided in this section is based solely on the terms of the Margin Loan Agreements as currently anticipated between us and the lenders.

The Margin Loan Agreements will permit TripSPV, subject to certain funding conditions, to borrow term loans on the closing date of the Margin Loan Agreements (the **Closing Date**) in a principal amount equal to \$400 million. The maturity date of the Margin Loans is 3 years after the Closing Date. \$350 million of the amount borrowed pursuant to the Margin Loan Agreements will be distributed to Liberty prior to the Spin-Off.

TripSPV's obligations under the Margin Loan Agreements will be fully and unconditionally guaranteed solely by TripCo and secured by first priority liens on all of the common stock of TripAdvisor owned by TripSPV, which constitutes all of the common stock and all of the class B common stock of TripAdvisor owned by TripCo. If TripSPV defaults on its obligations under the Margin Loan Agreements, the lenders can declare all borrowings and paid in kind interest added to the principal amount of the Margin Loans, if any, outstanding under the Margin Loan Agreements, together with any accrued and unpaid interest, to be immediately due and payable, and if TripSPV and TripCo are unable to pay such amounts, the lenders may foreclose on the pledged stock securing their respective Margin Loans and any other collateral that then secures TripSPV's obligations under the Margin Loan Agreements, exercise any and all other rights such lenders may have against TripSPV at law or in equity and may pursue their respective rights under the guarantees of TripCo.

Borrowings under the Margin Loan Agreements will bear interest at a per annum rate equal to the 3-month LIBOR rate plus a spread of 3.25% to 3.65% per annum, unless it is unlawful for the applicable lender to fund or maintain loans based on LIBOR or there are material restrictions on the applicable lender to do so, in which case borrowings under the Margin Loan Agreements will bear interest at the greater of the federal funds rate, plus $\frac{1}{2}$ of 1% and the prime rate of such lender, plus a spread of 3.25% to 3.65%. Interest will be payable quarterly in arrears, beginning on the date that is three months after the Closing Date; provided that cash then credited to TripSPV's collateral accounts shall be automatically applied toward accrued and unpaid interest on the then outstanding principal amounts of the loans and, if there is insufficient cash then credited to the collateral accounts to make the full interest payments then due on the loans, TripSPV may elect to apply such shortfall to the outstanding principal balance of the Margin Loans (with interest on such additional loan amount also accruing interest as set forth in the Margin Loan Agreements).

TripSPV may prepay the Margin Loans at any time, subject to certain notice requirements and an early termination premium if the TripSPV prepays all or any portion of the Margin Loans prior to the date that is approximately 2 years after the Closing Date of such loans. The Margin Loan Agreements will require mandatory prepayments, together with the payment of the early termination premium, if applicable, or, in some cases, the posting of additional collateral upon the occurrence of certain events that are customary for margin loans of this type.

The Margin Loan Agreements will contain various affirmative and negative covenants that restrict the activities of TripSPV (including, with limited exceptions, the incurrence of additional indebtedness by TripSPV) and, in some cases, us, as guarantor. The Margin Loan Agreements will not include any financial covenants. The Margin Loan Agreement is expected to contain events of default that are

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customary for margin loans of this type, including upon the occurrence of the following events (and subject to customary cure periods and materiality thresholds):

- failure to pay principal, interest or other amounts due under the Margin Loan Agreements (including margin calls or other mandatory prepayments);
- failure to observe covenants or other agreements or inaccuracy of representations or warranties under the Margin Loan Agreements;
- failure to give notice to the administrative agent upon the occurrence of certain events;
- insolvency and related occurrences or events of insolvency with respect to TripSPV or TripCo;
- judgments entered against TripSPV or TripCo above certain thresholds;
- failure of enforceability or invalidity of the Margin Loan documents or the effectiveness of the liens created under the Margin Loan documents;
- approval by TripAdvisor of amendments to its organizational documents that would restrict the lenders' ability to foreclose on and sell the TripAdvisor shares pledged under the Margin Loan documents;
- default by TripCo under the guarantee agreement it will enter into with respect to TripSPV's obligations under the Margin Loan Agreements;
- default by TripCo or TripSPV under other agreements governing material indebtedness; and
- early termination of any permitted derivative transaction with respect to the shares of TripAdvisor pledged by TripSPV under the Margin Loan Agreements that arises out of a default by TripSPV.

Liberty Line of Credit

Substantially concurrently with TripSPV's entering into the Margin Loan Agreements, TripCo and Liberty LLC will enter into a Master Promissory Note whereby TripCo may request and Liberty LLC agrees to fund and advance, from time to time, up to \$200,000,000 in aggregate principal amount of loans to TripCo if there is a mandatory prepayment due under either or both of the Margin Loan Agreements that is as a result of either the market reference price of the common shares of TripAdvisor being less than certain agreed upon share prices or the loan to value ratio being equal to or exceeding 45%; provided that such funds so drawn by TripCo must be immediately contributed by TripCo to TripSPV and used by TripSPV to either satisfy any sums due under the Margin Loan Agreements as a result of such mandatory prepayment event, or deposited by TripSPV in a collateral account as collateral for the obligations of TripSPV under the Margin Loan Agreements. The maturity date of the Master Promissory Note is the earliest to occur of (i) the date the Margin Loans become due and payable in full, (ii) the date the unpaid principal amount of the loans made under both Margin Loan Agreements, and all other obligations thereunder are paid in full and both Margin Loan Agreements are terminated and (iii) the later of the maturity dates under the Margin Loan Agreements. TripCo's obligations under the Master Promissory Note will be secured by first priority liens on all of TripCo's equity interest in TripSPV. If TripCo defaults on its obligations under the Master Promissory Note, then Liberty LLC can declare all loans and paid in kind interest added to the principal amount of the loans, if any, outstanding under the Master Promissory Note, together with any accrued and unpaid interest, to be immediately due and payable, and if TripCo is unable to pay such amounts, Liberty LLC may foreclose on the pledged equity securing the loans made under Master Promissory Note and any other collateral that then secures TripCo's obligations under the Master Promissory Note and exercise any and all other rights it may have against TripCo at law or in equity.

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Loans made under the Master Promissory Note will bear interest at a per annum rate equal to the applicable floating rate then being charged under the Margin Loan Agreements. Interest will be due and payable within 3 business days after the last day of each calendar quarter. To the extent accrued and unpaid interest otherwise due on such date is not paid in full, such deficiency shall, effective on such date, no longer be due and payable on such date, and instead increase the aggregate principal amount of the loans made under the Master Promissory Note (with interest on such additional loan amounts also accruing interest as described in the preceding sentence); provided that all accrued and unpaid interest shall be due and payable on the Maturity Date or any earlier acceleration of the Master Promissory Note. TripCo will pay to Liberty LLC a one time, non-refundable fee of 00.25% of the original principal amount of each loan made under the Master Promissory Note, which amount will be payable by TripCo upon TripCo's receipt of the proceeds of each such loan.

TripCo may prepay the loans made under the Master Promissory Note at any time without penalty or premium. The Master Promissory Note will prohibit TripCo from merging into, selling, assigning, transferring, conveying or otherwise disposing of more than 50% of the common equity of TripSPV unless certain conditions are met and will not include any financial covenants. It will also contain events of default that are customary for loans of this type.

MANAGEMENT

Directors

The following sets forth certain information concerning the persons who are expected to serve as the initial directors of TripCo immediately following the Spin-Off, including their ages, directorships held and a description of their business experience, including, if applicable, current positions held with Liberty. No assurance can be given, however, as to whether these directors will continue to serve on the TripCo board following the expiration of their respective terms, as their re-election will be subject to the approval of TripCo's stockholders.

<u>Name</u>	<u>Position and Experience</u>
Gregory B. Maffei Age: [54]	<p>Chief Executive Officer, President, Chairman of the Board and a director of TripCo.</p> <p>Professional Background: Mr. Maffei has served as the Chief Executive Officer and President of Liberty since February 2006. He also served as Liberty's CEO-Elect from November 2005 through February 2006. Mr. Maffei has also served as the Chief Executive Officer and President of Liberty Media (including its predecessor) since May 2007. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation, Chairman, President and Chief Executive Officer of 360networks Corporation, and Chief Financial Officer of Microsoft Corporation.</p> <p>Other Public Company Directorships: Mr. Maffei has served as a director of Liberty since November 2005 and Liberty Media (including its predecessor) since May 2007 and as the Chairman of the Board and a director of Starz since January 2013. He has served as the Chairman of the Board of Sirius XM Holdings Inc. since April 2013 and as a director since March 2009. Mr. Maffei has also served as the Chairman of the Board of Live Nation Entertainment, Inc. since March 2013 and as a director since February 2011. He has served as the Chairman of the Board of TripAdvisor since February 2013. Mr. Maffei has also served as a director of Zillow, Inc. since May 2005 and Charter Communications, Inc. since May 2013. Mr. Maffei served as a director of Electronic Arts, Inc. from June 2003 to July 2013, DIRECTV and its predecessors from February 2008 to June 2010 and Barnes & Noble, Inc. from September 2011 to April 2014.</p> <p>Board Membership Qualifications: Mr. Maffei brings to our board significant financial and operational experience based on his senior policy making positions at Liberty, Liberty Media, Oracle Corporation, 360networks Corporation and Microsoft Corporation and his public company board experience. He provides our board with executive leadership perspective on the operations and management of large public companies and risk management principles.</p>

<u>Name</u>	<u>Position and Experience</u>
Michael J. Malone Age: [70]	<p>A director of TripCo.</p> <p>Professional Backgound: Mr. Malone is currently Chief Executive Officer and principal of Hunters Capital, LLC, a Northwest Real Estate Development and Management Company. He is the retired Chairman and Chief Executive Officer of DMX Music, Inc. (DMX) (formerly AEI Music, Inc.), a multinational music programming and distribution company that he founded in 1971 and which was sold to Liberty in May 2001, following which he served as Chairman of Maxide Acquisition, Inc., a subsidiary of Liberty and the holding company for DMX, from May 2001 to February 2005.</p> <p>Other Public Company Directorships: Mr. Malone has served as a director of Expeditors International of Washington, Inc. since August 1999 and HomeStreet, Inc., a regional bank, since February 2012. He previously served as a director of Take Two Interactive Software, Inc. from January 2006 through March 2007.</p> <p>Board Membership Qualifications: Mr. Malone is an experienced entrepreneur with over 20 years of senior leadership and management experience. Mr. Malone provides our board with insight into the structuring of investments and acquisitions and the management of technology companies.</p>
Chris Mueller Age: [55]	<p>A director of TripCo.</p> <p>Professional Background: Mueller has served as the Chief Financial Officer and Vice Chairman of 360networks Inc. since October 2005, and has held various senior management positions with 360networks Inc. since April 2000, including General Manager of Corporate Development, Senior Vice President—Finance, and Treasurer. Previously, Mr. Mueller served as a Managing Director of Corporate Finance at Ragen MacKenzie, a regional investment bank, and as the Chief Financial Officer and a director of Tuscany, Inc.</p> <p>Other Public Company Directorships: None.</p> <p>Board Membership Qualifications: Mr. Mueller has extensive experience in corporate finance and commercial and investment banking with approximately 30 years of experience, as well as in the structuring of strategic acquisitions. His background and expertise assist the board in evaluating strategic acquisition opportunities and developing financial strategies for TripCo.</p>

<u>Name</u>	<u>Position and Experience</u>
Albert E. Rosenthaler Age: [54]	<p>Senior Vice President and a director of TripCo.</p> <p>Professional Background: Mr. Rosenthaler has served as a Senior Vice President of Liberty Media since May 2007 and a Senior Vice President of Liberty since April 2002.</p> <p>Other Public Company Directorships: None.</p> <p>Board Membership Qualifications: Mr. Rosenthaler has significant executive and financial experience gained through his service as a Senior Vice President of Liberty and Liberty Media for many years and as a partner with a major national accounting firm for more than 5 years before joining Liberty. Mr. Rosenthaler brings a unique perspective to our company's board of directors, focused in particular on the area of tax management. Mr. Rosenthaler's perspective and expertise assist the board in developing strategies that take into consideration a wide range of issues resulting from the application and evolution of tax laws and regulations.</p>
John E. Welsh III Age: [63]	<p>A director of TripCo.</p> <p>Professional Background: Mr. Welsh has served as the President of Avalon Capital Partners LLC, an investment firm, since 2002. He has served as a director of General Cable Corp. since 1997 and Chairman of the Board since August 2001. He served as a director of CIP Management LLC from October 2000 to December 2002 and as Managing Director and Vice-Chairman of the Board of SkyTel Communications, Inc. from 1992 to 1999. Prior to 1992, Mr. Welsh was Managing Director of Investment Banking of Prudential Securities, Inc. and Co-Head of the Mergers and Acquisitions Department.</p> <p>Other Public Company Directorships: Mr. Welsh previously served as a director of Spreckels Industries, Inc., York International from 1990 to 2000, and Integrated Electrical Services from 2006 to 2013.</p> <p>Board Membership Qualifications: Mr. Welsh brings to our board a strong financial background in investment banking and investment management gained through his employment as an investment banker and his service on the audit committee of Integrated Electrical Services. He also brings extensive experience in corporate strategy, mergers and acquisitions and corporate governance. In addition to possessing strong leadership and collaboration skills, Mr. Welsh has substantial experience involving the management and operation of technology companies. He is also an important resource with respect to the financial services firms that our company engages from time to time.</p>

Executive Officers

The following sets forth certain information concerning the persons (other than Mr. Maffei and Mr. Rosenthaler, who are also expected to serve as directors of TripCo and are described above) who are the existing executive officers of Liberty and who are expected to serve as TripCo's initial executive officers immediately following the Spin-Off, including their ages, directorships held and a description of their business experience, including positions held with Liberty (including its predecessors). All of these executive officers also hold the positions indicated below with Liberty and provide such services pursuant to an existing services agreement between Liberty and Liberty Media. Notwithstanding the multiple roles to be served by these persons at TripCo, Liberty and/or Liberty Media following the Spin-Off, TripCo and Liberty believe the following persons are the most qualified and appropriate to serve in these multiple roles during the post-Spin-Off transition period given such person's in-depth knowledge of and experience with the businesses of TripCo, Liberty and Liberty Media. No assurance can be given, however, as to whether or how long these executive officers will continue to serve at any of the companies.

<u>Name</u>	<u>Positions</u>
Richard N. Baer Age: [57]	Senior Vice President and General Counsel of TripCo. Senior Vice President and General Counsel of Liberty and Liberty Media since January 2013. Executive Vice President and Chief Legal Officer of UnitedHealth Group Incorporated from May 2011 to December 2012. Executive Vice President and General Counsel of Qwest Communications International Inc. from December 2002 to April 2011 and Chief Administrative Officer from August 2008 to April 2011.
Christopher W. Shean Age: [49]	Senior Vice President and Chief Financial Officer of TripCo. Senior Vice President of Liberty Media since May 2007 and the Chief Financial Officer since November 2011. Controller of Liberty Media (including its predecessor) from May 2007 to October 2011. Vice President of Liberty from October 2000 to January 2002, a Senior Vice President of Liberty since January 2002, the Controller of Liberty from October 2000 to October 2011, and the Chief Financial Officer since November 2011.

TripCo's executive officers will serve in such capacities until the first annual meeting of its board of directors, or until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification or removal from office.

Directors and Executive Officers

There is no family relationship between any of TripCo's executive officers or directors, by blood, marriage or adoption.

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

Director Independence

It will be TripCo's policy that a majority of the members of its board of directors will be independent of its management. For a director to be deemed independent, TripCo's board of directors must affirmatively determine that the director has no direct or indirect material relationship with the company. To assist TripCo's board of directors in determining which of its directors will qualify as

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independent, the nominating and corporate governance committee of TripCo's board is expected to follow the Corporate Governance Rules of the Nasdaq Stock Market on the criteria for director independence.

In accordance with these criteria, it is expected that the TripCo board of directors will determine that each of [•] qualifies as an independent director of TripCo.

Board Composition

The board of TripCo will be comprised of directors with a broad range of backgrounds and skill sets, including in media and telecommunications, technology, venture capital, private equity, real estate finance, auditing and financial engineering. Detailed information on TripCo's policies with respect to board candidates will be available following the establishment of the board's nominating and corporate governance committee.

Upon completion of the Spin-Off, the directors of TripCo will serve for an initial one-year term. Commencing with the election of directors at the 2015 annual meeting of TripCo's stockholders, the members of TripCo's board of directors, other than those who may be elected by holders of any then-outstanding preferred stock, will be divided into three classes. See "Description of our Capital Stock—Other Provisions of our Certificate of Incorporation and Bylaws—Board of Directors."

Committees of the Board

It is expected that TripCo's board of directors will form the following committees: audit committee, compensation committee, nominating and corporate governance committee and executive committee, which will have comparable responsibilities to the corresponding committees of Liberty's board. It is currently contemplated that the following persons will serve on the following committees upon completion of the Spin-Off:

<u>Executive Committee</u>	<u>Compensation Committee</u>	<u>Audit Committee</u>	<u>Nominating and Corporate Governance Committee</u>
[•] [•]	[•] (Chairman) [•]	[•] (Chairman) [•]	[•] (Chairman) [•]

In addition, it is currently contemplated that [•] will be designated an "audit committee financial expert" for purposes of the Exchange Act and the rules and regulations of Nasdaq.

Compensation Committee Interlocks and Insider Participation

TripCo's board of directors does not currently have a compensation committee. It is expected that no member of TripCo's compensation committee (once formed) will be or will have been, during 2013, an officer or employee of TripCo or Liberty, or will have engaged in any related party transaction in which TripCo or Liberty was a participant. It is expected that no interlocking relationship will exist between the TripCo board and its compensation committee and the board of directors or compensation committee of any other company.

EXECUTIVE COMPENSATION

Executive Officers of TripCo

The initial executive officers of TripCo will be comprised of the current executive officers of Liberty. TripCo is a newly formed company, and therefore has not paid any compensation to any of its executive officers. In September 2011, Liberty completed the split-off (the **Split-Off**) of its former subsidiary then-known as Liberty Media Corporation (currently known as Starz, **Old LMC**). In January 2013, Old LMC completed the spin-off of its former subsidiary Liberty Media (then-known as Liberty Spinco, Inc.) (the **LMC Spin-Off**). In connection with the Split-Off, Liberty entered into a services agreement with Old LMC, which was assumed by Liberty Media in the LMC Spin-Off, pursuant to which Liberty compensates Liberty Media for the portion of the salary and other cash compensation Liberty Media pays to its employees, including the named executive officers, that is allocable to Liberty for time spent by each such employee on matters related to that company. As noted elsewhere and described in more detail herein, in connection with the Spin-Off, TripCo and Liberty Media will enter into a services agreement pursuant to which TripCo will pay Liberty Media an agreed-upon services fee in exchange for the performance of specified services by Liberty Media and its employees for TripCo, including the services of TripCo's executive officers. For more information regarding this agreement, please see "Certain Relationships and Related Party Transactions—Relationships Between TripCo and Liberty and/or Liberty Media—Services Agreements." Although, as noted above, TripCo has not paid any compensation to any of its executive officers, compensation has historically been paid to these executive officers for their service to each of Liberty Media and Liberty. Thus, for information concerning the compensation paid to the "named executive officers" of TripCo for their service to each of Liberty Media and Liberty for the year ended December 31, 2013 and certain related information, see Exhibit 99.1 to the Registration Statement on Form S-1, of which this prospectus forms a part, which includes substantially the same information that is included in each of the "Executive Compensation" sections of the definitive proxy statements on Schedule 14A filed by each of Liberty and Liberty Media with the SEC on June 23, 2014 relating to their respective 2014 annual meetings of stockholders.

The historical compensation information included in the section of Exhibit 99.1 entitled "Liberty Interactive Corporation" is not solely attributable to services performed with respect to our business and assets and no specific allocation of such compensation is determinable solely with respect to such services. Rather it reflects the full amount of compensation paid by Liberty to each applicable person during the applicable period.

The amount and timing of any equity-based compensation to be paid to the TripCo executive officers following the Spin-Off (other than awards issued pursuant to the transitional plan) will be determined by the compensation committee of the TripCo board of directors. Any equity incentive awards granted to executive officers of TripCo following the Spin-Off will generally be granted pursuant to the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan, which is described under "—Equity Incentive Plans" below.

Directors

TripCo's nonemployee directors will receive cash compensation directly from TripCo in such amounts and at such times as the TripCo board of directors shall determine. The amount and timing of any equity-based compensation to be paid to the TripCo directors following the Spin-Off (other than awards issued pursuant to the transitional plan) will be determined by the TripCo board of directors. Any equity incentive awards granted to nonemployee directors of TripCo following the Spin-Off will generally be granted pursuant to the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan, which is described under "—Equity Incentive Plans" below. For information concerning the compensation paid to the directors of Liberty Media and Liberty for the year ended December 31,

2013 and certain related information, see Exhibit 99.1 to the Registration Statement on Form S-1, of which this prospectus forms a part.

Equity Incentive Plans

Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan

In connection with the Spin-Off, TripCo will adopt the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (the **incentive plan**). The incentive plan is designed to provide additional remuneration to officers, employees, nonemployee directors and independent contractors for exceptional service and to encourage their investment in TripCo. Non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing may be granted under the incentive plan (collectively, **awards**). The maximum number of shares of TripCo common stock with respect to which awards may be granted is [•], subject to anti-dilution and other adjustment provisions of the incentive plan. With limited exceptions, under the incentive plan, no person may be granted in any calendar year awards covering more than [•] shares of TripCo common stock, subject to anti-dilution and other adjustment provisions of the incentive plan. In addition, no person may receive payment for cash awards during any calendar year in excess of \$[•] and no nonemployee director may be granted during any calendar year awards having a value (as determined on the grant date of such award) in excess of \$[•]. Shares of TripCo common stock issuable pursuant to awards will be made available from either authorized but unissued shares or shares that have been issued but reacquired by TripCo. The incentive plan will be administered by the compensation committee with regard to all awards granted under the incentive plan (other than awards granted to the nonemployee directors), and the compensation committee will have full power and authority to determine the terms and conditions of such awards. The incentive plan will be administered by the full board of directors with regard to all awards granted under the incentive plan to nonemployee directors, and the full board of directors will have full power and authority to determine the terms and conditions of such awards.

Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan

At the time of the Spin-Off, TripCo will also have awards outstanding under the transitional plan as described under "The Spin-Off—Effect of the Spin-Off on Outstanding Liberty Ventures Incentive Awards."

Equity Compensation Plan Information

At the time of the Spin-Off, TripCo will have two equity compensation plans, each of which is listed below. The only plan under which awards will be outstanding immediately following the Spin-Off is the transitional plan.

The following table reflects the awards that would have been outstanding as of December 31, 2013 assuming that (i) the Spin-Off had occurred on that date and (ii) the treatment of the outstanding

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Liberty Ventures incentive awards described under "The Spin-Off—Effect of the Spin-Off on Outstanding Liberty Ventures Awards."

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))(2)</u>
<i>Equity compensation plans not approved by security holders-None</i>			
<i>Equity compensation plans approved by security holders</i>	0	N/A	[]
Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan:(1)			
Series A	0	N/A	[]
Series B	0	N/A	
Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan:(1)			
Series A	[]	[]	0
Series B	[]	[]	
Total			
Series A	[]	[]	[]
Series B	[]	[]	[]

- (1) These plans will be approved by Liberty in its capacity as the sole stockholder of TripCo prior to the Spin-Off. Following the Spin-Off, TripCo will seek stockholder approval of the incentive plan at its first annual meeting of stockholders.
- (2) Each plan permits grants of, or with respect to, shares of any series of TripCo common stock, subject to a single aggregate limit.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

Prior to the Spin-Off, all of the outstanding shares of our common stock will be owned by Liberty. The following table sets forth information, to the extent known by Liberty or ascertainable from public filings with respect to the estimated beneficial ownership of each person or entity (other than certain persons who will serve as directors or executive officers of TripCo, whose ownership information follows) who is expected to beneficially own more than five percent of the outstanding shares of any series of TripCo common stock, assuming that the distribution had occurred at 5:00 p.m., New York City time, on June 30, 2014. The percentage voting power is presented on an aggregate basis for all series of TripCo common stock.

The security ownership information for TripCo common stock has been estimated based upon the distribution ratio of 1-for-1 to holders of LVNTA and LVNTB and outstanding stock information for Liberty's common stock as of June 30, 2014, and, in the case of percentage ownership information, has been estimated based upon 70,794,489 shares of TripCo's Series A common stock and 2,885,370 shares of TripCo's Series B common stock estimated to have been issued in the distribution assuming that the distribution had occurred at 5:00 p.m., New York City time, on June 30, 2014. However, because of the difficulty in determining in advance the precise effect of the distribution on outstanding option awards and stock appreciation rights with respect to shares of LVNTA and LVNTB (see "The Spin-Off—Effect of the Spin-Off on Outstanding Liberty Ventures Incentive Awards" for more information), for purposes of the following presentation, we have not included beneficial ownership information with respect to any new option awards or stock appreciation rights with respect to shares of LTRPA and LTRPB that may be received by the persons for whom beneficial ownership information is presented below

So far as is known to Liberty, the persons indicated below would have sole voting power with respect to the shares estimated to be owned by them, except as otherwise stated in the notes to the table.

<u>Name and Address of Beneficial Owner</u>	<u>Title of Class</u>	<u>Amount and Nature of Beneficial Ownership</u> (in thousands)	<u>Percent of Class (%)</u>	<u>Voting Power (%)</u>
John C. Malone c/o Liberty Interactive Corporation 12300 Liberty Boulevard Englewood, CO 80112	Series A	1,194,380(1)(2)(3)	1.7	28.9
	Series B	2,769,500(1)(2)(4)	94.6	
FPR Partners, LLC 199 Fremont Street, Suite 2500 San Francisco, CA 94105-2261	Series A	5,719,832(5)	8.1	5.7
Jana Partners LLC 767 Fifth Avenue, 8th Floor New York, NY 10153	Series A	3,877,880(6)	5.5	3.9

* Less than one percent.

(1) Includes 78,580 LTRPA shares and 85,234 LTRPB shares held by Mr. Malone's wife, Mrs. Leslie Malone, as to which shares Mr. Malone has disclaimed beneficial ownership.

(2) Includes 28,148 shares of LTRPA and 45,892 shares of LTRPB held by two trusts which are managed by an independent trustee, of which the beneficiaries are Mr. Malone's adult children

and in which Mr. Malone has no pecuniary interest. Mr. Malone retains the right to substitute assets held by the trusts and has disclaimed beneficial ownership of the shares held by the trusts.

- (3) Includes (i) 302,326 shares of LTRPA pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility extended by Fidelity to Mr. Malone and (ii) 780,386 of LTRPA pledged to Bank of America (**BoA**) in connection with a loan facility extended by BoA to Mr. Malone.
- (4) In February 1998, in connection with the settlement of certain legal proceedings relative to the Estate of Bob Magness, the late founder and former Chairman of the Board of Tele-Communications, Inc. (**TCI**), TCI entered into a call agreement with Mr. Malone and Mr. Malone's wife. In connection with the acquisition by AT&T of TCI, TCI assigned to Liberty's predecessor its rights under this call agreement. Liberty has since succeeded to these rights. As a result, Liberty has the right, under certain circumstances, to acquire LVNTB shares owned by the Malones. The call agreement also prohibits the Malones from disposing of their LVNTB shares, except for certain exempt transfers (such as transfers to related parties or public sales of up to an aggregate of 5% of their shares of LVNTB after conversion to shares of LVNTA) and except for transfers made in compliance with Liberty's call rights. The call agreement will not apply to the LTRPB shares received by Mr. Malone and his wife in the distribution.
- (5) Based on Amendment No. 1 to Schedule 13G, dated February 14, 2014, filed with respect to Liberty by FPR Partners, LLC (FPR Partners), which states that FPR Partners has sole voting and dispositive power over such shares.
- (6) Based on Amendment No. 1 to Schedule 13G, dated February 14, 2014, filed with respect to Liberty by Jana Partners LLC (Jana Partners), which states that Jana Partners has sole voting and dispositive power over such shares.

Security Ownership of Management

The following table sets forth information with respect to the estimated beneficial ownership by each person who is expected to serve as an executive officer or director of TripCo and all of such persons as a group of (1) shares of TripCo's Series A common stock and Series B common stock and (2) the common stock, par value \$0.001 per share (**TRIP**), of our consolidated subsidiary TripAdvisor, assuming that the distribution had occurred at 5:00 p.m., New York City time, on June 30, 2014. The percentage voting power is presented on an aggregate basis for all series of TripCo common stock.

The security ownership information for TripCo common stock has been estimated based upon the distribution ratio of 1-for-1 to holders of LVNTA and LVNTB and outstanding stock information for Liberty's common stock as of June 30, 2014, and, in the case of percentage ownership information, has been estimated based upon 70,794,489 shares of TripCo's Series A common stock and 2,885,370 shares of TripCo's Series B common stock estimated to have been issued in the distribution assuming that the distribution had occurred at 5:00 p.m., New York City time, on June 30, 2014. In the case of percentage ownership information for TripAdvisor common stock, the ownership information has been estimated based upon 129,853,198 TRIP shares and 12,799,999 shares of TripAdvisor's Class B Common Stock, par value \$0.001 per share (**TripAdvisor Class B**), in each case, outstanding on April 29, 2014. None of our directors or named executive officers own shares of TripAdvisor Class B.

Shares of restricted stock that will be issued pursuant to the transitional plan are included in the outstanding share numbers provided throughout this prospectus. However, because of the difficulty in determining in advance the precise effect of the distribution on outstanding option awards and stock appreciation rights with respect to shares of LVNTA and LVNTB for our directors and named executive officers (see "The Spin-Off—Effect of the Spin-Off on Outstanding Liberty Ventures Incentive Awards" for more information), for purposes of the following presentation, we have not

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included beneficial ownership information with respect to any new option awards or stock appreciation rights with respect to shares of LTRPA and LTRPB that may be received by the directors or named executive officers for whom beneficial ownership information is presented below.

For purposes of the following presentation, beneficial ownership of shares of TripCo Series B common stock, though convertible on a one-for-one basis into shares of TripCo Series A common stock, is reported as beneficial ownership of Series B common stock, and not as beneficial ownership of Series A common stock, but the voting power of the Series A common stock and Series B common stock has been aggregated.

The number of shares indicated as owned by the following persons includes interests in shares that would have been held by the Liberty Media 401(k) plan as of June 30, 2014. The shares held by the trustee of the Liberty 401(k) Savings Plan for the benefit of these persons are voted as directed by such persons.

So far as is known to Liberty, the persons indicated below would have sole voting power with respect to the shares estimated to be owned by them, except as otherwise stated in the notes to the table.

<u>Name of Beneficial Owner</u>	<u>Title of Class</u>	<u>Amount and Nature of Beneficial Ownership</u> (In thousands)	<u>Percent of Class (%)</u>	<u>Voting Power (%)</u>
Gregory B. Maffei Chief Executive Officer, President, Chairman of the Board and Director	Series A	912(1)(2)	1.3	*
	Series B	—		
	TRIP	7(3)(4)	*	*
Michael J. Malone Director	Series A	—	—	—
	Series B	—	—	—
	TRIP	—	—	—
Chris Mueller Director	Series A	—	—	—
	Series B	—	—	—
	TRIP	—	—	—
Albert E. Rosenthaler Senior Vice President and Director	Series A	35(1)(2)	*	*
	Series B	—		
	TRIP	—		
John E. Welsh III Director	Series A	—	—	—
	Series B	—	—	—
	TRIP	—	—	—
Richard N. Baer Senior Vice President and General Counsel	Series A	9(2)	*	*
	Series B	—		
	TRIP	—		
Christopher W. Shean Senior Vice President and Chief Financial Officer	Series A	101(1)(2)	*	*
	Series B	—		
	TRIP	5(3)	*	*
All directors and executive officers as a group (7 persons)	Series A	1,057(1)(2)	1.5	1.1
	Series B	—	—	
	TRIP	12(3)(4)	*	*

* Less than one percent

** Less than 1,000 shares

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- (1) Includes shares held in the Liberty Media 401(k) Savings Plan as follows:

	<u>LTRPA</u>
Gregory B. Maffei	576
Christopher W. Shean	857
Albert E. Rosenthaler	<u>1,230</u>
Total	<u><u>2,663</u></u>

- (2) Includes restricted shares of LTRPA, none of which are vested, as follows:

Gregory B. Maffei	147,388
Christopher W. Shean	5,250
Richard N. Baer	9,104
Albert E. Rosenthaler	<u>5,250</u>
Total	<u><u>166,992</u></u>

- (3) Includes 4,094 restricted shares of TRIP held by each of Messrs. Maffei and Shean, none of which has vested.
- (4) Includes 1,938 shares of TRIP held by the Maffei Foundation, and in which Mr. Maffei has no pecuniary interest. Mr. Maffei and his wife, as the two directors of the Maffei Foundation, have shared voting and investment power with respect to any shares held by the Maffei Foundation.

Change of Control

Other than as contemplated by the Spin-Off, we know of no arrangements, including any pledge by any person of its securities, the operation of which may at a subsequent date result in a change in control of our company. For more information about the Spin-Off, please see "The Spin-Off."

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In connection with the Spin-Off, we expect that our board of directors will adopt a formal written policy for the review, approval or ratification of any transactions or arrangements involving related parties. All of our directors, executive officers and employees will be subject to the policy and will be asked to promptly report any such related party transaction. We expect that the formal written policy will provide that, if a director or executive officer has an actual or potential conflict of interest (which includes being a party to a proposed "related party transaction" (as defined by Item 404 of Regulation S-K)), the director or executive officer should promptly inform the person designated by our board to address such actual or potential conflicts. We expect that the formal written policy will also provide that no related party transaction may be effected by our company without the approval of the audit committee of our board or another independent body of our board designated to address such actual or potential conflicts. We also expect that directors will be asked to recuse themselves from any discussion or decision by the board or a board committee that involves or affects their personal, business or professional interests.

Relationships Between TripCo and TripAdvisor

Governance Agreement

Pursuant to a Governance Agreement between Liberty and TripAdvisor (the **Governance Agreement**), which will be assigned to us in connection with the Spin-Off, so long as we beneficially own at least 16,825,982 equity securities of TripAdvisor and the shares we own represent at least 15% of the total equity securities of TripAdvisor, we have the right to nominate up to 20% of the total number of TripAdvisor directors. We also have the right to nominate one director of TripAdvisor so long as we beneficially own at least 11,217,321 equity securities of TripAdvisor and the shares we own represent at least 5% of the total equity securities of TripAdvisor. However, following the December 2012 transaction in TripAdvisor common stock which resulted in Liberty's control of TripAdvisor, we beneficially own 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. As a result, we are effectively able to control the outcome of all matters submitted to a vote or for the consent of TripAdvisor's stockholders (other than with respect to the election by the holders of TripAdvisor common stock of 25% of the members of TripAdvisor's Board of Directors as provided by the terms of TripAdvisor's Certificate of Incorporation and matters as to which Delaware law requires a separate class vote).

In addition, the Governance Agreement provides that, for so long as we own at least 14,956,428 equity securities and the shares we own represent at least 5% of the total equity securities of TripAdvisor (the **Consent Condition**), TripAdvisor may not, without the prior approval of TripCo, engage in any transaction that would result in our company having to divest all or any part of our interests in TripAdvisor or any other material assets, or that would render continued ownership of such interests or assets illegal or would subject our company to any fines, penalties or material additional restrictions or limitations. In addition, for so long as the Consent Condition applies, if TripAdvisor (or any of its subsidiaries) incurs any indebtedness (other than a customary refinancing not to exceed the principal amount of the existing obligation being refinanced) after which TripAdvisor's "total debt ratio" (as defined in the Governance Agreement) equals or exceeds 8:1, then for so long as the total debt ratio continues to equal or exceed 8:1, TripAdvisor may not take any of the following actions without our prior approval:

- (a) acquire or dispose of any assets or business, (b) issue any debt or equity securities, (c) redeem or repurchase any debt or equity securities of TripAdvisor or its subsidiaries, or (d) incur indebtedness, if the aggregate value of such transaction or transactions (alone or in combination) during any six month period equals 10% or more of TripAdvisor's market capitalization at the time of such transaction;

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- voluntarily commence any liquidation, dissolution or winding up of TripAdvisor or any material subsidiary of TripAdvisor;
- make any material amendments to the certificate of incorporation or bylaws of TripAdvisor;
- engage in any line of business other than online and offline travel media and related businesses, or other businesses engaged in by TripAdvisor as of the date of determination of the total debt ratio;
- adopt any stockholder rights plan that would adversely affect TripCo; or
- grant consent rights similar in type and magnitude to those above to a stockholder of TripAdvisor.

The Governance Agreement also entitles our company to certain preemptive rights and registration rights with respect to its shares of TripAdvisor common stock.

Pursuant to the Governance Agreement, in certain cases, TripCo must provide notice to TripAdvisor prior to taking certain actions: (1) prior to entering into any Hedging Transaction (as defined in the Governance Agreement) with respect to more than 4.9% of the outstanding shares of common stock and class B common stock of TripAdvisor, TripCo shall give prior written notice to the Chief Financial Officer of TripAdvisor between one and ten business days prior to such transaction and (2) prior to a Transfer (as defined in the Governance Agreement) of any shares of TripAdvisor class B common stock to anyone other than a subsidiary of TripCo, TripCo must provide prior written notice to the board of directors of TripAdvisor.

The foregoing summary of the Governance Agreement between Liberty and TripAdvisor, which will be assigned to us in connection with the Spin-Off, is qualified by reference to the full text of the Governance Agreement, which will be filed as an exhibit to the Registration Statement on Form S-1 of which this prospectus forms a part.

Relationships Between TripCo and Liberty and/or Liberty Media

Following the Spin-Off, Liberty and TripCo will operate independently, and neither will have any ownership interest in the other. In order to govern certain of the ongoing relationships between Liberty and/or Liberty Media (or their respective subsidiaries), on the one hand, and TripCo, on the other hand, after the Spin-Off and to provide mechanisms for an orderly transition, Liberty and/or Liberty Media (or their respective subsidiaries), on the one hand, and TripCo, on the other hand, are entering into certain agreements, the terms of which are summarized below.

In addition to the agreements described below, Liberty and/or Liberty Media may enter into, from time to time, agreements and arrangements with TripCo and certain of its related entities, in connection with, and in the ordinary course of, its business.

Reorganization Agreement

Prior to the effective time of the Spin-Off, TripCo will enter into a reorganization agreement with Liberty (**the reorganization agreement**) to provide for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Spin-Off, certain conditions to the Spin-Off and provisions governing the relationship between TripCo and Liberty with respect to and resulting from the Spin-Off.

The reorganization agreement will provide that, prior to the distribution date, Liberty will transfer to TripCo, or cause its other subsidiaries to transfer to TripCo, directly or indirectly, the TripCo Assets and Liabilities (other than the Margin Loan, which a subsidiary of TripCo will incur directly). The reorganization agreement will also provide for mutual indemnification obligations, which are designed to make TripCo financially responsible for substantially all of the liabilities that may exist relating to

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the businesses included in TripCo at the time of the Spin-Off together with certain other specified liabilities, as well as for all liabilities incurred by TripCo after the Spin-Off, and to make Liberty financially responsible for all potential liabilities of TripCo which are not related to TripCo's businesses, including, for example, any liabilities arising as a result of TripCo having been a subsidiary of Liberty, together with certain other specified liabilities. These indemnification obligations exclude any matters relating to taxes. For a description of the allocation of tax-related obligations, please see "—Tax Sharing Agreement" below.

In addition, the reorganization agreement will provide for each of TripCo and Liberty to preserve the confidentiality of all confidential or proprietary information of the other party for five years following the Spin-Off, subject to customary exceptions, including disclosures required by law, court order or government regulation.

The reorganization agreement may be terminated and the Spin-Off may be abandoned, at any time prior to the distribution date, by and in the sole discretion of the Liberty board of directors. In such event, Liberty will have no liability to any person under the reorganization agreement or any obligation to effect the Spin-Off.

This summary is qualified by reference to the full text of the reorganization agreement, a form of which is filed as an exhibit to the Registration Statement on Form S-1 of which this prospectus forms a part, and is hereby incorporated by reference herein.

Tax Sharing Agreement

Prior to the effective time of the Spin-Off, TripCo will enter into a tax sharing agreement with Liberty that governs Liberty's and TripCo's respective rights, responsibilities and obligations with respect to taxes and tax benefits, the filing of tax returns, the control of audits and other tax matters.

References in this summary (i) to the terms "tax" or "taxes" mean U.S. federal, state, local and foreign taxes as well as any interest, penalties, additions to tax or additional amounts in respect of such taxes, (ii) to the term "Tax-related losses" refer to losses arising from the failure of the Spin-Off and related restructuring transactions to be tax-free, and (iii) to the term "compensatory equity interests" refer to options, stock appreciation rights, restricted stock, stock units or other rights with respect to Liberty stock or TripCo stock that are granted on or prior to the Spin-Off date by Liberty, TripCo or any of their respective subsidiaries in connection with employee, independent contractor or director compensation or other employee benefits. In addition, references to the "TripCo group" mean, with respect to any tax year (or portion thereof) ending at or before the effective time of the Spin-Off, TripCo and each of its subsidiaries at the effective time of the Spin-Off, and with respect to any tax year (or portion thereof) beginning after the effective time of the Spin-Off, TripCo and its subsidiaries during such tax year (or portion thereof); and references to the "Liberty group" mean, with respect to any tax year (or portion thereof), Liberty and its subsidiaries, other than any person that is a member of the TripCo group, during such tax year (or portion thereof).

TripCo and certain of Liberty's eligible subsidiaries that will be contributed to TripCo currently join with Liberty in the filing of a consolidated return for U.S. federal income tax purposes and also join with Liberty in the filing of certain consolidated, combined, and unitary returns for state, local, and foreign tax purposes. However, generally for tax periods beginning after the Spin-Off, TripCo and the members of the TripCo group will not join with Liberty in the filing of federal, state, local or foreign consolidated, combined or unitary tax returns.

Under the tax sharing agreement, except as described below, (i) Liberty will be allocated all taxes attributable to the members of the Liberty group, and all taxes attributable to the members of the TripCo group for a pre-Spin-Off period, that are reported on any consolidated, combined or unitary tax return that includes one or more members of the Liberty group and one or more members of the TripCo group, and (ii) each of Liberty and TripCo will be allocated all taxes attributable to the

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members of its respective group that are reported on any tax return (including any consolidated, combined or unitary tax return) that includes only the members of its respective group. Special rules apply, however, as follows:

- Liberty will be allocated any taxes and Tax-related losses that result from the Spin-Off and related restructuring transactions, except that TripCo will be allocated any such taxes or Tax-related losses that (i) result primarily from, individually or in the aggregate, a breach by TripCo of any of its covenants relating to the Spin-Off and related restructuring transactions as described below, or (ii) result from Section 355(e) of the Code applying to the Spin-Off as a result of the Spin-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest in the stock of TripCo; and
- Liberty and TripCo will each be allocated 50 percent of any transfer taxes arising from the Spin-Off and related restructuring transactions.

Liberty will be responsible for preparing and filing all tax returns which include one or more members of the Liberty group and one or more members of the TripCo group. In addition to the foregoing, each of Liberty and TripCo will be responsible for preparing and filing any tax returns that include only members of its respective group. On any tax return that TripCo is responsible for filing, TripCo and the members of the TripCo group will be required to allocate tax items between any tax returns for which TripCo is responsible and any related tax return for which Liberty is responsible that are filed with respect to the same tax year in a manner that is consistent with the reporting of such tax items on the tax return prepared by Liberty. All tax returns will be required to be filed by the parties in a manner consistent with the Ruling and tax opinion obtained in connection with the Spin-Off. Further, under the tax sharing agreement, amended tax returns with respect to the TripCo group may only be filed by the party responsible for filing the original tax return and the consent of Liberty will be required with respect to the filing of any amended tax return by TripCo that is likely to increase the taxes or indemnity obligations of Liberty by more than a *de minimis* amount (unless TripCo otherwise agrees to pay such incremental taxes or obligations).

To the extent permitted by applicable law, income tax deductions with respect to the issuance, exercise, vesting or settlement after the date of the Spin-Off of any compensatory equity interests will be required to be claimed: (i) in the case of any active officer or employee, solely by the group that employs such person at the time of such issuance, exercise, vesting or settlement (as applicable), (ii) in the case of any former officer or employee, solely by the group that was the last to employ such person, and (iii) in the case of a director or former director (who is not an officer or employee or former officer or employee), solely by the Liberty group if such person was, at any time before or after the Spin-Off, a director of any member of the Liberty group, and in any other case, solely by the TripCo group. For purposes of the foregoing, except with respect to any officer or employee on the payroll of BuySeasons during any tax year (or portion thereof) who will exclusively be considered to be an employee of TripCo (or any member of the TripCo group) for such tax year (or portion thereof), an officer or employee of Liberty or a member of its group during any tax year (or portion thereof) shall exclusively be considered to be employed by Liberty or the applicable member of its group during such tax year (or portion thereof). The party whose group is allocated the foregoing income tax deductions (the **employing party**) will be required to satisfy all applicable tax reporting obligations and satisfy all liabilities for taxes imposed in connection with such compensatory equity interests; however, if the corporation that is the issuer or the obligor under the applicable compensatory equity interest is a member of a different group than the employing party, such issuing corporation will be required to remit to the employing party the amount required to be withheld in respect of any withholding taxes upon settlement of such compensatory equity interest.

Generally, each of Liberty and TripCo will be entitled to any refunds, credits, or offsets relating to taxes allocated to and paid by its respective group under the tax sharing agreement. If TripCo requests in writing that Liberty obtain a refund, credit or offset of taxes with respect to the carryback of any tax

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attribute of TripCo or the members of its group to a pre-Spin-Off tax period, Liberty will be required to take reasonable measures to obtain a refund, credit or offset of taxes with respect to such carryback; however, TripCo will only be entitled to such refund, credit or offset of taxes attributable (on a last dollar basis) to such carryback, and such amount will be net of any out-of-pocket costs, expenses, or increase in taxes incurred by Liberty with respect to the receipt or accrual thereof.

Each of Liberty and TripCo will generally have the authority to respond to and control all tax proceedings, including tax audits, involving any taxes reported on tax returns for which it is responsible for preparing and filing, and the other company will have the right to participate, at its own cost and expense, in such tax proceedings to the extent such proceedings could result in a tax liability for which such other company may be liable under the tax sharing agreement. Notwithstanding the foregoing, Liberty and TripCo will have the authority to jointly control all proceedings, including tax proceedings, involving any taxes or Tax-related losses arising from the Spin-Off or related restructuring transactions. The tax sharing agreement will further provide for the exchange of information for tax matters (and confidentiality protections related to such exchanged information), the retention of records that may affect the tax liabilities of the parties to the agreement, and cooperation between Liberty and TripCo with respect to tax matters and in obtaining any supplemental private letter ruling from the IRS related to the Spin-Off that may be reasonably requested by a party.

To the extent permitted by applicable tax law, TripCo and Liberty will treat any payments made under the tax sharing agreement as a capital contribution or distribution (as applicable) immediately prior to the Spin-Off. However, if any indemnity payment causes, directly or indirectly, an increase in the taxable income of the recipient (or its group), the payor's payment obligation must be grossed up to take into account the taxes owed by the recipient (or its group). Payments that are not made within the time period prescribed by the tax sharing agreement will bear interest until they are made.

Finally, each of Liberty and TripCo will be restricted by certain covenants related to the Spin-Off and related restructuring transactions. These restrictive covenants will require that neither Liberty, TripCo nor any member of their respective groups take, or fail to take, any action following the Spin-Off if such action, or failure to act:

- would be inconsistent with or prohibit certain restructuring transactions related to the Spin-Off from qualifying for tax-free treatment for U.S. federal income tax purposes to Liberty and its subsidiaries;
- would be inconsistent with or prohibit the Spin-Off from qualifying as a tax-free transaction under Sections 355, 368(a) and 361 of the Code to Liberty, its subsidiaries and the holders of Liberty Ventures common stock; or
- would be inconsistent with, or otherwise cause any person to be in breach of, any representation, covenant, or material statement made in connection with the Ruling (or any supplemental private letter ruling) obtained from the IRS or tax opinion delivered to Liberty relating to the qualification of the Spin-Off as a tax-free transaction described under Sections 355 and 368(a) of the Code.

Further, each party will be restricted from taking any position for tax purposes that is inconsistent with the Ruling or tax opinion obtained in connection with the Spin-Off.

The parties must indemnify each other for taxes and losses allocated to them under the tax sharing agreement and for taxes and losses arising from a breach by them of their respective covenants and obligations under the tax sharing agreement.

Notwithstanding the tax sharing agreement, under U.S. Treasury Regulations, each member of a consolidated group is severally liable for the U.S. federal income tax liability of each other member of the consolidated group. Accordingly, with respect to periods prior to the Spin-Off in which TripCo (or its subsidiaries) have been included in Liberty's consolidated group or another company's consolidated

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group, TripCo (or its subsidiaries) could be liable to the U.S. government for any U.S. federal income tax liability incurred, but not discharged, by any other member of such consolidated group. However, if any such liability were imposed, TripCo would generally be entitled to be indemnified by Liberty for tax liabilities allocated to Liberty under the tax sharing agreement.

This summary is qualified by reference to the full text of the tax sharing agreement, a form of which is filed as an exhibit to the Registration Statement on Form S-1 of which this prospectus forms a part.

Services Agreement

Liberty is currently a party to a services agreement with Liberty Media under which Liberty Media provides Liberty with certain specified services. Similarly, in connection with the Spin-Off, TripCo will enter into a services agreement with Liberty Media (the **services agreement**), pursuant to which, following the Spin-Off, Liberty Media will provide TripCo with specified services, including:

- insurance administration and risk management services;
- other services typically performed by Liberty Media's legal, investor relations, tax, accounting, and internal audit departments; and
- such other services as Liberty Media may obtain from its officers, employees and consultants in the management of its own operations that TripCo may from time to time request or require.

In addition, Liberty Media will provide to TripCo certain technical and information technology services, including management information systems, computer, data storage, network and telecommunications services.

TripCo will pay Liberty Media an agreed-upon services fee under the services agreement. TripCo will also reimburse Liberty Media for direct out-of-pocket costs incurred by Liberty Media for third party services provided to TripCo. Liberty Media and TripCo will evaluate all charges for reasonableness semi-annually and make adjustments to these charges as the parties mutually agree upon. The fees payable to Liberty Media for the first year of the services agreement are not expected to exceed approximately \$3.5 million.

The services agreement will continue in effect until the close of business on the third anniversary of the Spin-Off, unless earlier terminated (1) by TripCo at any time on at least 30 days' prior written notice, (2) by Liberty Media upon written notice to TripCo following a change in control or certain bankruptcy or insolvency-related events affecting TripCo or (3) by TripCo, upon written notice to Liberty Media, following certain changes in control of Liberty Media or Liberty Media being the subject of certain bankruptcy or insolvency-related events.

This summary is qualified by reference to the full text of the services agreement, a form of which is filed as an exhibit to the Registration Statement on Form S-1 of which this prospectus forms a part.

Facilities Sharing Agreement

In connection with the Spin-Off, TripCo will enter into a three-year facilities sharing agreement (the **facilities sharing agreement**) with Liberty Property Holdings, Inc. (**LPH**), a wholly-owned subsidiary of Liberty Media, pursuant to which, following the Spin-Off, TripCo will share office facilities with Liberty and Liberty Media located at 12300 Liberty Boulevard, Englewood, Colorado. TripCo will pay a sharing fee for use of the office based on a comparable fair market rental rate and an estimate of the usage of the office facilities by or on behalf of TripCo. The facilities sharing agreement will continue in effect until the close of business on the third anniversary of the Spin-Off, unless earlier terminated (1) by TripCo at any time on at least 30 days' prior written notice, (2) by LPH upon written notice to TripCo following a default by TripCo of any of its material obligations under the facilities

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sharing agreement, which default remains unremedied for 30 days after written notice of such default is provided, (3) by TripCo upon written notice to LPH, following certain changes in control of Liberty Media or Liberty Media being the subject of certain bankruptcy or insolvency-related events or (4) by LPH upon written notice to TripCo, following certain changes in control of TripCo or TripCo being the subject of certain bankruptcy or insolvency-related events.

This summary is qualified by reference to the full text of the facilities sharing agreement, a form of which is filed as an exhibit to the Registration Statement on Form S-1 of which this prospectus forms a part.

Liberty Line of Credit

Substantially concurrently with TripSPV's entering into the Margin Loan Agreement, TripCo and Liberty LLC will enter into a Master Promissory Note whereby TripCo may request and Liberty LLC agrees to fund and advance, from time to time, up to \$200,000,000 in aggregate principal amount of loans to TripCo under limited circumstances. For a description of the Liberty Line of Credit, see "Description of Certain Indebtedness—Liberty Line of Credit."

Services Agreement between BuySeasons and Evite

In connection with the Spin-Off, BuySeasons will enter into a services agreement with Evite (the **BuySeasons services agreement**), pursuant to which, following the Spin-Off, BuySeasons will provide Evite with such services as Evite may from time to time request or require.

Evite will pay to BuySeasons an agreed upon services fee under the BuySeasons services agreement. Evite will also reimburse BuySeasons for direct out-of-pocket costs incurred by BuySeasons for third party services provided to Evite. Evite and BuySeasons will evaluate all charges for reasonableness semi-annually and make adjustments to these charges as the parties mutually agree upon. The fees payable to BuySeasons for the first year of the BuySeasons services agreement are expected to be less than \$1 million.

The BuySeasons services agreement will continue in effect until the close of business on the third anniversary of the Spin-Off, unless earlier terminated (1) by BuySeasons at any time on at least 30 days' prior written notice, (2) by Evite upon written notice to BuySeasons following a change in control or certain bankruptcy or insolvency-related events affecting BuySeasons or (3) by BuySeasons, upon written notice to Evite, following certain changes in control of Evite or Evite being the subject of certain bankruptcy or insolvency-related events.

Aircraft Time Sharing Agreements

Prior to the effective time of the Spin-Off, TripCo (**Lessee**) will enter into an aircraft time sharing agreement with Liberty Media or one of its wholly-owned subsidiaries for each of three aircraft owned by Liberty Media. Each aircraft time sharing agreement will provide that Liberty Media will lease the aircraft to Lessee and provide a fully qualified flight crew for all operations on a periodic, non-exclusive time sharing basis. Lessee will pay Liberty Media an amount equal to 200% of the actual expenses for fuel for each flight conducted under each aircraft time sharing agreement (which we estimate will be a de minimus amount for the first year under the aircraft time sharing agreements). The aircraft time sharing agreements will continue in effect until the close of business on the first anniversary of the Spin-Off, and then will be automatically renewed on a month-to-month basis, unless terminated earlier by either party upon at least 30 days' prior written notice.

This summary is qualified by reference to the full text of the aircraft time sharing agreements, forms of which are filed as an exhibit to the Registration Statement on Form S-1 of which this prospectus forms a part.

DESCRIPTION OF OUR CAPITAL STOCK

The following information reflects our certificate of incorporation (our charter) and bylaws as we expect to be in effect at the time of the Spin-Off.

Authorized Capital Stock

Our authorized capital stock will consist of four hundred fifty seven million five hundred thousand (457,500,000) shares, of which four hundred seven million five hundred thousand (407,500,000) shares will be designated common stock, par value \$0.01 per share, and fifty million (50,000,000) shares will be designated preferred stock, par value \$0.01 per share. Our common stock will be divided into three series. We will have two hundred million (200,000,000) shares of Series A common stock, seven million five hundred thousand (7,500,000) shares of Series B common stock, and two hundred million (200,000,000) shares of Series C common stock authorized.

Immediately following the Spin-Off, we expect to have approximately [•] shares of our Series A common stock and approximately [•] shares of our Series B common stock outstanding, based upon the number of shares of LVNTA and LVNTB outstanding on [•]. No shares of our Series C common stock or preferred stock will be outstanding immediately following the Spin-Off.

Our Common Stock

The holders of our Series A common stock, Series B common stock and Series C common stock have equal rights, powers and privileges, except as otherwise described below.

Voting Rights

The holders of our Series A common stock will be entitled to one vote for each share held, and the holders of our Series B common stock will be entitled to ten votes for each share held, on all matters voted on by our stockholders, including elections of directors. The holders of our Series C common stock will not be entitled to any voting powers, except as required by Delaware law. When the vote or consent of holders of our Series C common stock is required by Delaware law, the holders of our Series C common stock will be entitled to 1/100th of a vote for each share held. Our charter does not provide for cumulative voting in the election of directors.

Dividends; Liquidation

Subject to any preferential rights of any outstanding series of our preferred stock created by our board from time to time, the holders of our common stock will be entitled to such dividends as may be declared from time to time by our board from funds available therefor. Except as otherwise described under "—Distributions," whenever a dividend is paid to the holders of one of our series of common stock, we will also pay to the holders of the other series of our common stock an equal per share dividend. For a more complete discussion of our dividend policy, please see "—Dividend Policy."

Conversion

Each share of our Series B common stock is convertible, at the option of the holder, into one share of our Series A common stock. Our Series A common stock and Series C common stock are not convertible into shares of any other series of our common stock.

Distributions

Subject to the exception provided below, distributions made in shares of our Series A common stock, our Series B common stock, our Series C common stock or any other security with respect to

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our Series A common stock, our Series B common stock or our Series C common stock may be declared and paid only as follows:

- a share distribution (1) consisting of shares of our Series C common stock (or securities convertible therefor) to holders of our Series A common stock, Series B common stock and Series C common stock, on an equal per share basis; or (2) consisting of (x) shares of our Series A common stock (or securities convertible therefor other than, for the avoidance of doubt, shares of our Series B common stock) to holders of our Series A common stock, on an equal per share basis, (y) shares of our Series B common stock (or securities convertible therefor) to holders of our Series B common stock, on an equal per share basis, and (z) shares of our Series C common stock (or securities convertible therefor) to holders of our Series C common stock, on an equal per share basis; and
- a share distribution consisting of any class or series of securities of our company or any other person, other than our Series A common stock, Series B common stock or Series C common stock (or securities convertible therefor) on the basis of a distribution of (1) identical securities, on an equal per share basis, to holders of our Series A common stock, Series B common stock and Series C common stock; or (2) separate classes or series of securities, on an equal per share basis, to holders of each such shares of our common stock; or (3) a separate class or series of securities to the holders of one or more series of our common stock and, on an equal per share basis, a different class or series of securities to the holders of all other series of our common stock, provided that, in the case of (2) or (3) above, the securities so distributed do not differ in any respect other than their relative voting rights and related differences in designation, conversion, redemption and share distribution provisions, with the holders of shares of Series B common stock receiving securities of the class or series having the highest relative voting rights and the holders of shares of each other series of our common stock receiving securities of the class or series having lesser relative voting rights, and provided further that, if different classes or series of securities are being distributed to holders of our Series A common stock and Series C common stock, then such securities shall be distributed either as determined by our board of directors or such that the relative voting rights of the securities of the class or series of securities to be received by the holders of our Series A common stock and Series C common stock correspond, to the extent practicable, to the relative voting rights of each such series of our common stock.

Reclassification

We may not reclassify, subdivide or combine any series of our common stock without reclassifying, subdividing or combining the other series of our common stock, on an equal per share basis.

Liquidation and Dissolution

In the event of our liquidation, dissolution or winding up, after payment or provision for payment of our debts and liabilities and subject to the prior payment in full of any preferential amounts to which our preferred stock holders may be entitled, the holders of our Series A common stock, Series B common stock and Series C common stock will share equally, on a share for share basis, in our assets remaining for distribution to the holders of our common stock.

Our Preferred Stock

Our certificate of incorporation authorizes our board of directors to establish one or more series of our preferred stock and to determine, with respect to any series of our preferred stock, the terms and rights of the series, including:

- the designation of the series;

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- the number of authorized shares of the series, which number our board may subsequently increase or decrease but not below the number of such shares of such series preferred stock then outstanding;
- the dividend rate or amounts, if any, payable on the shares and, in the case of cumulative dividends, the date or dates from which dividends on all shares of the series will be cumulative and the relative preferences or rights of priority or participation with respect to such dividends;
- the rights of the series in the event of our voluntary or involuntary liquidation, dissolution or winding up and the relative preferences or rights of priority of payment;
- the rights, if any, of holders of the series to convert into or exchange for other classes or series of stock or indebtedness and the terms and conditions of any such conversion or exchange, including provision for adjustments within the discretion of our board;
- the voting rights, if any, of the holders of the series;
- the terms and conditions, if any, for us to purchase or redeem the shares of the series; and
- any other relative rights, preferences and limitations of the series.

We believe that the ability of our board of directors to issue one or more series of our preferred stock will provide us with flexibility in structuring possible future financings and acquisitions, and in meeting other corporate needs that might arise. The authorized shares of our preferred stock, as well as shares of our common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automatic quotation system on which our securities may be listed or traded.

Although we have no intention at the present time of doing so, our company could issue a series of preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. Our board will make any determination to issue such shares based upon its judgment as to the best interests of our stockholders. Our board, in so acting, could issue preferred stock having terms that could discourage an acquisition attempt through which an acquirer may be able to change the composition of our board of directors, including a tender offer or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of the stock.

Dividend Policy

We presently intend to retain future earnings, if any, to finance the expansion of our business. Therefore, we do not expect to pay any cash dividends in the foreseeable future. All decisions regarding the payment of dividends by our company will be made by our board of directors, from time to time, in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, plans for expansion and possible loan covenants which may restrict or prohibit our payment of dividends.

Other Provisions of our Certificate of Incorporation and Bylaws

Board of Directors

Our charter provides that, subject to any rights of the holders of any series of preferred stock to elect additional directors, the number of our directors will not be less than three and the exact number will be fixed from time to time by a resolution of our board. Upon completion of the Spin-Off, our directors will serve for an initial one-year term. Commencing with the election of directors at the 2015 annual meeting of our stockholders, the members of our board, other than those who may be elected

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by holders of any then-outstanding preferred stock, will be divided into three classes. Each class will consist, as nearly as possible, of a number of directors equal to one-third of the then authorized number of board members. The term of office of our Class I directors expires at the annual meeting of our stockholders in 2016. The term of office of our Class II directors expires at the annual meeting of our stockholders in 2017. The term of office of our Class III directors expires at the annual meeting of our stockholders in 2018. Commencing with the election of directors at the 2016 annual meeting of our stockholders, at each annual meeting of our stockholders, the successors of that class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual meeting of our stockholders held in the third year following the year of their election. The directors of each class will hold office until the expiration of the term of such class and their respective successors are elected and qualified or until such director's earlier death, resignation or removal.

Our charter provides that, subject to the rights of the holders of any series of our preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of at least a majority of the aggregate voting power of our outstanding capital stock entitled to vote on such matter voting together as a single class.

Our charter provides that, subject to the rights of the holders of any series of our preferred stock, vacancies on our board resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on our board, will be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director so elected shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is assigned, and until that director's successor will have been elected and qualified or until such director's earlier death, resignation or removal. No decrease in the number of directors constituting our board will shorten the term of any incumbent director, except as may be provided in any certificate of designation with respect to a series of our preferred stock with respect to any additional director elected by the holders of that series of our preferred stock.

These provisions would preclude a third party from removing incumbent directors and simultaneously gaining control of our board by filling the vacancies created by removal with its own nominees. Under the classified board provisions described above, it would take at least two elections of directors for any individual or group to gain control of our board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of us.

Limitation on Liability and Indemnification

To the fullest extent permitted by Delaware law, our directors are not liable to our company or any of its stockholders for monetary damages for breaches of fiduciary duties as a director. In addition, our company indemnifies, to the fullest extent permitted by applicable law, any person involved in any suit or action by reason of the fact that such person is a director or officer of our company or, at our request, a director, officer, employee or agent of another corporation or entity, against all liability, loss and expenses incurred by such person. We will pay the expenses of a director or officer in defending any proceeding in advance of its final disposition, provided that such payment is made upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to indemnification. See "Indemnification of Directors and Officers."

Corporate Opportunity

Our charter acknowledges that TripCo may have overlapping directors and officers with other entities that compete with our businesses and that TripCo may engage in material business transactions

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with such entities. TripCo has renounced its rights to certain business opportunities and our charter provides that no director or officer of TripCo will breach their fiduciary duty and therefore be liable to TripCo or its stockholders by reason of the fact that any such individual directs a corporate opportunity to another person or entity (including Liberty or Liberty Media) instead of TripCo, or does not refer or communicate information regarding such corporate opportunity to TripCo, unless (x) such opportunity was expressly offered to such person solely in his or her capacity as a director or officer of TripCo or as a director or officer of any of TripCo's subsidiaries, and (y) such opportunity relates to a line of business in which TripCo or any of its subsidiaries is then directly engaged.

No Stockholder Action by Written Consent; Special Meetings

Our charter provides that, except as provided in the terms of any series of preferred stock, any action required to be taken or which may be taken at any annual or special meeting of the stockholders may not be taken without a meeting and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any series of our preferred stock, special meetings of our stockholders for any purpose or purposes may be called only by our Secretary (i) upon the written request of the holders of not less than $66\frac{2}{3}\%$ of the total voting power of the then outstanding shares of our Series A common stock, Series B common stock and, if applicable, our preferred stock, entitled to vote thereon or (ii) at the request of at least 75% of the members of our board of directors then in office.

Advance Notice Procedures

Our bylaws establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders.

All nominations by stockholders or other business to be properly brought before a meeting of stockholders will be made pursuant to timely notice in proper written form to our company's Secretary. To be timely, a stockholder's notice will be given to our company's Secretary at TripCo's offices as follows:

- (1) with respect to an annual meeting of our stockholders that is called for a date within 30 days before or after the anniversary date of the immediately preceding annual meeting of our stockholders, such notice must be given no earlier than the close of business on the 90th day and no later than the close of business on the 60th day prior to the meeting date;
- (2) with respect to an annual meeting of our stockholders that is called for a date not within 30 days before or after the anniversary date of the immediately preceding annual meeting of our stockholders, such notice must be given no later than the close of business on the 10th day following the day on which TripCo first provides notice of or publicly announces the date of the current annual meeting, whichever occurs first; and
- (3) with respect to an election to be held at a special meeting of our stockholders, such notice must be given no earlier than the close of business on the 90th day prior to such special meeting and no later than the close of business on the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the proposed nominees.

The public announcement of an adjournment or postponement of a meeting of our stockholders does not commence a new time period (or extend any time period) for the giving of any such stockholder notice. However, if the number of directors to be elected to our board at any meeting is increased, and we do not make a public announcement naming all of the nominees for director or specifying the size of the increased board at least 100 days prior to the anniversary date of the

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immediately preceding annual meeting, a stockholder's notice will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to our company's Secretary at our offices not later than the close of business on the 10th day following the day on which we first made the relevant public announcement. For purposes of the first annual meeting of stockholders to be held in [2015], the first anniversary date will be deemed to be [•].

Amendments

Our charter provides that, subject to the rights of the holders of any series of our preferred stock, the affirmative vote of the holders of at least $66\frac{2}{3}\%$ of the aggregate voting power of our outstanding capital stock entitled to vote on such matter, voting together as a single class, is required to adopt, amend or repeal any provision of our charter or to add or insert any provision in our charter, *provided* that the foregoing enhanced voting requirement will not apply to any adoption, amendment, repeal, addition or insertion (1) as to which Delaware law does not require the consent of our stockholders or (2) which has been approved by at least 75% of the members of our board then in office. Our charter further provides that the affirmative vote of the holders of at least $66\frac{2}{3}\%$ of the aggregate voting power of our outstanding capital stock entitled to vote on such matter, voting together as a single class, is required to adopt, amend or repeal any provision of our bylaws, provided that the board of directors may adopt, amend or repeal the bylaws by the affirmative vote of not less than 75% of the members of our board then in office.

Supermajority Voting Provisions

In addition to the supermajority voting provisions discussed under "—Amendments" above, our charter provides that, subject to the rights of the holders of any series of our preferred stock, the affirmative vote of the holders of at least $66\frac{2}{3}\%$ of the aggregate voting power of our outstanding capital stock entitled to vote on such matter, voting together as a single class, is required for:

- the merger or consolidation of our company with or into any other corporation, provided, that the foregoing voting provision will not apply to any such merger or consolidation (1) as to which the laws of the State of Delaware, as then in effect, do not require the consent of our stockholders, or (2) that at least 75% of the members of our board of directors then in office have approved;
- the sale, lease or exchange of all, or substantially all, of our assets, provided, that the foregoing voting provisions will not apply to any such sale, lease or exchange that at least 75% of the members of our board of directors then in office have approved; or
- our dissolution, provided, that the foregoing voting provision will not apply to such dissolution if at least 75% of the members of our board of directors then in office have approved such dissolution.

Section 203 of the Delaware General Corporation Law

Section 203 of the Delaware General Corporation Law (**DGCL**) prohibits certain transactions between a Delaware corporation and an "interested stockholder." An "interested stockholder" for this purpose generally is a stockholder who is directly or indirectly a beneficial owner of 15% or more of the outstanding voting power of a Delaware corporation. This provision prohibits certain business combinations between an interested stockholder including certain related persons and a corporation for a period of three years after the date on which the stockholder became an interested stockholder, unless: (1) prior to the time that a stockholder became an interested stockholder, either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by the corporation's board of directors, (2) the interested stockholder acquired at least 85% of the voting power of the corporation in the transaction in which the stockholder became an interested

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stockholder, or (3) the business combination is approved by a majority of the board of directors and the affirmative vote of the holders of 66²/3% of the outstanding voting power of the shares not owned by the interested stockholder at or subsequent to the time that the stockholder became an interested stockholder. TripCo is subject to Section 203.

Transfer Agent and Registrar

Computershare Trust Company, N.A. will be the transfer agent and registrar for our common stock:

Computershare Trust Company, N.A.
250 Royall Street
Canton, MA 02121

LEGAL MATTERS

Legal matters relating to the validity of the securities to be issued in the Spin-Off will be passed upon by Baker Botts L.L.P. Legal matters relating to the material U.S. federal income tax consequences of the Spin-Off will be passed upon by Baker Botts L.L.P.

EXPERTS

The combined financial statements of Liberty TripAdvisor Holdings, Inc. as of December 31, 2013 and 2012, and for each of the years in the three-year period ended December 31, 2013, have been included herein and in Amendment No. 2 to the Registration Statement on Form S-1/A in reliance upon the reports of KPMG LLP, independent registered public accounting firm, and Ernst & Young LLP, independent registered public accounting firm, appearing elsewhere herein, and upon authority of such firms as experts in accounting and auditing.

The consolidated financial statements of TripAdvisor, Inc. at December 31, 2013 and 2012, and for each of the three years in the period ended December 31, 2013, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of Liberty's board of directors has selected KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2014.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement on Form S-1 with the SEC under the Securities Act with respect to the shares of our common stock being distributed in the Spin-Off as contemplated by this prospectus. This prospectus is a part of, and does not contain all of the information set forth in, the Registration Statement and the exhibits and schedules to the Registration Statement. For further information with respect to our company and our common stock, please refer to the Registration Statement, including its exhibits and schedules. Statements made in this prospectus relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the Registration Statement for copies of the actual contract or document.

Upon the effectiveness of the Registration Statement on Form S-1, of which this prospectus forms a part, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC. You may read and copy any document that TripCo files with the SEC, including the Registration Statement on Form S-1, including its exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. You may also inspect such filings on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this prospectus is not incorporated by reference in this prospectus.

You may request a copy of any of our filings with the SEC at no cost, by writing or telephoning the office of:

Investor Relations
Liberty TripAdvisor Holdings, Inc.
12300 Liberty Blvd.
Englewood, Colorado 80112
Telephone: (720) 875-5200

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent public accounting firm.

For additional information regarding Liberty and its subsidiaries, you may read and copy Liberty's periodic reports, proxy statements and other information publicly filed by Liberty at the SEC's Public Reference Room or on the SEC's website, and you may contact Liberty at the contact information set forth therein.

You may request a copy of any of Liberty's filings with the SEC at no cost, by writing or telephoning the office of:

Investor Relations
Liberty Interactive Corporation
12300 Liberty Blvd.
Englewood, Colorado 80112
Telephone: (720) 875-5408

Before the Spin-Off, if you have questions relating to the Spin-Off, you should contact the office of Investor Relations of Liberty at the address and telephone number above.

Pursuant to a services agreement to be entered into between our company and Liberty Media, Liberty Media will provide TripCo with investor relations assistance for a period following the Spin-Off.

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Accordingly, if you have questions relating to TripCo following the Spin-Off, you should contact the office of Investor Relations of Liberty Media at the following address and telephone number:

Investor Relations
Liberty Media Corporation
12300 Liberty Blvd.
Englewood, Colorado 80112
Telephone: (877) 772-1518

You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this prospectus.

This prospectus includes information concerning TripAdvisor, which is a public company and files reports and other information with the SEC in accordance with the requirements of the Securities Act and the Exchange Act. Information included in this prospectus concerning TripAdvisor has been derived from the reports and other information filed by it with the SEC. Those reports and such other information filed by TripAdvisor with the SEC are not incorporated by reference in this prospectus. You may read and copy any reports and other information filed by these companies as set forth above.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Interactive Corporation:

We have audited the accompanying combined balance sheets of Liberty TripAdvisor Holdings, Inc. (the Company) (as defined in note 1) as of December 31, 2013 and 2012, and the related combined statements of operations, comprehensive earnings (loss), cash flows, and equity for each of years in the three-year period ended December 31, 2013. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of TripAdvisor, Inc., an equity method investment for the period from December 20, 2011 to December 10, 2012 and a combined company for the period from December 11, 2012 to December 31, 2013, which statements reflect total assets constituting 21 percent and 18 percent and total revenues constituting 91 percent and 22 percent in 2013 and 2012, respectively, of the related combined totals. The Company's equity in earnings of TripAdvisor, Inc. included \$41,146,000 in 2012 and \$619,000 in 2011 that we did not audit. The financial statements of TripAdvisor, Inc. were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TripAdvisor, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Liberty TripAdvisor Holdings, Inc. as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
May 5, 2014

LIBERTY TRIPADVISOR HOLDINGS, INC.

Combined Balance Sheets

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
	(amounts in millions)	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 354	369
Trade and other receivables, net of allowance for doubtful accounts of \$4 million and zero, respectively	106	85
Receivable from Expedia Inc., net	16	24
Inventory, net	12	27
Short term marketable securities	131	119
Deferred income tax assets (note 8)	6	8
Other current assets	18	14
Total current assets	<u>643</u>	<u>646</u>
Investments in available-for-sale securities	188	99
Property and equipment, at cost	55	27
Accumulated depreciation	<u>(16)</u>	<u>(6)</u>
	39	21
Intangible assets not subject to amortization (note 6):		
Goodwill	3,460	3,429
Trademarks	<u>1,832</u>	<u>1,838</u>
	5,292	5,267
Intangible assets subject to amortization, net (note 6)		
	908	1,158
Other assets, at cost, net of accumulated amortization	19	14
Total assets	<u>\$ 7,089</u>	<u>7,205</u>
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 42	28
Accrued liabilities	94	70
Related party notes payable (note 11)	30	7
Current portion of debt (note 7)	69	72
Deferred revenue	47	32
Other current liabilities	29	1
Total current liabilities	<u>311</u>	<u>210</u>
Long-term debt (note 7)	300	343
Deferred income tax liabilities (note 8)	853	972
Other liabilities	44	61
Total liabilities	<u>1,508</u>	<u>1,586</u>
<i>Equity:</i>		
Parent's investment	226	289
Accumulated other comprehensive earnings, net of taxes	—	1
Retained earnings (accumulated deficit)	982	989
Total parent's investment	<u>1,208</u>	<u>1,279</u>
Noncontrolling interests in equity of combined companies	4,373	4,340
Total equity	<u>5,581</u>	<u>5,619</u>
Commitments and contingencies (note 12)		
Total liabilities and equity	<u>\$ 7,089</u>	<u>7,205</u>

See accompanying notes to combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Combined Statements of Operations

Years Ended December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
	(amounts in millions, except per share amounts)		
Service and other revenue	\$ 728	28	—
Revenue from Expedia	217	8	—
Net retail sales	<u>89</u>	<u>129</u>	<u>155</u>
Total net sales	<u>1,034</u>	<u>165</u>	<u>155</u>
Operating costs and expenses:			
Cost of goods sold (exclusive of depreciation shown separately below)	87	89	96
Operating expense, including stock-based compensation (note 2)	150	21	14
Selling, general and administrative, including stock-based compensation (note 2)	496	54	42
Depreciation and amortization	315	16	3
Impairment of intangible assets	<u>3</u>	<u>39</u>	<u>—</u>
	<u>1,051</u>	<u>219</u>	<u>155</u>
Operating income (loss)	(17)	(54)	—
Other income (expense):			
Interest expense, including related party	(12)	(1)	—
Share of earnings (losses) of affiliates, net (note 4)	—	38	1
Gains (losses) on transactions, net (note 4)	(1)	1,088	—
Other, net	<u>2</u>	<u>33</u>	<u>—</u>
	<u>(11)</u>	<u>1,158</u>	<u>1</u>
Earnings (loss) before income taxes	(28)	1,104	1
Income tax (expense) benefit (note 8)	<u>55</u>	<u>(124)</u>	<u>11</u>
Net earnings (loss)	27	980	12
Less earnings (loss) attributable to noncontrolling interests	34	(3)	—
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	<u>\$ (7)</u>	<u>983</u>	<u>12</u>
Unaudited Pro Forma basic net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 2)	\$ (0.10)	13.35	0.16

See accompanying notes to combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.**Combined Statements of Comprehensive Earnings (Loss)****Years ended December 31, 2013, 2012 and 2011**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
	<u>(amounts in millions)</u>		
Net earnings (loss)	\$ 27	980	12
Other comprehensive earnings (loss), net of taxes:			
Foreign currency transaction adjustments	(4)	3	—
Other comprehensive earnings (loss)	(4)	3	—
Comprehensive earnings (loss)	23	983	12
Less comprehensive earnings (loss) attributable to the noncontrolling interests	31	(1)	—
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	<u>\$ (8)</u>	<u>984</u>	<u>12</u>

See accompanying notes to combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Combined Statements of Cash Flows

Years ended December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
	(amounts in millions)		
	(see note 3)		
Cash flows from operating activities:			
Net earnings (loss)	\$ 27	980	12
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	315	16	3
Stock-based compensation	60	—	—
Excess tax benefit from stock-based compensation	(8)	(2)	—
Share of (earnings) losses of affiliates, net	—	(38)	(1)
(Gains) losses on transactions, net	1	(1,088)	—
Impairment of intangible assets	3	39	—
Deferred income tax expense (benefit)	(117)	75	(11)
Other noncash charges (credits), net	1	(32)	—
Changes in operating assets and liabilities			
Current and other assets	3	8	2
Payables and other liabilities	51	23	6
Net cash provided (used) by operating activities	<u>336</u>	<u>(19)</u>	<u>11</u>
Cash flows from investing activities:			
Cash proceeds from dispositions	—	338	—
Cash paid for acquisitions, net of cash acquired	(35)	111	—
Capital expended for property and equipment	(60)	(6)	(6)
Purchases of short term investments and other marketable securities	(432)	(18)	—
Sales and maturities of short term investments and other marketable securities	325	—	—
Other investing activities, net	(3)	—	—
Net cash provided (used) by investing activities	<u>(205)</u>	<u>425</u>	<u>(6)</u>
Cash flows from financing activities:			
Borrowings of debt	43	10	7
Repayments of debt	(66)	(12)	(13)
Contribution from or (distribution to) parent	—	(38)	—
Shares issued by TripAdvisor	27	—	—
Shares repurchased by TripAdvisor	(145)	—	—
Minimum withholding taxes on stock-based compensation	(14)	—	—
Excess tax benefit from stock-based compensation	8	2	—
Net cash provided (used) by financing activities	<u>(147)</u>	<u>(38)</u>	<u>(6)</u>
Effect of foreign currency exchange rates on cash			
Net increase (decrease) in cash and cash equivalents	(15)	368	(1)
Cash and cash equivalents at beginning of period	369	1	2
Cash and cash equivalents at end of period	<u>\$ 354</u>	<u>369</u>	<u>1</u>

See accompanying notes to combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Combined Statement of Equity

Years ended December 31, 2013, 2012 and 2011

	Parent's investment	Accumulated other comprehensive earnings	Retained earnings	Noncontrolling interest in equity of combined companies	Total equity
	(amounts in millions)				
Balance at January 1 2011	\$ 73	—	(7)	—	66
Net earnings (loss)	—	—	12	—	12
Liberty's contribution of TripAdvisor	251	—	—	—	251
Other	(1)	—	1	—	—
Balance at December 31, 2011	323	—	6	—	329
Net earnings (loss)	—	—	983	(3)	980
Other comprehensive earnings (loss)	—	1	—	2	3
Noncontrolling interest recognized with acquisition of controlling interest in TripAdvisor	—	—	—	4,341	4,341
Contributions from (distributions to) parent, net	(38)	—	—	—	(38)
Other, net	4	—	—	—	4
Balance at December 31, 2012	289	1	989	4,340	5,619
Net earnings (loss)	—	—	(7)	34	27
Other comprehensive earnings (loss)	—	(1)	—	(3)	(4)
Stock compensation	15	—	—	49	64
Shares issued by TripAdvisor	(7)	—	—	34	27
Shares repurchased by TripAdvisor	(63)	—	—	(82)	(145)
Other, net	(8)	—	—	1	(7)
Balance at December 31, 2013	\$ 226	—	982	4,373	5,581

See accompanying notes to combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements

(1) Basis of Presentation

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries ("Liberty," formerly known as Liberty Media Corporation) authorized a plan to distribute to the stockholders of Liberty shares of a wholly-owned subsidiary, Liberty TripAdvisor Holdings, Inc. ("TripCo" as discussed below), which will hold the subsidiaries TripAdvisor, Inc. ("TripAdvisor") and BuySeasons, Inc. which includes the retail businesses BuyCostumes.com and Celebrate Express ("BuySeasons") (the "Trip Spin-Off"), both of which operate as standalone operating entities. The transaction will be effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The Trip Spin-Off is intended to be tax-free and is expected to be accounted for at historical cost due to the pro rata nature of the distribution to shareholders of Liberty Ventures common stock.

The accompanying combined financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and represent a combination of the historical financial information of TripAdvisor, an equity method affiliate from December 20, 2011 through December 11, 2012 and a combined company since December 11, 2012 (see note 4 for a more detailed discussion of transactions related to TripAdvisor) and BuySeasons. These financial statements refer to the combination of TripAdvisor and BuySeasons as "TripCo," "the Company," "us," "we" and "our" in the notes to the combined financial statements. All significant intercompany accounts and transactions have been eliminated in the combined financial statements.

Description of Business

TripAdvisor is an online travel company, empowering users to plan and maximize their travel experience. TripAdvisor's travel research platform aggregates reviews and opinions of members about destinations, accommodations (hotels, bed and breakfasts, specialty lodging and vacation rentals), restaurants and activities throughout the world through the flagship TripAdvisor brand. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 33 other countries, including in China under the brand daodao.com. Beyond travel-related content, TripAdvisor websites also include links to the websites of its travel advertisers allowing travelers to directly book their travel arrangements. In addition to the flagship TripAdvisor brand, TripAdvisor manages and operates 20 other travel brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector. Substantially all of TripAdvisor's revenue is derived from advertising, primarily through click-based advertising and display-based advertising sales. In addition, TripAdvisor earns revenue through a combination of subscription-based offerings from Business Listings and Vacation Rental products, transaction revenue from selling room nights on transactional sites Jetsetter and Tingo, and other revenue including licensing TripAdvisor content to third-parties.

Founded in 1999 as an internet specialty retailer, BuySeasons is an online retailer and supplier of costumes, accessories, seasonal décor, and party supplies. BuySeasons is dedicated to offering a large selection at affordable prices through its brands BuyCostumes.com and Celebrate Express. BuyCostumes.com is a leading costume and party retailer on the web. BuySeasons acquired the family friendly retailer, Celebrate Express, in 2008. BuySeasons also operates a private-label drop ship program for other Internet retailers.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(1) Basis of Presentation (Continued)

Spin-Off of TripCo from Liberty Interactive Corporation

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

The reorganization agreement will provide for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Trip Spin-Off, certain conditions to the Trip Spin-Off and provisions governing the relationship between TripCo and Liberty with respect to and resulting from the Trip Spin-Off. The tax sharing agreement will provide for the allocation and indemnification of tax liabilities and benefits between Liberty and TripCo and other agreements related to tax matters. Pursuant to the services agreement, Liberty Media will provide TripCo with general and administrative services including legal, tax, accounting, treasury and investor relations support. TripCo will reimburse Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and TripCo will pay a services fee to Liberty Media under the services agreement that will be negotiated semi-annually. Liberty Media and TripCo will evaluate all charges for reasonableness semi-annually and make adjustments to these charges as the parties mutually agree upon. Under the facilities sharing agreement, TripCo will share office space with Liberty and Liberty Media and related amenities at Liberty Media's corporate headquarters.

(2) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash consists of cash deposits held in global financial institutions. Cash equivalents consist of highly liquid investments with maturities of three months or less at the time of acquisition.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are generally due within 30 days and are recorded net of an allowance for doubtful accounts. Such allowance aggregated \$4 million and \$3 million at December 31, 2013 and 2012, respectively. For accounts outstanding longer than the contractual payment terms, the Company determines an allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, a specific customer's ability to pay its obligations to us, and the condition of the general economy and industry as a whole.

Inventory

Inventory, which consists of party and costume merchandise held for sale, is stated at the lower of cost or market, determined on a first-in, first-out method. Inventory is stated net of valuation adjustments and inventory obsolescence reserves, equal to the difference between the cost of inventory and the estimated market value, of approximately \$2 million and \$4 million as of December 31, 2013 and 2012, respectively. The Company recorded a \$3 million reduction in the value of inventory during each of the years ended 2013 and 2012 and due to the amount of aged inventory on-hand. This charge

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (Continued)

is included in cost of goods sold in the statement of operations. Additionally, the Company reversed approximately \$5 million of previously recorded inventory reserve during 2013 as a result of reserved inventory sold during the year.

Investments

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

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

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

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

The Company continually reviews its AFS securities to determine whether a decline in fair value below the carrying value is other than temporary. The primary factors considered in this determination are the length of time that the fair value of the investment is below the carrying value, the severity of the decline, the financial condition of the issuer, and any changes thereto, and our intent to sell, or whether it is more likely than not we will be required to sell the investment before the recovery of the investment's cost basis. The Company's assessment of the foregoing factors involves considerable management judgment and accordingly, actual results may differ materially from the Company's estimates and judgments. Writedowns for AFS securities would be included in the combined statements of operations as other than temporary declines in fair values of investments. We did not recognize any impairment charges during the years ended December 31, 2013, 2012 and 2011.

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Combined Financial Statements (Continued)****(2) Summary of Significant Accounting Policies (Continued)*****Property and Equipment***

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

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Furniture and other equipment	\$ 10	23
Computer equipment	26	3
Leasehold improvements	13	1
Construction in progress	6	—
Total property and equipment	<u>\$ 55</u>	<u>27</u>

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment, equipment and furniture and other equipment. Leasehold improvements are depreciated using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

Leases

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

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

Goodwill and Other Intangible Assets

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Certain costs incurred during the application development stage related to the development of websites and internal use software are capitalized and included in other intangibles. Capitalized costs include internal and external costs, if direct and incremental, and deemed by management to be significant. Costs related to the planning and post-implementation phases of software and website development are expensed as these costs are incurred. Maintenance and enhancement costs (including those costs in the post-implementation stages) are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the website or software resulting in added functionality, in which case the costs are capitalized.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (Continued)

The Company performs at least annually an impairment analysis of goodwill and other indefinite-lived intangible assets. Effective January 1, 2011, the Company adopted the accounting guidance relating to the annual assessments of recoverability of goodwill and other indefinite-lived intangible assets and utilized a qualitative assessment for determining whether step one of the quantitative impairment analysis was necessary. The accounting guidance adopted was issued to simplify how entities test goodwill and other indefinite-lived intangible assets for impairment by permitting entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step impairment test. In evaluating goodwill and other indefinite-lived intangible assets on a qualitative basis, the Company reviewed the business performance of each reporting unit and evaluated other relevant factors as identified in the relevant accounting guidance to determine whether it was more likely than not that an indicated impairment existed for goodwill for any of our reporting units or for indefinite-lived intangible assets. The Company considered whether there were any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods.

If a step one test is considered necessary based on the qualitative factors, the Company compares the estimated fair value of a reporting unit to its carrying value. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in Liberty's valuation analysis are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts. For those reporting units whose carrying value exceeds the fair value, a second test is required to measure the impairment loss (the "Step 2 Test"). In the Step 2 Test, the fair value (Level 3) of the reporting unit is allocated to all of the assets and liabilities of the reporting unit with any residual value being allocated to goodwill. Any excess of the carrying value of the goodwill over this allocated amount is recorded as an impairment charge. In the event that the fair value of the Company's indefinite-lived intangible assets is less than their carrying value, the assets are written down to fair value. See note 6 for discussion of goodwill impairment for the year ended December 31, 2012.

Impairment of Intangible Assets with Definite Lives and Long-Lived Assets

Intangible assets with definite lives and other long-lived assets are carried at cost and are amortized on a straight-line basis over their estimated useful lives of two to eleven years. The Company periodically reviews the carrying value of long-lived assets or asset groups, including property and equipment, to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable.

Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, the recoverability of the asset is assessed by determining if the carrying value of the asset exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the asset over the remaining economic life of the asset. If the carrying amount of the asset is greater than the

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (Continued)

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

Noncontrolling Interests

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

Foreign Currency Translation and Transaction Gains and Losses

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

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

Revenue Recognition

Revenue is recognized from the sale of goods and advertising services rendered when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable, and collectability is reasonably assured.

Click-based Advertising—Revenue is derived primarily from click-through fees charged to our travel partners for traveler leads sent to the travel partners' website. The Company records revenue from click-through fees after the traveler makes the click-through to the travel partners' websites.

Display and Other Advertising—The Company recognizes display advertising revenue ratably over the advertising period or upon delivery of advertising impressions, depending on the terms of the advertising contract. Subscription-based revenue is recognized ratably over the related subscription period. The Company recognizes revenue from all other sources either upon delivery or when we provide the service.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (Continued)

Merchandise Sales—Revenue is recognized at the time of delivery to customers. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The total reduction in sales due to returns was approximately \$3 million, \$4 million and \$5 million for each of the years ended December 31, 2013, 2012 and 2011, respectively. Shipping revenue is included in net sales and the related costs of shipping are included in cost of goods sold. Sales tax collected from customers on retail sales is recorded on a net basis and is not included in revenue.

Deferred revenue, which primarily relates to subscription-based programs, is recorded when payments are received in advance of our performance as required by the underlying agreements.

Cost of Goods Sold

Cost of sales primarily includes actual product cost, provision for obsolete inventory, buying allowances received from suppliers, shipping and handling costs and warehouse costs.

Operating Expense

Operating expenses consist primarily of certain technology and content expenses, including personnel and overhead expenses which include salaries and benefits, stock-based compensation expense and bonuses for salaried employees and contractors engaged in the design, development, testing and maintenance of our website. Operating expense also includes to a lesser extent costs of services which are expenses that are closely correlated or directly related to service revenue generated, including advertising fees, flight search fees, credit card fees and data center costs. Other costs include licensing and maintenance expense.

General and Administrative

General and administrative expenses consist primarily of personnel and related overhead costs, including executive leadership, finance, legal and human resource functions and stock-based compensation as well as professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense and TripAdvisor's charitable foundation costs.

Selling and Marketing

Selling and marketing expenses primarily consist of direct costs, including search engine marketing, or SEM, and catalogue costs. In addition, our indirect sales and marketing expense consists of personnel and overhead expenses, including salaries, commissions, benefits, and bonuses for sales, sales support, customer support and marketing employees.

The Company incurs advertising expense consisting of traffic generation costs from search engines and Internet portals, other online and offline advertising expense, promotions and public relations to promote our brands. Costs associated with advertisements are expensed in the period in which the advertisement takes place. Advertising expense was \$251 million, \$32 million and \$33 million for each of the years ended December 31, 2013, 2012 and 2011, respectively.

Stock-Based Compensation

As more fully described in note 9, Liberty has granted to its directors, employees and employees of its subsidiaries options, restricted stock and stock appreciation rights ("SARs") to purchase shares of

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Combined Financial Statements (Continued)****(2) Summary of Significant Accounting Policies (Continued)**

Liberty Interactive and/or Liberty Ventures common stock (collectively, "Awards"). Liberty measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). Liberty measures the cost of employee services received in exchange for an Award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date. Certain outstanding awards of Liberty will be assumed by TripCo at the time date of the Trip Spin-Off. Additionally, as of December 2012 TripAdvisor is a combined company and TripAdvisor has issued stock-based compensation to its employees related to their common stock. The combined statement of operations includes stock-based compensation related to TripAdvisor equity in addition to Liberty Awards already held by BuySeasons employees.

Included in the accompanying combined statements of operations are the following amounts of stock-based compensation for the year ended December 31, 2013 (amounts in millions):

Operating expense	\$ 26
Selling, general and administrative	34
	<u>\$ 60</u>

Income Taxes

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

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in income tax expense in the accompanying combined statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in income tax (expense) benefit in the accompanying combined statements of operations.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (Continued)

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

Certain Risks and Concentrations

The TripAdvisor business is subject to certain risks and concentrations including dependence on relationships with its customers. TripAdvisor is highly dependent on advertising and media relationships with Expedia, which accounted for approximately 23% and 27% of its total revenue in 2013 and 2012, respectively (TripCo revenue includes only a small portion of the TripAdvisor revenue in 2012 due to the timing of the acquisition), see notes 4 and 11. In addition, another customer accounted for approximately 24% and 21% of its total revenue in 2013 and 2012, respectively.

Contingent Liabilities

Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our combined statements of operations. We provide disclosure in the notes to the combined financial statements for loss contingencies that do not meet both these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the financial statements. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. We base accruals made on the best information available at the time which can be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying combined financial statements.

Comprehensive Income (Loss)

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

Pro Forma Earnings per Share (EPS)

On April 11, 2014, Liberty completed a two for one stock split of Series A and Series B Liberty Ventures common stock, effected by means of a dividend. The stock split was done in order to bring Liberty into compliance with a Nasdaq listing requirement regarding the minimum number of publicly held shares of the Series B Liberty Ventures stock. In the stock split, a dividend was paid of one share of Series A or Series B Liberty Ventures stock to holders of each share Series A or Series B Liberty Ventures stock, respectively, held by them as of April 4, 2014. Due to the Liberty Ventures stock split being completed prior to the issuance of these financial statements, the stock split was recorded retroactively for all periods presented.

As of December 31, 2013, there were 36,823,293 common shares of Series A and Series B common stock outstanding. Unaudited pro forma earnings (loss) per common share for all periods presented is computed by dividing net earnings (loss) for the respective period by 73,646,586 common shares, which is the aggregate number of shares of Series A and Series B common stock that would have been issued if the Trip Spin-Off had occurred on December 31, 2013, assuming a distribution on a 1 for 1 basis and considering retroactive treatment of the stock split that occurred on April 11, 2014.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(2) Summary of Significant Accounting Policies (Continued)

Estimates

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

Prior to December 2012, the Company's investment in TripAdvisor was accounted for using the equity method. The Company did not control the decision making process or business management practices of TripAdvisor during the time that this investment was accounted for as an equity method investment. Accordingly, the Company relied on the management of TripAdvisor to provide it with accurate financial information prepared in accordance with GAAP that the Company used in the application of the equity method. In addition, TripAdvisor obtained audit reports that were provided by the affiliate's independent auditors on its financial statements, which provided additional comfort over financial information. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by TripAdvisor that would have a material effect on the Company's combined financial statements.

(3) Supplemental Disclosures to Combined Statements of Cash Flows

	Year's ended December 31,		
	2013	2012	2011
	(amounts in millions)		
Cash paid for acquisitions			
Fair value of intangible assets not subject to amortization	\$ 29	5,259	—
Fair value of intangible assets subject to amortization	19	1,165	—
Fair value of other assets acquired	2	349	—
Fair value of liabilities assumed	(17)	(158)	—
Fair value of debt assumed	—	(417)	—
Deferred tax assets (liabilities)	2	(964)	—
Fair value of previously held ownership interest	—	(1,004)	—
Noncontrolling interest	—	(4,341)	—
Cash paid for acquisitions, net of cash (acquired)	<u>\$ 35</u>	<u>(111)</u>	<u>—</u>
Cash paid for interest	\$ 9	—	—
Cash paid for income taxes	\$ 50	18	—

Additionally, TripAdvisor incurred approximately \$8 million non-cash charges related to the capitalization of construction-in-process costs related to TripAdvisor's build-to-suit lease obligation during the year ended December 31, 2013, as discussed in note 12.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(4) TripAdvisor, Inc. Transactions

During the fourth quarter of 2011 Expedia, Inc. completed the pro-rata spin-off of TripAdvisor, which was a wholly owned subsidiary of Expedia prior to the spin-off. Liberty held a non-controlling equity interest in Expedia at the time of the spin-off (the "Expedia Spin-Off"). Upon completion of the Expedia Spin-Off, Liberty's investment in TripAdvisor was treated as an equity contribution from parent (at book value) to TripCo. TripCo share of earnings of TripAdvisor for the years ended December 31, 2012 and 2011 were \$38 million and \$0.6 million, respectively.

During May 2012, Liberty sold approximately 8.5 million shares of TripAdvisor for cash proceeds of \$338 million. The sale resulted in a \$288 million gain recorded in gain (losses) on transactions, net, based on the average cost of those shares, in the statement of operations.

Throughout the year ended December 31, 2012, TripCo recorded approximately \$32 million of gains related to the impact of TripAdvisor issuing additional equity, at an amount in excess of our per share investment, primarily the result of warrants and options exercised. These gains are reflected in the other, net line item in the statement of operations.

On December 11, 2012, Liberty acquired approximately 4.8 million additional shares of common stock of TripAdvisor (an additional 4% equity ownership interest), for approximately \$300 million, along with the right to control the vote of the shares of TripAdvisor's common stock and class B common stock (which holds 10 votes) owned by the Company. Following the transaction Liberty owned approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. As this transaction resulted in Liberty's control of TripAdvisor, Liberty applied the applicable purchase accounting guidance and recorded a gain on the acquisition of \$800 million on its ownership interest held prior to the transaction, recognized in the gain (loss) on transactions, net line in the combined statements of operations. The fair value (Level 1) of Liberty's ownership interest previously held and the fair value of the noncontrolling interest was determined based on the trading price of TripAdvisor common shares on the last trading day prior to the transaction. Additionally, the noncontrolling interest includes the fair value (Level 2) of TripAdvisor's fully vested options outstanding at the date of acquisition. Following the transaction date TripAdvisor is a combined company with a 78% noncontrolling interest accounted for in equity and the combined statements of operations.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(4) TripAdvisor, Inc. Transactions (Continued)

The final purchase price allocation for TripAdvisor is as follows (amounts in millions):

Fair value of ownership interest held prior to transaction	\$ 1,004
Controlling interest acquired	300
Noncontrolling interest	4,341
	<u>\$ 5,645</u>
Cash and cash equivalents	\$ 411
Receivables	116
Other assets	233
Goodwill	3,429
Tradenames	1,830
Intangible assets subject to amortization	1,165
Debt	(417)
Other liabilities assumed	(158)
Deferred tax liabilities, net	(964)
	<u>\$ 5,645</u>

The Pro Forma summarized unaudited statements of operations of TripCo were prepared utilizing the historical financial statements of TripAdvisor, giving effect to purchase accounting related adjustments made at the time of acquisition and excluding the impact of the gain from combination, as if the transaction discussed above occurred on January 1, 2010, are as follows (amounts in millions):

Summary Operations Data:

	Years ended December 31,	
	2012	2011
	(unaudited)	
Revenue	\$ 892	792
Operating income (loss)	63	34
Income tax (expense) benefit	(38)	(19)
Net earnings (loss) from continuing operations	10	14
Less earnings (loss) attributable to the noncontrolling interests	47	2
Net earnings (loss) from continuing operations attributable to TripCo shareholders	\$ (37)	12
Unaudited Pro Forma basic net earnings (loss) attributable to TripCo shareholder per common share (note 2)	\$ (0.50)	0.16

This Pro Forma information is not representative of TripCo's future financial position, future results of operations or future cash flows nor does it reflect what TripCo's financial position, results of operations or cash flows would have been as if the transaction had happened previously and TripCo controlled TripAdvisor during the periods presented.

During the year ended December 31, 2013, TripAdvisor completed six acquisitions for total cash consideration of approximately \$35 million, net of cash acquired. The total cash consideration is subject

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(4) TripAdvisor, Inc. Transactions (Continued)

to adjustment based on the finalization of working capital adjustments and amounts retained with payment subject to certain indemnification obligations by the respective sellers for TripAdvisor's benefit in future periods. During 2013, TripAdvisor acquired TinyPost, the developer of a product that enables users to write over photos and turn them into stories; Jetsetter, a members-only private sale site for hotel bookings; CruiseWise, a cruise research and planning site; Niumba, a Spain-based vacation rental site; GateGuru, a mobile app with flight and airport information around the world; Oyster, a hotel review website featuring expert reviews and photos covering about 150 cities, all of which complement TripAdvisor's existing brands in those areas of the travel ecosystem.

The total purchase price of these acquisitions, all of which were accounted for as purchases of businesses under the purchase accounting method, has been allocated to the tangible and identifiable intangible assets acquired and the net liabilities assumed based on their respective fair values on the acquisition date. As of December 31, 2013, the purchase price allocation of TripAdvisor's 2013 acquisitions is preliminary and subject to revision as more information becomes available, but in any case will not be revised beyond 12 months after the acquisition date. Any change to the fair value of net liabilities acquired will lead to a corresponding change to the purchase price allocable to goodwill on a retroactive basis. The primary areas of the purchase price allocation that are not yet finalized are related to the fair values of certain liabilities and income tax balances. Approximately \$2 million of acquisition-related costs were expensed as incurred during the year ended December 31, 2013 and are included in general and administrative expenses in the combined statements of operations.

The excess purchase price over identifiable net tangible assets of \$30 million has been recorded to goodwill in the accompanying combined balance sheet as of December 31, 2013. The goodwill in these transactions is primarily attributable to expected operational synergies, the assembled workforces, and the future development initiatives of the assembled workforces. Approximately \$14 million of goodwill is expected to be deductible for tax purposes. A total of \$19 million was allocated to identifiable intangible assets subject to amortization, including customer relationships, tradenames, developed technology and other intangibles. The weighted-average life of the identifiable definite-lived intangible assets acquired in 2013 is 8 years and will be amortized on a straight-line basis. Pro forma financial information related to these acquisitions has not been provided as they not material to our combined results of operations.

(5) Assets and Liabilities Measured at Fair Value

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

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(5) Assets and Liabilities Measured at Fair Value (Continued)

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

Description	December 31, 2013			December 31, 2012		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash equivalents	\$ 156	156	—	226	215	11
Marketable securities	\$ 131	—	131	119	—	119
Available-for-sale securities	\$ 188	—	188	99	—	99

The fair value of Level 2 cash equivalents, marketable securities and available-for-sale securities were obtained from pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets.

Other Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include trade receivables, related party receivables, trade payables, accrued and other current liabilities. The carrying amount approximates fair value due to the short maturity of these instruments as reported on our combined balance sheets.

(6) Goodwill and Other Intangible Assets

Goodwill and Indefinite Lived Intangible Assets

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

	TripAdvisor	Corporate and Other	Total
Balance at January 1, 2012	\$ —	39	39
Acquisition	3,429	—	3,429
Impairment	—	(39)	(39)
Balance at December 31, 2012	3,429	—	3,429
Acquisition	28	—	28
Foreign currency translation adjustment	3	—	3
Balance at December 31, 2013	\$ 3,460	—	3,460

During the year ended December 31, 2012 goodwill, related to the acquisition of BuySeasons in 2006, was impaired due to declining results and market pressures. Goodwill recognized from acquisitions primarily relates to assembled workforces, website community and other intangible assets that do not qualify for separate recognition. During 2013, TripAdvisor recorded a \$1 million purchase price allocation adjustment to reduce goodwill for acquired net operating loss carryforwards related to a 2012 acquisition.

As presented in the accompanying combined balance sheet, trademarks are the other significant indefinite lived intangible asset.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(6) Goodwill and Other Intangible Assets (Continued)

Intangible Assets subject to amortization

Intangible assets subject to amortization are comprised of the following:

	December 31, 2013			December 31, 2012			
	Weighted Average Remaining Useful Life (in years)	Gross carrying amount	Accumulated amortization (in millions)	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	6	\$ 996	(258)	738	997	(13)	984
Other	7	227	(57)	170	181	(7)	174
Total	6	\$ 1,223	(315)	908	1,178	(20)	1,158

Amortization of TripAdvisor intangible assets acquired during 2012 is expected to match the usage of the related asset and are being amortized on an accelerated basis as reflected in table below.

Amortization expense was \$303 million, \$13 million and \$2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

The estimated future amortization expense for the next five years related to intangible assets with definite lives as of December 31, 2013, assuming no subsequent impairment of the underlying assets, is as follows (amounts in millions):

2014	\$ 253
2015	\$ 200
2016	\$ 150
2017	\$ 134
2018	\$ 68

Impairments

During the years ended December 31, 2013 and 2012, we recorded \$3 million and \$39 million, respectively, in impairments for BuySeasons, which is included in the Corporate and Other segment. The impairment in 2013 relates to trademarks and the impairment in 2012 relates to goodwill. Continued declining operating results as compared to budgeted results and certain trends required a Step 2 impairment test and a determination of fair value for BuySeasons. Fair value of the company, including the related intangibles and goodwill, was determined using the company's projections of future operating performance and applying a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3). As of December 31, 2013 the accumulated impairment losses for BuySeasons was \$42 million.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(7) Debt

Outstanding debt at December 31, 2013 and 2012 is summarized as follows:

	December 31, 2013	December 31, 2012
	(amounts in millions)	
TripAdvisor Term Loan and revolving credit facility	\$ 340	380
TripAdvisor Chinese credit facilities	29	32
BuySeasons debt obligations	—	3
	<u>\$ 369</u>	<u>415</u>

*Term Loan Facility Due 2016 and Revolving Credit Facility**Overview*

On December 20, 2011, TripAdvisor entered into a Credit Agreement, which provides \$600 million of borrowing capacity including:

- a Term Loan Facility, or Term Loan, in an aggregate principal amount of \$400 million with a term of five years due December 2016; and
- a 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 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 TripAdvisor's leverage ratio. TripAdvisor is 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 December 31, 2013 TripAdvisor used a one-month interest period Eurocurrency Spread which is approximately 1.7% per annum. As of December 31, 2013, interest is payable on a monthly basis while TripAdvisor is 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.

The Term Loan principal is payable in quarterly installments equal to 2.5% of the original principal, with the balance due on the final maturity date. Principal payments aggregating \$40 million were made during the year ended December 31, 2013.

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 December 31, 2013 there were no outstanding borrowings under the Revolving Credit Facility.

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Combined Financial Statements (Continued)****(7) Debt (Continued)**

The remaining future minimum principal payment obligations due under the Credit Agreement related to the Term Loan is as follows (amounts in millions):

<u>Year Ended December 31,</u>	<u>Payment Amount</u>
2014	\$ 40
2015	40
2016	260
	<u>\$ 340</u>

Prepayments

TripAdvisor may voluntarily repay any outstanding borrowing under the Credit Agreement at any time without premium or penalty, other than customary breakage costs with respect to eurocurrency loans.

Guarantees

All obligations under the Credit Agreement are unconditionally guaranteed by TripAdvisor and each of TripAdvisor's existing and subsequently acquired or organized direct or indirect wholly-owned domestic and foreign restricted subsidiaries, subject to certain exceptions for subsidiaries that are controlled foreign corporations, foreign subsidiaries in jurisdictions where applicable law would otherwise be violated, and non-material subsidiaries.

Covenants

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

As of December 31, 2013 TripAdvisor was in compliance with all of its debt covenants.

Chinese Credit Facilities

In addition to borrowings under the Credit Agreement, TripAdvisor maintains Chinese Credit Facilities. As of December 31, 2013 and 2012, there were approximately \$28 million and \$32 million of short term borrowings outstanding, respectively.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(7) Debt (Continued)

Certain of TripAdvisor's Chinese subsidiaries entered into a RMB 138,600,000 (approximately \$22 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. During the year ended December 31, 2012, this credit line was increased to RMB 189,000,000 (approximately \$30 million). During the year ended December 31, 2013, TripAdvisor made a payment inclusive of interest of RMB 68,283,570 (approximately \$11 million). As of December 31, 2013, approximately \$12 million of borrowings were outstanding under this credit facility. The Chinese Credit Facility—BOA bears interest based at 100% of the People's Bank of China's base rate, which was 5.6% as of December 31, 2013.

In addition, during April 2012, certain of TripAdvisor's Chinese subsidiaries entered into an extension of a RMB 125,000,000 (approximately \$20 million) one-year revolving credit facility with J.P. Morgan Chase Bank ("Chinese Credit Facility—JPM") which was extended one year in April 2013. During the year ended December 31, 2013, TripAdvisor made a payment inclusive of interest of RMB 24,281,546 (approximately \$4 million). As of December 31, 2013, approximately \$16 million of borrowings are outstanding under this credit facility. The Chinese Credit Facility—JPM bears interest based at 100% of the People's Bank of China's base rate, which was 5.6% as of December 31, 2013.

BuySeasons debt

See note 11 for a discussion regarding the significant items related to BuySeasons debt obligations.

Due to the primarily variable rate nature, TripCo believes that the carrying amount of its debt approximated fair value at December 31, 2013 and 2012.

(8) Income Taxes

TripCo was included in the federal consolidated income tax return of Liberty during the periods presented. The tax provision included in these financial statements has been prepared on a stand-alone basis, as if TripCo was not part of the consolidated Liberty group. TripAdvisor, as a consolidated subsidiary for financial statement purposes, is not included in the Liberty consolidated group tax return and is not expected to be included in the TripCo consolidated group tax return upon the completion of the Trip Spin-off as TripCo owns less than 80% of TripAdvisor. Additionally, upon the completion of the Trip Spin-Off the unused stand-alone net operating losses of BuySeasons will be treated as a deemed equity distribution at that date. Furthermore, the income taxes payable allocated to TripCo by Liberty as of December 31, 2013 will be treated as a deemed equity contribution from Liberty upon completion of the Trip Spin-Off. As of December 31, 2013 and 2012, TripCo had income taxes payable to Liberty of approximately \$37 million and \$43 million, respectively.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(8) Income Taxes (Continued)

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2013	2012	2011
	(amounts in millions)		
Current:			
Federal	\$ (32)	(41)	—
State and local	(10)	(7)	—
Foreign	(20)	(1)	—
	<u>\$ (62)</u>	<u>(49)</u>	<u>—</u>
Deferred:			
Federal	\$ 9	(68)	11
State and local	76	(8)	—
Foreign	32	1	—
	<u>117</u>	<u>(75)</u>	<u>11</u>
Income tax benefits (expense)	<u>\$ 55</u>	<u>(124)</u>	<u>11</u>

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

	Years ended December 31,		
	2013	2012	2011
	(amounts in millions)		
Domestic	\$ (23)	1,104	1
Foreign	(5)	—	—
Total	<u>\$ (28)</u>	<u>1,104</u>	<u>1</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(8) Income Taxes (Continued)

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended		
	December 31,		
	2013	2012	2011
	(amounts in millions)		
Computed expected tax benefits (expense)	\$ 10	(386)	—
State and local taxes, net of federal income taxes	(3)	(9)	—
Foreign taxes, net of foreign tax credits	15	(1)	—
Change in tax rate	46	—	—
Goodwill impairment	—	(13)	—
Combination of TripAdvisor	—	286	—
Change in valuation allowance	(3)	—	11
Change in federal tax reserve	(9)	—	—
Other	(1)	(1)	—
Income tax (expense) benefit	<u>\$ 55</u>	<u>(124)</u>	<u>11</u>

During 2013, the Company changed its estimate of the effective state tax rate used to measure its net deferred tax liabilities, based on expected changes to the Company's state apportionment factors. The rate change required an adjustment to the recognized deferred taxes at the TripAdvisor level.

The tax benefit from the combination of a previously held equity method affiliate for the year ended December 31, 2012 is the result of the acquisition of a controlling interest in TripAdvisor in the fourth quarter of 2012. The Company recorded an \$800 million dollar gain on the transaction, due to the application of purchase accounting, which was excluded from taxable income in 2012 and is not expected to be included in taxable income in the future. In addition, a portion of the difference between the book basis and tax basis of the Company's investment in TripAdvisor, as previously accounted for under the equity method, was reversed as a result of the transaction.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(8) Income Taxes (Continued)

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

	December 31,	
	2013	2012
	(amounts in millions)	
Deferred tax assets:		
Net operating loss carryforwards	\$ 27	23
Stock-based compensation	28	20
Other	10	9
Total deferred tax assets	65	52
Less: valuation allowance	(15)	(12)
Net deferred tax assets	50	40
Deferred tax liabilities:		
Intangible assets	(869)	(986)
Investments	(8)	(8)
Other	(19)	(10)
Total deferred tax liabilities	(896)	(1,004)
Net deferred tax liability	\$ (846)	(964)

The Company's deferred tax assets and liabilities are reported in the accompanying combined balance sheets as follows:

	December 31,	
	2013	2012
	(amounts in millions)	
Current deferred tax asset	\$ 6	8
Noncurrent deferred tax asset	1	—
Noncurrent deferred tax liability	(853)	(972)
	\$ (846)	(964)

The Company's valuation allowance increased \$3 million in 2013. Of the net change in valuation allowance, the majority affected tax expense during the year ended December 31, 2013.

We have not provided for deferred U.S. income taxes on undistributed earnings of certain foreign combined companies that we intend to reinvest permanently outside the United States; the total amount of such earnings as of December 31, 2013 was \$481 million. Should these earnings be distributed or treated under certain U.S. tax rules as having distributed earnings of foreign combined companies in the form of dividends or otherwise, the Company may be subject to U.S. income taxes. Due to complexities in tax laws and various assumptions that would have to be made, it is not practicable at this time to estimate the amount of unrecognized deferred U.S. taxes on these earnings.

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Combined Financial Statements (Continued)****(8) Income Taxes (Continued)**

At December 31, 2013, TripCo had federal and state net operating loss carryforwards for income tax purposes of \$35 million and \$43 million, respectively, which, if not utilized to reduce federal or state income tax liabilities in future periods, will expire at various times between 2020 and 2033. Also, at December 31, 2013, TripCo had foreign net operating loss carryforwards for income tax purposes of \$51 million, which, if not utilized to reduce foreign income tax liabilities in future periods, will expire at various times between 2014 and 2031. These federal, state, and foreign net operating losses are expected to be utilized prior to expiration, except for \$2 million state and \$13 million foreign tax-effected net operating losses, which based on current projections of state and foreign taxable income may expire unused.

As of December 31, 2013, the Company had recorded tax reserves of \$36 million related to unrecognized tax benefits for uncertain tax positions, which is classified as long-term and included in other long-term liabilities. Prior to the acquisition of a controlling interest in TripAdvisor during December 2012, the Company did not have any unrecognized tax benefits for uncertain tax positions. If the unrecognized tax benefits were to be recognized for financial statement purposes, approximately \$19 million would be reflected in the Company's tax expense and affect its effective tax rate. The Company's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment. The Company does not believe it is reasonably possible the gross unrecognized tax benefits may increase or be paid within the next twelve months.

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

	Years ended December 31,	
	2013	2012
Balance at beginning of year	\$ 24	—
Acquisition of TripAdvisor	—	24
Additions based on tax positions related to the current year	12	—
Additions for tax positions of prior years	4	—
Reductions for tax positions of prior years	(4)	—
Balance at end of year	<u>\$ 36</u>	<u>24</u>

As of December 31, 2013, Liberty's 2001 through 2009 tax years are closed for federal income tax purposes, and the IRS has completed its examination of Liberty's 2010 through 2012 tax years. The tax loss carryforwards from the 2010 through 2013 tax years are still subject to adjustment. The 2013 tax year is being examined currently as part of the IRS's Compliance Assurance Process ("CAP") program. As discussed earlier, because TripCo's ownership of Trip Advisor is less than the required 80%, Trip Advisor does not consolidate with TripCo for federal income tax purposes. Prior to December 2011, Trip Advisor was included in the consolidated federal income tax returns filed by Expedia. Expedia's 2009 and 2010 tax years are currently being audited by the IRS. Various states are currently examining the Company's prior years state income tax returns.

As of December 31, 2013 and 2012, the Company had recorded approximately \$2 million and \$1 million, respectively, of accrued interest and penalties related to uncertain tax positions.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(9) Stock-Based Compensation

Liberty Incentive Plans

Pursuant to the Liberty Interactive Corporation 2000 Incentive Plan, as amended from time to time (the "2000 Plan"), and the Liberty Interactive Corporation 2007 Incentive Plan, as amended from time to time (the "2007 Plan") Liberty granted to certain employees of BuySeasons stock options ("Awards") to purchase shares of Liberty common stock. The 2000 Plan and 2007 Plan provided for Awards to be issued in respect of a maximum of 2.9 million shares and 4.2 million shares, respectively, of Liberty common stock. No additional grants may be made pursuant to these plans. On June 24, 2010, stockholders of Liberty approved the Liberty Interactive Corporation 2010 Incentive Plan, as amended from time to time (the "2010 Plan"). The 2010 Plan provided for Awards to be made in respect of a maximum of 42.9 million shares of Liberty common stock. Additionally, pursuant to the Liberty Interactive Corporation 2012 Incentive Plan, as amended (the "2012 Plan"), the Company may grant Awards to be made in respect of a maximum of 40 million shares of Liberty common stock. Awards generally vest over 4 years and have a term of 10 years. Liberty issues new shares upon exercise of equity awards. Options to purchase shares of Liberty Ventures common stock, stock appreciation rights with respect to shares of Liberty Ventures common stock and restricted shares of Liberty Ventures common stock have been granted to various directors, officers and employees and consultants of Liberty pursuant to the various stock incentive plans administered by the Liberty board of directors or the compensation committee thereof.

The holder of an outstanding option to purchase shares of Liberty Ventures common stock on the record date (an "original Ventures option award") will receive an option to purchase shares of the corresponding series of our common stock (a "new TripCo option award") and an adjustment to the exercise price of and the number of shares subject to the original Ventures option award (as so adjusted, an "adjusted Ventures option award"). The exercise prices of and the number of shares subject to the new TripCo option award and the related adjusted Ventures option award will be determined based on the exercise price of and the number of shares subject to the original Ventures option award, the pre-Spin-Off trading price of Liberty Ventures common stock (determined using the volume weighted average price of the applicable series of Liberty Ventures common stock over the three consecutive trading days immediately preceding the Spin-Off) and the relative post-Spin-Off trading prices of Liberty Ventures common stock and TripCo common stock (determined using the volume weighted average price of the applicable series of common stock over the three consecutive trading days beginning on the first trading day following the Spin-Off on which both the Liberty Ventures common stock and the TripCo common stock trade in the "regular way" (meaning once the common stock trades using a standard settlement cycle)), such that the pre-Spin-Off intrinsic value of the original Ventures option award is allocated between the new TripCo option award and the adjusted Ventures option award.

Except as described above, all other terms of an adjusted Ventures option award and a new TripCo option award (including, for example, the vesting terms thereof) will, in all material respects, be the same as those of the corresponding original Ventures option award. The terms of the adjusted Ventures option award will be determined and the new TripCo option award will be issued as soon as practicable following the determination of the pre- and post-Spin-Off trading prices of Liberty Ventures common stock and TripCo common stock, as applicable. Liberty had outstanding approximately 1 million Liberty Ventures Series A options at December 31, 2013 with a weighted average exercise price of \$57.42 and a weighted average remaining life of 5.0 years. Approximately 490 thousand options were exercisable at December 31, 2013 with a weighted average exercise price of \$55.47 and a weighted average remaining life of 4.6 years.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(9) Stock-Based Compensation (Continued)

Grants

Prior to 2011, Liberty granted to certain employees of BuySeasons approximately 990 thousand options to purchase shares of Series A Liberty Interactive common stock pursuant to the 2000 Plan and 2007 Plan. Such options had a weighted average grant-date fair value of \$2.27 per share. No stock options or SARs were granted to BuySeasons employees during the years ended December 31, 2011, 2012 or 2013.

Liberty calculates the grant-date fair value for all of its equity classified awards and any subsequent remeasurement of its liability classified awards using the Black-Scholes Merton option-pricing model ("Black-Scholes model"). Liberty estimates the expected term of the Awards based on historical exercise and forfeiture data. The expected term for grants made to BuySeasons employees was 7 years. The volatility used in the calculation for Awards is based on the historical volatility of Liberty's stocks and the implied volatility of publicly traded Liberty options. The volatilities used by Liberty in the Black-Scholes model for grants made to BuySeasons employees ranged from 21% - 46%. Liberty uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

On August 9, 2012 Liberty completed the approved recapitalization of its common stock through the creation of the Liberty Interactive common stock and Liberty Ventures common stock as tracking stocks. Upon completion of the recapitalization the Liberty Interactive Awards were adjusted pursuant to the anti-dilution provisions of the incentive plans under which the equity awards were granted. For employees of subsidiaries attributed to the Liberty Interactive Group (including BuySeasons employees), the pre-distribution intrinsic value of the original Liberty Interactive award was maintained solely within the adjusted Liberty Interactive award based on a three day volume weighted average trading price prior to the recapitalization as compared to the three day volume weighted average trading price subsequent to the recapitalization.

BuySeasons Employee Equity Grant Awards

The aggregate intrinsic value of Awards outstanding as of December 31, 2013 and 2012 was less than a million and \$2.1 million, respectively. The aggregate intrinsic value of exercisable Awards at December 31, 2013 and 2012 was less than a million and \$1 million, respectively. The weighted average remaining life of exercisable Awards at December 31, 2013 was 3.8 years.

As of December 31, 2013, the total unrecognized compensation cost related to unvested Liberty equity Awards was less than a million. Such amount will be recognized in the Company's statements of operations over a weighted average period of approximately 0.7 years.

Exercises

The aggregate intrinsic value of all Liberty options, related to BuySeasons employees, exercised during the years ended December 31, 2013, 2012 and 2011 was \$1.6 million, \$4.6 million and less than a million, respectively.

Liberty—Restricted Stock

On February 27, 2009, Liberty issued approximately 71 thousand shares of unvested restricted Liberty Interactive common stock to certain employees of BuySeasons. The vesting period for these

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(9) Stock-Based Compensation (Continued)

shares was three years. All of these shares were vested as of December 31, 2012. The aggregate fair value of all restricted shares of Liberty common stock that vested during the year ended December 31, 2012 was less than a million.

TripAdvisor Equity Grant Awards

On December 21, 2011, TripAdvisor adopted the TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan (the "2011 Incentive Plan"), under which TripAdvisor may grant restricted stock, restricted stock awards, RSUs, stock options and other stock-based awards to TripAdvisor directors, officers, employees and consultants. As discussed in note 4, at the time a controlling interest in TripAdvisor was obtained, in December 2012, the Company determined the fair value of the options assumed. The fair value of the options was determined based on the Black-Scholes model with a volatility of 53.5%, a zero dividend rate, and the applicable treasury rate for the expected term of 6.2 years. The value was \$136 million (based on a weighted average grant date fair value of \$17.78 per option) at the time of acquisition and the vested portion of the value (\$61 million) was recognized as a noncontrolling interest, and included in the purchase price, while the remaining unvested portion (\$75 million) is being amortized over the applicable vesting period (3 years). Subsequent to that period, grants were valued using a volatility of 50.8% and the applicable risk free interest rate for an expected term of 6.1 years.

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

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(9) Stock-Based Compensation (Continued)

The following table presents the number, weighted average exercise price ("WAEP") and aggregate intrinsic value of stock options to purchase TripAdvisor common stock granted under their 2011 Incentive Plan:

	Number of Options (in thousands)	WAEP	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2013	8,654	\$ 31.41		
Granted	2,825	\$ 58.03		
Exercised	(1,487)	\$ 23.81		\$ 58
Forfeited/Cancelled	(522)	\$ 38.09		
Outstanding at December 31, 2013	9,470	\$ 40.18	5.9	\$ 404
Exercisable at December 31, 2013	3,533	\$ 30.11	3.0	\$ 186

During the year ended December 31, 2013, TripAdvisor issued 2.8 million of primarily service based stock options under their 2011 Incentive Plan with a weighted average estimated grant-date fair value per option of \$28.30 and a weighted average exercise price per option of \$58.03. These stock options generally have a term of ten years from the date of grant and vest over a four-year requisite service period. As of December 31, 2013, the total number of shares available under the 2011 Incentive Plan is 18,085,169 shares. TripAdvisor related stock-based compensation for the year ended December 31, 2013 was approximately \$60 million. As of December 31, 2013, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately \$104 million and will be recognized over a weighted average period of approximately 3.0 years.

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

As of December 31, 2012, there were less than a million unvested TripAdvisor RSUs outstanding. During the year ended December 31, 2013, TripAdvisor granted 1.1 million service based RSUs under their 2011 Incentive Plan for which the fair value was measured based on the quoted price of TripAdvisor common stock at the date of grant. The weighted average grant date fair value for RSUs granted during 2013 was \$50.72 per share. The unvested TripAdvisor RSUs had a weighted average grant date fair value of \$49.64 and \$26.11 per share as of December 31, 2013 and 2012, respectively. As of December 31, 2013, the total unrecognized compensation cost related to 1.1 million unvested TripAdvisor RSU's outstanding was approximately \$38 million which will be recognized over the remaining vesting term of approximately 3.0 years.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(10) Employee Benefit Plans

Combined companies of TripCo sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in Liberty common stock, as well as other mutual funds. The Company's combined companies make matching contributions to the plans based on a percentage of the amount contributed by employees. Employer cash contributions related to BuySeasons and TripAdvisor were \$5 million for the year ended December 31, 2013 and less than a million for all other years presented.

(11) Related Party Transactions

Expedia

TripAdvisor provides click-based advertising and other advertising services to Expedia (TripAdvisor's former parent) and is recorded at contract value, which TripAdvisor believes is a reasonable reflection of the value of the services provided. Expedia-revenue represented 23% and 27% of TripAdvisor's total revenue for the years ended December 31, 2013 and 2012, respectively. As discussed in note 4, only one month of TripAdvisor revenue has been recorded in the combined statements of TripCo for the year ended December 31, 2012. During the three months ended December 31, 2012 Expedia-revenue represented 23% of TripAdvisor's revenue.

Other Expedia-operating expenses which are included within selling and marketing expense are approximately \$6 million for the year ended December 31, 2013, which primarily consisted of marketing expense for TripAdvisor exit windows.

Following the Expedia Spin-Off, as a result of an irrevocable proxy of Liberty, Mr. Diller was effectively able to control the outcome of all matters submitted to a vote or for the consent of TripAdvisor's stockholders (other than with respect to the election by the holders of TripAdvisor common stock of 25% of the members of TripAdvisor's Board of Directors and matters as to which Delaware law requires a separate class vote). Additionally, Mr. Diller was the Chairman and Senior Executive of Expedia, and through similar arrangements between Mr. Diller and Liberty, Mr. Diller was effectively able to control the outcome of all matters submitted to a vote or for the consent of Expedia's stockholders (other than with respect to the election by the holders of Expedia common stock of 25% of the members of Expedia's Board of Directors and matters as to which Delaware law requires a separate class vote). As a result, from the completion of the Expedia Spin-Off until December 11, 2012, TripAdvisor and Expedia were related parties since they were under common control. On December 11, 2012, as a result of Liberty's purchase of an aggregate of 4,799,848 shares of common stock of TripAdvisor from Mr. Diller, Expedia and TripAdvisor are no longer under common control. For TripCo, Expedia is not expected to be an affiliated entity on a go-forward basis, but because of Liberty's ownership interest in Expedia, disclosure of this relationship was deemed appropriate until the time of spin-off.

For purposes of governing certain of the ongoing relationships between TripAdvisor and Expedia at and after the Expedia Spin-Off, and to provide for an orderly transition, TripAdvisor and Expedia entered into various agreements, including, among others, the Separation Agreement; the Tax Sharing Agreement, the Employee Matters agreement, the Transition Services Agreement, and commercial agreements. The various commercial agreements, including click-based advertising agreements, content sharing agreements and display-based and other advertising agreements, had terms of up to one year. TripAdvisor continues to work together with Expedia pursuant to various commercial agreements between subsidiaries of TripAdvisor, on the one hand, and subsidiaries of Expedia, on the other hand.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(11) Related Party Transactions (Continued)

BuySeasons

BuySeasons is a wholly owned subsidiary of Celebrate Interactive, which is a wholly-owned subsidiary of Liberty. Celebrate Interactive also holds an investment in Evite, a wholly-owned subsidiary. During December 2011, BuySeasons, as borrower, entered into two separate \$2 million loan agreements with Evite and another wholly-owned subsidiary of Celebrate Interactive. The interest rate on each of the notes is 4.07%. During 2012, the note with the other subsidiary was transferred to Evite. During 2012 and 2013, BuySeasons borrowed an additional \$3 million and \$1 million from Evite, respectively. As of December 31, 2013, the principal amount of the loan outstanding with Evite was approximately \$2 million. As the loan agreement with Evite does not specify a repayment date, the loan has been classified as a current liability in the accompanying combined balance sheets. Proceeds from these loans were used for general corporate purposes. These loans are unsecured, and there are no financial nor nonfinancial covenants associated with these loans. The principal and accrued interest outstanding under these loans at December 31, 2013 and 2012 is classified as Related party notes payable in the accompanying combined balance sheets.

As of December 31, 2012, BuySeasons was in violation of the financial covenants specified by its amended revolving credit and term loan agreement. As a result, on February 10, 2013, Liberty assumed and repaid the outstanding liabilities under the amended loan agreement and BuySeasons issued a corresponding promissory note to Liberty for \$11 million, which was in excess of the amount outstanding under BuySeasons' amended revolving credit and term loan at that time. The loan agreement provided BuySeasons the ability to borrow an additional amount up to a total balance of \$25 million, which was subsequently amended to increase the total borrowing capacity to \$30 million. BuySeasons has borrowed the full capacity pursuant to this agreement during 2013. The interest rate on amounts borrowed is 6.25%, payable at the end of each calendar quarter. Principal and accrued interest on amounts borrowed pursuant to this agreement are due in full during February 2015. The note held by Liberty is expected to be contributed to the capital of BuySeasons prior to the Spin-Off.

(12) Commitments and Contingencies

Operating Leases

TripCo's combined companies have contractual obligations in the form of operating leases for office and warehouse space for which the related expense is recorded on a monthly basis. Certain leases contain periodic rent escalation adjustments and renewal options. Rent expense related to such leases is recorded on a straight-line basis. Operating lease obligations expire at various dates with the latest maturity in December 2013.

TripAdvisor leases approximately 119,000 square feet for their corporate headquarters in Newton, Massachusetts, pursuant to a lease with an expiration date of April 2015. TripAdvisor also leases an aggregate of approximately 382,000 square feet at approximately 30 other locations across North America, Europe and Asia Pacific, primarily for its international management teams, sales offices, and subsidiary headquarters, pursuant to leases with expiration dates through December 2013. On June 20, 2013, TripAdvisor entered into an additional lease to move its headquarters to Needham, Massachusetts in 2015. The lease payments under the new lease will approximate \$9.5 million annually.

TripAdvisor is the deemed owner (for accounting purposes only) of the new building during the construction period under build to suit lease accounting. As building construction began in the fourth

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Combined Financial Statements (Continued)****(12) Commitments and Contingencies (Continued)**

quarter of 2013, we recorded estimated project construction costs incurred by the landlord as an asset and a corresponding long term liability in "Property and equipment, at cost" and "Other liabilities," respectively, in our combined balance sheets. We will increase the asset and corresponding long term liability as additional building costs are incurred by the landlord during the construction period. Once the landlord completes the construction of the new building (estimated to be May 2015), we will evaluate the lease in order to determine whether or not the lease meets the criteria for "sale-leaseback" treatment. Although we will not begin making lease payments pursuant to the Lease until November 2015, the portion of the lease obligations allocated to the land is treated for accounting purposes as an operating lease that commenced in 2013.

For the years ended December 31, 2013, 2012 and 2011, we recorded rental expense of \$15 million, \$4 million and \$3 million, respectively. The following table presents TripCo's estimated future minimum rental payments under operating leases with non-cancelable lease terms, including the new TripAdvisor headquarters lease, that expire after December 31, 2013 (amounts in millions):

2014	\$ 16
2015	15
2016	21
2017	21
2018	21
Thereafter	176
	<u>\$ 270</u>

Off-Balance Sheet Arrangements

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

Litigation

In the ordinary course of business, the Company and its combined companies are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. Although it is reasonably possible that the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying combined financial statements.

(13) Segment Information

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

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(13) Segment Information (Continued)

pre-tax earnings. The segment presentation for prior periods has been conformed to the current period segment presentation.

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

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

For the year ended December 31, 2013, TripCo has identified the following combined company as its reportable segment:

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

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

Performance Measures

	Years ended December 31,					
	2013		2012		2011	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	(amounts in millions)					
TripAdvisor	\$ 945	379	36	8	—	—
Corporate and other	89	(18)	129	(7)	155	3
Combined TripCo	\$ 1,034	361	165	1	155	3

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(13) Segment Information (Continued)

Other Information

	December 31, 2013		December 31, 2012	
	Total Assets	Capital expenditures	Total Assets	Capital expenditures
	(amounts in millions)			
TripAdvisor	\$ 7,057	57	7,154	3
Corporate and other	32	3	51	3
Combined TripCo	<u>\$ 7,089</u>	<u>60</u>	<u>7,205</u>	<u>6</u>

Revenue by Geographic Area

	December 31,		
	2013	2012	2011
	(amounts in millions)		
United States	\$ 541	136	141
United Kingdom	119	5	—
Other countries	374	24	14
Combined TripCo	<u>\$ 1,034</u>	<u>165</u>	<u>155</u>

Long-lived Assets by Geographic Area

	December 31,	
	2013	2012
	(amounts in millions)	
United States	\$ 32	18
Other countries	7	3
Combined TripCo	<u>\$ 39</u>	<u>21</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Combined Financial Statements (Continued)

(13) Segment Information (Continued)

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

	Years ended		
	December 31,		
	2013	2012	2011
	(amounts in millions)		
Combined Adjusted OIBDA	\$ 361	1	3
Stock-based compensation	(60)	—	—
Depreciation and amortization	(315)	(16)	(3)
Impairment of intangible assets	(3)	(39)	—
Interest expense	(17)	(1)	—
Share of earnings (loss) of affiliates, net	—	38	1
Gains (losses) on transactions, net	(1)	1,088	—
Other, net	7	33	—
Earnings (loss) before income taxes	<u>\$ (28)</u>	<u>1,104</u>	<u>1</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Condensed Combined Balance Sheets

(unaudited)

	March 31, 2014	December 31, 2013
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 322	354
Trade and other receivables, net of allowance for doubtful accounts of \$3 million and \$4 million, respectively	152	122
Inventory, net	11	12
Short term marketable securities (note 4)	142	131
Deferred income tax assets	6	6
Other current assets	20	18
Total current assets	<u>653</u>	<u>643</u>
Investments in available-for-sale securities	284	188
Property and equipment, at cost	94	55
Accumulated depreciation	(21)	(16)
	<u>73</u>	<u>39</u>
Intangible assets not subject to amortization:		
Goodwill	3,460	3,460
Trademarks	1,834	1,832
	<u>5,294</u>	<u>5,292</u>
Intangible assets subject to amortization, net	856	908
Other assets, at cost, net of accumulated amortization	21	19
Total assets	<u>\$ 7,181</u>	<u>7,089</u>
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 78	42
Accrued liabilities	82	94
Related party notes payable (note 6)	36	30
Current portion of debt (note 5)	71	69
Deferred revenue	58	47
Other current liabilities	58	29
Total current liabilities	<u>383</u>	<u>311</u>
Long-term debt (note 6)	290	300
Deferred income tax liabilities	836	853
Other liabilities	48	44
Total liabilities	<u>1,557</u>	<u>1,508</u>
<i>Equity:</i>		
Parent's investment	220	226
Accumulated other comprehensive earnings, net of taxes	1	—
Retained earnings	987	982
Total parent's investment	1,208	1,208
Noncontrolling interests in equity of combined companies	4,416	4,373
Total equity	<u>5,624</u>	<u>5,581</u>
Commitments and contingencies (note 7)		
Total liabilities and equity	<u>\$ 7,181</u>	<u>7,089</u>

See accompanying notes to condensed combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Condensed Combined Statements of Operations

(unaudited)

	Three months ended March 31,	
	2014	2013
	amounts in millions, except per share amounts	
Service and other revenue	\$ 281	230
Net retail sales	13	17
Total net sales	294	247
Operating costs and expenses:		
Cost of goods sold (exclusive of depreciation shown separately below)	10	15
Operating expense, including stock-based compensation (note 2)	51	39
Selling, general and administrative, including stock-based compensation (note 2)	134	108
Depreciation and amortization	70	77
	265	239
Operating income (loss)	29	8
Other income (expense):		
Interest expense, including related party	(2)	(3)
Other, net	—	(1)
	(2)	(4)
Earnings (loss) before income taxes	27	4
Income tax (expense) benefit	(4)	—
Net earnings (loss)	23	4
Less earnings (loss) attributable to noncontrolling interests	18	15
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ 5	(11)
ProForma basic net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 3)	\$ 0.07	(0.15)

See accompanying notes to condensed combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Condensed Combined Statements of Comprehensive Earnings (Loss)

(unaudited)

	Three months ended March 31,	
	2014	2013
	amounts in millions	
Net earnings (loss)	\$ 23	4
Other comprehensive earnings (loss), net of taxes:		
Foreign currency translation adjustments	6	(30)
Other comprehensive earnings (loss)	6	(30)
Comprehensive earnings (loss)	29	(26)
Less comprehensive earnings (loss) attributable to the noncontrolling interests	23	(8)
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ 6	(18)

See accompanying notes to condensed combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Condensed Combined Statements of Cash Flows

(unaudited)

	Three months ended March 31,	
	2014	2013
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	\$ 23	4
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	70	77
Stock-based compensation	17	17
Excess tax benefit from stock-based compensation	(11)	(1)
Deferred income tax expense (benefit)	(19)	(19)
Other noncash charges (credits), net	(1)	—
Changes in operating assets and liabilities		
Current and other assets	(31)	(41)
Payables and other liabilities	56	(6)
Net cash provided (used) by operating activities	<u>104</u>	<u>31</u>
Cash flows from investing activities:		
Capital expended for property and equipment	(20)	(10)
Purchases of short term investments and other marketable securities	(203)	(213)
Sales and maturities of short term investments and other marketable securities	96	46
Other investing activities, net	(2)	(3)
Net cash provided (used) by investing activities	<u>(129)</u>	<u>(180)</u>
Cash flows from financing activities:		
Borrowings of debt	5	4
Repayments of debt	(13)	(26)
Borrowings on related party note payable	6	14
Payment of minimum withholding taxes on net share settlements of equity awards	(18)	(5)
Excess tax benefit from stock-based compensation	11	1
Other financing activities, net	2	6
Net cash provided (used) by financing activities	<u>(7)</u>	<u>(6)</u>
Effect of foreign currency exchange rates on cash	—	—
Net increase (decrease) in cash and cash equivalents	(32)	(155)
Cash and cash equivalents at beginning of period	354	369
Cash and cash equivalents at end of period	<u>\$ 322</u>	<u>214</u>

See accompanying notes to condensed combined financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Combined

Financial Statements

(1) Basis of Presentation

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries ("Liberty," formerly known as Liberty Media Corporation) authorized a plan to distribute to the stockholders of Liberty shares of a wholly-owned subsidiary Liberty TripAdvisor Holdings ("TripCo" or the "Company" as discussed below) which will hold the subsidiaries TripAdvisor, Inc. ("TripAdvisor") and BuySeasons, Inc. which includes the retail businesses (BuyCostumes.com and Celebrate Express) ("BuySeasons") (the "Trip Spin-Off"), both of which operate as stand-alone operating entities. Both TripAdvisor and BuySeasons have more revenue in the third quarter, based on a higher travel research period and the Halloween period, respectively, as compared to the other quarters of the year. The transaction will be effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The Trip Spin-Off is intended to be tax-free.

The accompanying (a) condensed combined balance sheet as of December 31, 2013, which has been derived from audited financial statements, and (b) the interim unaudited condensed combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed combined financial statements should be read in conjunction with the combined financial statements and notes thereto contained elsewhere herein for the year ended December 31, 2013.

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

Spin-Off of TripCo from Liberty Interactive Corporation

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

The reorganization agreement will provide for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Trip Spin-Off, certain conditions to the Trip Spin-Off and provisions governing the relationship between TripCo and Liberty

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Combined

Financial Statements (Continued)

(1) Basis of Presentation (Continued)

with respect to and resulting from the Trip Spin-Off. The tax sharing agreement will provide for the allocation and indemnification of tax liabilities and benefits between Liberty and TripCo and other agreements related to tax matters. Pursuant to the services agreement, Liberty Media will provide TripCo with general and administrative services including legal, tax, accounting, treasury and investor relations support. TripCo will reimburse Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and TripCo will pay a services fee to Liberty Media under the services agreement that will be negotiated semi-annually. Liberty Media and TripCo will evaluate all charges for reasonableness semi-annually and make adjustments to these charges as the parties mutually agree upon. Under the facilities sharing agreement, TripCo will share office space with Liberty and Liberty Media and related amenities at Liberty's corporate headquarters.

(2) Stock-Based Compensation

Liberty Incentive Plans

The holder of an outstanding option to purchase shares of Liberty Ventures common stock on the record date (an "original Ventures option") will receive an option to purchase shares of the corresponding series of our common stock (a "new TripCo option") and an adjustment to the exercise price of and the number of shares subject to the original Ventures option (as so adjusted, "an adjusted Ventures option"). The exercise prices of and the number of shares subject to the new TripCo option and the related adjusted Ventures option will be determined based on the exercise price of and the number of shares subject to the original Ventures option, the pre-Spin-Off trading price of Liberty Ventures common stock (determined using the volume weighted average price Liberty Ventures common stock over the three consecutive trading days immediately preceding the Spin-Off) and the relative post-Spin-Off trading prices of Liberty Ventures common stock and TripCo common stock (determined using the volume weighted average price of the applicable series of common stock over the three consecutive trading days beginning on the first trading day following the Spin-Off on which both the Liberty Ventures common stock and the TripCo common stock trade in the "regular way" (meaning once the common stock trades using a standard settlement cycle)), such that the pre-Spin-Off intrinsic value of the original Ventures option is allocated between the new TripCo option and the adjusted Ventures option.

Except as described above, all other terms of an adjusted Ventures option and a new TripCo option (including, for example, the vesting terms thereof) will in all material respects, be the same as those of the corresponding original Ventures option. The terms of the adjusted Ventures option will be determined and the new TripCo option will be issued as soon as practicable following the determination of the pre- and post-Spin-Off trading prices of Liberty Ventures and TripCo common stock, as applicable. Liberty has outstanding approximately 1.9 million Liberty Ventures Series A options, as adjusted for the Ventures 2 for 1 stock split, at March 31, 2014 with a weighted average exercise price of \$28.84. Approximately 913 thousand were exercisable at March 31, 2014 with a weighted average exercise price of \$27.91.

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Condensed Combined****Financial Statements (Continued)****(2) Stock-Based Compensation (Continued)**

Included in the accompanying condensed combined statements of operations are the following amounts of stock-based compensation, a portion of which relates to TripAdvisor as discussed below:

	Three months ended March 31,	
	2014	2013
	(amounts in millions)	
Operating expense	\$ 7	8
Selling, general and administrative expense	10	9
	<u>\$ 17</u>	<u>17</u>

TripAdvisor Equity Grant Awards

During the three months ended March 31, 2014, TripAdvisor issued approximately 477 thousand of primarily service based stock options under their 2011 Incentive Plan with a weighted average price per option of \$96.62 and a weighted average estimated grant-date fair value per option of \$47.36. As of March 31, 2014, TripAdvisor has 9.3 million options outstanding (at a weighted average exercise price of \$43.40 per share) of which 4.2 million are exercisable (at a weighted average exercise price of \$31.54 per share). TripAdvisor related stock-based compensation for the three months ended March 31, 2014 was \$17 million. As of March 31, 2014, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately \$110 million and will be recognized over a weighted average period of approximately 3.2 years.

Additionally, during the three months ended March 31, 2014, TripAdvisor granted 460 thousand service based RSUs under their 2011 Incentive Plan for which the fair value was measured based on the quoted price of TripAdvisor common stock at the date of grant. The weighted average grant date fair value for RSU's granted during the three months ended March 31, 2014 was \$96.34 per share. As of March 31, 2014, the total unrecognized compensation cost related to 1.3 million unvested TripAdvisor RSUs was approximately \$62 million and will be recognized over a weighted average period of approximately 3.4 years.

(3) Pro Forma Earnings per Share

Unaudited pro forma earnings (loss) per common share for all periods presented is computed by dividing net earnings (loss) for the respective period by 73,672,146 common shares, which is the aggregate number of shares of Series A and Series B common stock that would have been issued if the Trip Spin-Off had occurred on March 31, 2014, giving effect to the Liberty Ventures two for one stock split and assuming a one to one distribution ratio.

(4) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Combined

Financial Statements (Continued)

(4) Assets and Liabilities Measured at Fair Value (Continued)

entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Company does not have any recurring assets or liabilities measured at fair value that would be considered Level 3.

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

Description	March 31, 2014			December 31, 2013		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
	amounts in millions					
Cash equivalents	\$ 50	50	—	156	156	—
Marketable securities	\$ 142	—	142	131	—	131
Available-for-sale securities	\$ 284	—	284	188	—	188

The fair value of Level 2 marketable securities and available-for-sale securities were obtained from pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets.

Other Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include trade receivables, related party receivables, trade payables, accrued and other current liabilities. The carrying amount approximates fair value due to the short maturity of these instruments as reported on our combined balance sheets.

(5) Debt

Outstanding debt at March 31, 2014 and December 31, 2013 is summarized as follows:

	March 31, 2014	December 31, 2013
	(amounts in millions)	
TripAdvisor term loan and revolving credit facility	\$ 330	340
Chinese credit facilities	31	29
Total consolidated TripCo debt	\$ 361	369
Less debt classified as current	(71)	(69)
Total long-term debt	\$ 290	300

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Combined

Financial Statements (Continued)

(5) Debt (Continued)

Term Loan Facility Due 2016 and Revolving Credit Facility

Overview

On December 20, 2011, TripAdvisor entered into a Credit Agreement, which provides \$600 million of borrowing including:

- a Term Loan Facility, or Term Loan, in an aggregate principal amount of \$400 million with a term of five years due December 2016; and
- a 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.

As of March 31, 2014, the Term Loan and loans under the Revolving Credit Facility 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, 2014, TripAdvisor used a one-month interest period Eurocurrency Spread which is approximately 1.7% per annum. Interest is payable on a monthly basis while TripAdvisor is 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.

The Term Loan principal is payable in quarterly installments on the last day of each calendar quarter equal to 2.5% of the original principal amount, with \$10 million paid during the three months ended March 31, 2014. Principal payments will be equal to 2.5% of the original principal amount in each year thereafter, with the balance due on the final maturity date.

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, 2014, there were no outstanding borrowings under the TripAdvisor Revolving Credit Facility.

As of March 31, 2014, TripAdvisor was in compliance with all of its debt covenants.

BuySeasons debt

See note 6 for a discussion regarding the significant items related to BuySeasons debt obligations.

Fair Value

Due to the variable rate nature, TripCo believes that the carrying amount of its debt approximated fair value at March 31, 2014 and December 31, 2013.

(6) Related Party Transactions

Expedia

TripAdvisor provides click-based advertising and other advertising services to Expedia (TripAdvisor's former parent) and is recorded at contract value, which TripAdvisor believes is a reasonable reflection of the value of the services provided. Expedia-related revenue represented approximately 23% and 26% of TripAdvisor's total revenue for the three months ended March 31, 2014

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Combined

Financial Statements (Continued)

(6) Related Party Transactions (Continued)

and 2013, respectively. The net Expedia-related receivable balance included in trade receivables in the combined condensed balance sheets as of March 31, 2014 and December 31, 2013 was \$32 million and \$16 million, respectively.

Following the spin-off of TripAdvisor from Expedia, as a result of the irrevocable proxy of Liberty, Mr. Diller was effectively able to control the outcome of all matters submitted to a vote or for the consent of TripAdvisor's stockholders (other than with respect to the election by the holders of TripAdvisor common stock of 25% of the members of TripAdvisor's Board of Directors and matters as to which Delaware law requires a separate class vote). Additionally, Mr. Diller was the Chairman and Senior Executive of Expedia, and through similar arrangements between Mr. Diller and Liberty, Mr. Diller was effectively able to control the outcome of all matters submitted to a vote or for the consent of Expedia's stockholders (other than with respect to the election by the holders of Expedia common stock of 25% of the members of Expedia's Board of Directors and matters as to which Delaware law requires a separate class vote). As a result, from the completion of the spin-off of TripAdvisor from Expedia until December 11, 2012, TripAdvisor and Expedia were related parties since they were under common control. On December 11, 2012, as a result of the transaction with Liberty to acquire an aggregate of 4,799,848 shares of common stock of TripAdvisor from Mr. Diller, Expedia and TripAdvisor are no longer under common control. For TripCo, Expedia is not expected to be an affiliated entity on a go forward basis but because of Liberty's ownership interest in Expedia, disclosure of the relationship was deemed appropriate until the time of the spin-off.

BuySeasons

During the three months ended March 31, 2014, the promissory note agreement between Liberty and BuySeasons, as borrower, was amended to increase the total borrowing capacity from \$30 million to \$50 million. As of March 31, 2014, BuySeasons has outstanding approximately \$36 million of borrowings in accordance with a loan agreement with Liberty. The interest rate on this loan is 6.25%.

(7) Commitments and Contingencies

Leases

On June 20, 2013, TripAdvisor entered into an additional lease to move its headquarters to Needham, Massachusetts in 2015. TripAdvisor is the deemed owner (for accounting purposes only) of the new building during the construction period under build to suit lease accounting. As building construction began in the fourth quarter of 2013, we recorded estimated project construction costs incurred by the landlord as an asset and a corresponding long term liability in "Property and equipment, at cost" and "Other liabilities," respectively, in our condensed combined balance sheets. The asset and corresponding long term liability will increase as additional building costs are incurred by the landlord during the construction period. At the completion of construction of the new building (estimated to be May 2015), we will evaluate the lease in order to determine whether or not the lease meets the criteria for "sale-leaseback" treatment. From the beginning of construction through March 31, 2014 approximately \$22 million has been capitalized.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Combined

Financial Statements (Continued)

(7) Commitments and Contingencies (Continued)

Litigation

In the ordinary course of business, the Company and its subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. Although it is reasonably possible that the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying combined financial statements.

(8) Segment Information

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

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

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

For the three months ended March 31, 2014, TripCo has identified the following combined company as its reportable segment:

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

TripCo's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also combined

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Combined

Financial Statements (Continued)

(8) Segment Information (Continued)

companies are the same as those described in the Company's summary of significant accounting policies included in the financial statements for the years ended December 31, 2013, 2012 and 2011.

Performance Measures

	Three months ended March 31,			
	2014		2013	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
TripAdvisor	\$ 281	122	230	109
Corporate and other	13	(6)	17	(7)
Combined TripCo	<u>\$ 294</u>	<u>116</u>	<u>247</u>	<u>102</u>

Other Information

	March 31, 2014	
	Total Assets	Capital expenditures
	amounts in millions	
TripAdvisor	\$ 7,151	47
Corporate and other	30	—
Combined TripCo	<u>\$ 7,181</u>	<u>47</u>

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

	Three months ended March 31,	
	2014	2013
	amounts in millions	
Consolidated segment Adjusted OIBDA	\$ 116	102
Stock-based compensation	(17)	(17)
Depreciation and amortization	(70)	(77)
Interest expense	(2)	(3)
Other, net	—	(1)
Earnings (loss) before income taxes	<u>\$ 27</u>	<u>4</u>

Liberty TripAdvisor Holdings, Inc.
Condensed Pro Forma Combined Financial Statements

March 31, 2014

(unaudited)

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries ("Liberty") authorized a plan to distribute to the stockholders of Liberty shares of a wholly-owned subsidiary, Liberty TripAdvisor Holdings, Inc. ("TripCo"), which will hold the subsidiaries TripAdvisor, Inc. ("TripAdvisor") and BuySeasons, Inc. which includes the retail businesses BuyCostumes.com and Celebrate Express ("BuySeasons") (the "Spin-Off"), both of which operate as standalone operating entities. The transaction will be effected as a pro-rata dividend of shares of TripCo to the shareholders of Series A and Series B Liberty Ventures common stock of Liberty. The Spin-Off is intended to be tax-free and is expected to be accounted for at historical cost due to the pro rata nature of the distribution to shareholders of Liberty Ventures common stock. Prior to the Spin-Off, a subsidiary of TripCo intends to borrow up to \$400 million in cash in margin loans ("Margin Loans") secured by TripCo's ownership interest in TripAdvisor. Additionally, TripCo anticipates that prior to the Spin-Off it will distribute \$350 million of the Margin Loan proceeds to Liberty.

The following unaudited condensed pro forma combined balance sheet of TripCo as of March 31, 2014 has been prepared assuming the Spin-Off had been completed as of such date. The unaudited condensed pro forma combined statements of operations of TripCo for the three months ended March 31, 2014 and for the year ended December 31, 2013 assume that the Spin-Off had been completed as of January 1, 2013. The unaudited pro forma results do not purport to be indicative of the results that would have been obtained if the Spin-Off had been completed as of such dates.

Liberty TripAdvisor Holdings, Inc.
Condensed Pro Forma Combined Balance Sheet
March 31, 2014
(unaudited)

	<u>TripCo historical</u>	<u>Pro forma adjustments</u> amounts in millions	<u>TripCo pro forma</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 322	50(1)	372
Trade and other receivables	152	—	152
Short term marketable securities	142	—	142
Other current assets	37	—	37
Total current assets	<u>653</u>	<u>50</u>	<u>703</u>
Intangible assets not subject to amortization	5,294	—	5,294
Other assets	1,234	—	1,234
Total assets	<u>\$ 7,181</u>	<u>50</u>	<u>7,231</u>
Liabilities and Equity			
Current liabilities:			
Note payable to parent	\$ 36	(36)(2)	—
Current portion of debt	71	—	71
Other current liabilities	276	—	276
Total current liabilities	<u>383</u>	<u>(36)</u>	<u>347</u>
Long-term debt	290	400(1)	690
Deferred income tax liabilities	836	—	836
Other liabilities	48	—	48
Total liabilities	<u>1,557</u>	<u>364</u>	<u>1,921</u>
Equity:			
Parent's investment	220	36(2)	256
Accumulated other comprehensive earnings, net of taxes	1	—	1
Retained earnings	987	(350)(1)	637
Total parent's investment	<u>1,208</u>	<u>(314)</u>	<u>894</u>
Noncontrolling interest	4,416	—	4,416
Total equity	<u>5,624</u>	<u>(314)</u>	<u>5,310</u>
Total liabilities and equity	<u>\$ 7,181</u>	<u>50</u>	<u>7,231</u>

Liberty TripAdvisor Holdings, Inc.
Condensed Pro Forma Combined Statement of Operations
Three Months Ended March 31, 2014
(unaudited)

	<u>TripCo historical(1)</u>	<u>Pro forma adjustments</u>	<u>TripCo pro forma</u>
	amounts in millions, except per share amounts		
Total net sales	\$ 294	—	294
Operating expenses	(61)	—	(61)
Selling, general and administrative expenses	(134)	(1)(3)	(135)
Depreciation and amortization	(70)	—	(70)
Operating income (loss)	29	(1)	28
Interest expense	(2)	(4)(4)	(6)
Earnings (loss) before income taxes	27	(5)	22
Income tax benefit (expense)	(4)	2(5)	(2)
Net earnings (loss)	23	(3)	20
Less earnings attributable to noncontrolling interests	18	—	18
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	<u>\$ 5</u>	<u>(3)</u>	<u>2</u>
Basic earnings per common share	\$ 0.07		\$ 0.03
Basic weighted average outstanding common shares (in millions)	73.7		73.7

Liberty TripAdvisor Holdings, Inc.
Condensed Pro Forma Combined Statement of Operations
Year Ended December 31, 2013
(unaudited)

	<u>TripCo historical(1)</u>	<u>Pro forma adjustments</u>	<u>TripCo pro forma</u>
		<small>amounts in millions, except per share amounts</small>	
Total net sales	\$ 1,034	—	1,034
Operating expenses	(237)	—	(237)
Selling, general and administrative expenses	(496)	(4)(3)	(500)
Depreciation and amortization	(315)	—	(315)
Impairment of intangible assets	(3)	—	(3)
Operating income (loss)	(17)	(4)	(21)
Interest expense	(12)	(16)(4)	(28)
Other income, net	1	—	1
Earnings (loss) before income taxes	(28)	(20)	(48)
Income tax benefit (expense)	55	7(5)	62
Net earnings (loss)	27	(13)	14
Less earnings attributable to noncontrolling interests	34	—	34
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (7)	(13)	(20)
Basic earnings (loss) per common share	\$ (0.10)		\$ (0.27)
Basic weighted average outstanding common shares (in millions)	73.6		73.6

Liberty TripAdvisor Holdings, Inc.

Notes to Condensed Pro Forma Combined Financial Statements

March 31, 2014

(unaudited)

- (1) Represents the net cash proceeds from borrowings under the Margin Loans (\$400 million) and subsequent dividend payment to Liberty (\$350 million).
- (2) Represents the contribution by Liberty of the BuySeasons note to capital.
- (3) Represents estimated payments to Liberty pursuant to the services agreement and facilities sharing agreement.
- (4) Represents interest expense incurred on the Margin Loans. Interest will accrue at LIBOR plus a spread (estimated to be 4% per annum for purposes of these proforma statements) and is payable at TripCo's option quarterly in arrears or can be added to the principal balance. TripCo currently anticipates that it will not pay the interest until the Margin Loans mature or are repaid in full.
- (5) Represents the income tax effects of the pro forma adjustments using a corporate tax rate of 35%.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
of TripAdvisor, Inc.

We have audited the accompanying consolidated balance sheets of TripAdvisor, Inc. as of December 31, 2013 and 2012, and the related consolidated and combined statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TripAdvisor, Inc. at December 31, 2013 and 2012, and the consolidated and combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), TripAdvisor, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 11, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 11, 2014

TRIPADVISOR, INC.

CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Year Ended December 31,		
	2013	2012	2011
Revenue	\$ 727,236	\$ 559,215	\$ 426,045
Revenue from Expedia	217,425	203,751	211,018
Total revenue	944,661	762,966	637,063
Costs and expenses:			
Cost of revenue (exclusive of amortization)(1)	17,714	12,074	10,873
Selling and marketing(2)	368,353	266,239	209,176
Technology and content(2)	130,673	86,640	57,448
General and administrative(2)	98,121	75,641	44,770
Depreciation	29,495	19,966	18,362
Amortization of intangible assets	5,731	6,110	7,523
Shared services fee with Expedia	—	—	9,222
Spin-off costs	—	—	6,932
Total costs and expenses	650,087	466,670	364,306
Operating income	294,574	296,296	272,757
Other income (expense):			
Interest income	1,738	510	808
Interest expense	(10,074)	(11,381)	(417)
Other, net	(1,536)	(3,450)	(1,254)
Total other expense, net	(9,872)	(14,321)	(863)
Income before income taxes	284,702	281,975	271,894
Provision for income taxes	(79,259)	(87,387)	(94,103)
Net income	205,443	194,588	177,791
Net (income) loss attributable to noncontrolling interest	—	(519)	(114)
Net income attributable to TripAdvisor, Inc.	\$ 205,443	\$ 194,069	\$ 177,677
Earnings Per Share attributable to TripAdvisor, Inc.:			
Basic	\$ 1.44	\$ 1.39	\$ 1.33
Diluted	\$ 1.41	\$ 1.37	\$ 1.32
Weighted Average Common Shares Outstanding:			
Basic	142,854	139,462	133,461
Diluted	145,263	141,341	134,865

(1) Excludes amortization as follows:

Amortization of acquired technology included in amortization of intangibles	\$ 949	\$ 708	\$ 578
Amortization of website development costs included in depreciation	19,602	12,816	12,438
	\$ 20,551	\$ 13,524	\$ 13,016

(2) Includes stock-based compensation as follows:

Selling and marketing	\$ 10,643	\$ 4,622	\$ 3,216
Technology and content	21,053	11,400	3,931
General and administrative	17,257	14,080	10,197

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

TRIPADVISOR, INC.

CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Net income	\$ 205,443	\$ 194,588	\$ 177,791
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	548	1,945	(781)
Unrealized gains (losses) on available for sale securities, net of tax benefits of \$6, \$72, and \$0, (1)	(4)	(104)	—
Total other comprehensive income (loss), net of tax	544	1,841	(781)
Comprehensive income	205,987	196,429	177,010
Less: comprehensive income attributable to noncontrolling interest	—	(519)	(114)
Comprehensive income attributable to TripAdvisor, Inc.	<u>\$ 205,987</u>	<u>\$ 195,910</u>	<u>\$ 176,896</u>

(1) Net gains (losses) recognized and reclassified during the years ended December 31, 2013, 2012 and 2011 were immaterial.

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

TRIPADVISOR, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 351,148	\$ 367,515
Short-term marketable securities (note 5)	131,220	118,970
Accounts receivable, net of allowance of \$3,300 and \$2,818 at December 31, 2013 and December 31, 2012, respectively (note 2)	97,034	81,459
Receivable from Expedia, net (note 15)	15,828	23,971
Taxes receivable (note 9)	14,291	24,243
Deferred income taxes, net (note 9)	4,550	5,971
Prepaid expenses and other current assets	16,214	10,365
Total current assets	630,285	632,494
Long-term marketable securities (note 5)	188,338	99,248
Property and equipment, net (note 6)	81,528	43,802
Deferred income taxes, net (note 9)	893	502
Other long-term assets	18,144	13,274
Intangible assets, net (note 7)	51,842	38,190
Goodwill (note 7)	501,984	471,684
TOTAL ASSETS	\$ 1,473,014	\$ 1,299,194
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 9,869	\$ 12,796
Deferred merchant payables (note 2)	29,612	1,303
Deferred revenue	43,970	31,563
Credit facility borrowings (note 8)	28,461	32,145
Borrowings, current (note 8)	40,000	40,000
Taxes payable (note 9)	5,443	14,597
Accrued expenses and other current liabilities (note 10)	85,534	63,236
Total current liabilities	242,889	195,640
Deferred income taxes, net (note 9)	13,114	11,023
Other long-term liabilities (note 11)	52,531	25,563
Borrowings, net of current portion (note 8)	300,000	340,000
Total Liabilities	608,534	572,226
Commitments and Contingencies (note 12)		
Stockholders' equity: (note 14)		
Preferred stock \$0.001 par value	—	—
Authorized shares: 100,000,000		
Shares issued and outstanding: 0 and 0		
Common stock \$0.001 par value	131	130
Authorized shares: 1,600,000,000		
Shares issued: 131,537,798 and 130,060,138		
Shares outstanding: 129,417,089 and 130,060,138		
Class B common stock \$0.001 par value	13	13
Authorized shares 400,000,000		
Shares issued and outstanding: 12,799,999 and 12,799,999		
Additional paid-in capital	608,001	531,256
Retained earnings	401,881	196,438
Accumulated other comprehensive loss	(325)	(869)
Treasury stock—Common stock, at cost, 2,120,709 and 0 shares, at December 31, 2013 and December 31, 2012 respectively	(145,221)	—
Total stockholders' equity	864,480	726,968
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,473,014	\$ 1,299,194

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

TRIPADVISOR, INC.

CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except share data)

	Invested Capital	Common stock		Class B common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock		Total
		Shares	Amount	Shares	Amount				Shares	Amount	
Balance as of December 31, 2010	\$ 541,561							(1,929)			\$ 539,632
Net income attributable to TripAdvisor, Inc. prior to Spin-Off	175,308										175,308
Net income attributable to TripAdvisor, Inc. after the Spin-Off							2,369				2,369
Currency translation adjustments								(781)			(781)
Tax benefits on equity awards	1,453										1,453
Stock-based compensation expense- pre-Spin-Off	16,260										16,260
Acquisition of common control subsidiary from Expedia	(40,564)										(40,564)
Adjustment to the fair value of redeemable noncontrolling interest	(571)										(571)
Extinguishment of receivable due from Expedia related to Spin- Off, including transfers of assets and liabilities	(1,525)										(1,525)
Distribution to Expedia related to Spin-Off, net	(398,488)										(398,488)
Capitalization of TripAdvisor as a result of Spin-Off from Expedia, including issuance of Common and Class B shares	(293,434)	120,661,808	121	12,799,999	13	293,300					
Stock-based compensation expense- post Spin-Off						444					444
Balance as of December 31, 2011	\$ —	120,661,808	\$ 121	12,799,999	\$ 13	\$ 293,744	\$ 2,369	\$ (2,710)			\$ 293,537
Net income attributable to TripAdvisor, Inc.							194,069				194,069
Currency translation adjustments								1,945			1,945
Unrealized loss on marketable securities, net of tax								(104)			(104)
Issuance of common stock related to exercise of options and warrants and vesting of RSUs		9,398,330	9			230,702					230,711
Tax benefits on equity awards						3,933					3,933
Minimum withholding taxes on net share settlements of equity awards						(6,675)					(6,675)
Adjustment to the fair value of redeemable noncontrolling interest						(14,617)					(14,617)
Reclassification of non-employee equity awards to liability						(1,462)					(1,462)
Stock-based compensation expense						25,631					25,631
Balance as of December 31, 2012	\$ —	130,060,138	\$ 130	12,799,999	\$ 13	\$ 531,256	\$ 196,438	\$ (869)			\$ 726,968
Net income attributable to TripAdvisor, Inc.							205,443				205,443
Currency translation adjustments								548			548
Unrealized loss on marketable securities, net of tax and reclassification adjustments								(4)			(4)
Issuance of common stock related to exercise of options and vesting of RSUs		1,477,660	1			27,067					27,068
Repurchase of common stock								(2,120,709)	(145,221)		(145,221)
Tax benefits on equity awards						12,227					12,227
Minimum withholding taxes on net share settlements of equity awards						(13,907)					(13,907)
Stock-based compensation expense						51,358					51,358
Balance as of December 31, 2013	\$ —	131,537,798	\$ 131	12,799,999	\$ 13	\$ 608,001	\$ 401,881	\$ (325)	(2,120,709)	(145,221)	\$ 864,480

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

TRIPADVISOR, INC.

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Operating activities:			
Net income	\$ 205,443	\$ 194,588	\$ 177,791
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	29,495	19,966	18,362
Stock-based compensation	48,953	30,102	17,344
Amortization of intangible assets	5,731	6,110	7,523
Amortization of deferred financing costs	779	889	21
Amortization of discounts and premiums on marketable securities, net	4,905	527	—
Deferred tax (benefit) expense	5,473	(4,960)	(931)
Excess tax benefits from stock-based compensation	(12,425)	(2,717)	(1,571)
Provision (recovery) for doubtful accounts	1,485	(1,050)	909
Foreign currency transaction (gains) losses, net	(154)	1,644	209
Other, net	1,691	187	(131)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(16,184)	(11,810)	(15,910)
Receivable from Expedia, net	8,099	(16,921)	—
Taxes receivable	9,952	(24,243)	—
Prepaid expenses and other assets	(3,655)	(3,305)	(1,821)
Accounts payable	(5,884)	15,322	4,133
Deferred merchant payable	16,767	(1,345)	1,752
Taxes payable	16,852	7,073	3,244
Accrued expenses and other liabilities	23,404	17,067	82
Deferred revenue	8,796	11,942	6,876
Net cash provided by operating activities	349,523	239,066	217,882
Investing activities:			
Acquisitions, net of cash acquired	(34,819)	(3,007)	(7,894)
Capital expenditures, including internal-use software and website development costs	(55,455)	(29,282)	(21,323)
Purchases of marketable securities	(432,373)	(218,922)	—
Sales of marketable securities	174,723	—	—
Maturities of marketable securities	150,780	—	20,090
Distribution to Expedia related to Spin-Off	—	7,028	(405,516)
Acquisitions, net of cash acquired, from Expedia	—	—	(28,099)
Transfers to Expedia, net	—	—	(95,967)
Other, net	350	—	(153)
Net cash used in investing activities	(196,794)	(244,183)	(538,862)
Financing activities:			
Repurchase of common stock	(145,221)	—	—
Proceeds from credit facilities	10,201	15,372	18,158
Payments on credit facilities	(14,728)	(10,000)	—
Principal payments on long-term debt	(40,000)	(20,000)	—
Proceeds from issuance of long-term debt, net of issuance costs	—	—	396,516
Proceeds from exercise of stock options and warrants	23,703	230,711	—
Payment of minimum withholding taxes on net share settlements of equity awards	(13,907)	(6,675)	—
Excess tax benefits from stock-based compensation	12,425	2,717	1,571
Payments on construction in process related to build to suit lease obligations	(2,148)	—	—
Payments to purchase subsidiary shares from noncontrolling interest	—	(22,304)	—
Acquisitions funded by Expedia	—	—	5,135
Payments on acquisition earn-out	—	—	(9,546)
Net cash (used) provided by financing activities	(169,675)	189,821	411,834
Effect of exchange rate changes on cash and cash equivalents	579	(721)	(455)
Net (decrease) increase in cash and cash equivalents	(16,367)	183,983	90,399
Cash and cash equivalents at beginning of year	367,515	183,532	93,133
Cash and cash equivalents at end of year	\$ 351,148	\$ 367,515	\$ 183,532
Supplemental disclosure of cash flow information:			
Income taxes paid directly to taxing authorities, net of refunds	\$ 49,989	\$ 107,799	\$ 42,220
Income taxes paid to Expedia	—	—	49,570
Total income taxes paid, net of refunds	\$ 49,989	\$ 107,799	\$ 91,790
Cash paid during the period for interest	\$ 8,291	\$ 9,792	\$ 313
Supplemental disclosure of non-cash investing and financing activities:			
Capitalization of construction in-process related to build to suit lease obligation	\$ 7,877	—	—
Non-cash fair value increase for redeemable noncontrolling interests	—	\$ 14,617	\$ 571
Distribution receivable from Expedia, Inc.	—	—	(7,028)

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

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND BUSINESS DESCRIPTION

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

During 2011, Expedia, Inc., or Expedia, announced its plan to separate into two independent public companies in order to better achieve certain strategic objectives of its various businesses. We refer to this transaction as the "Spin-Off." On December 20, 2011, following the close of trading on the NASDAQ Global Select Market ("NASDAQ"), the Spin-Off was completed, and TripAdvisor began trading as an independent public company on December 21, 2011. Expedia effected the Spin-Off by means of a reclassification of its capital stock that resulted in the holders of Expedia capital stock immediately prior to the time of effectiveness of the reclassification having the right to receive a proportionate amount of TripAdvisor capital stock. In connection with the Spin-Off, Expedia contributed or transferred all of the subsidiaries and assets relating to Expedia's TripAdvisor Media Group to TripAdvisor and TripAdvisor assumed all of the liabilities relating to Expedia's TripAdvisor Media Group.

On December 11, 2012, Liberty Interactive Corporation, or Liberty, purchased an aggregate of 4,799,848 shares of common stock of TripAdvisor from Barry Diller, our former Chairman of the Board of Directors and Senior Executive, and certain of his affiliates (the "Stock Purchase"). As a result, as of December 31, 2013, Liberty beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 14.0% of the outstanding shares of Common Stock and 100% of the outstanding shares of Class B Common Stock. Assuming the conversion of all of the Liberty's shares of Class B common stock into common stock, Liberty would beneficially own 21.8% of the outstanding common stock (calculated in accordance with Rule 13d-3). 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, Liberty may be deemed to beneficially own equity securities representing approximately 56.8% of our voting power.

Our common stock trades on the NASDAQ under the trading symbol "TRIP."

Description of Business

TripAdvisor is an online travel company, empowering users to plan and have the perfect trip. TripAdvisor's travel research platform aggregates reviews and opinions of members about destinations, accommodations (hotels, B&Bs, specialty lodging and vacation rentals), restaurants and activities throughout the world through our flagship TripAdvisor brand. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 33 countries, including in China under the brand daodao.com. Beyond travel-related content, TripAdvisor websites also include links to the websites of our travel advertisers allowing travelers to directly book their travel arrangements. In addition to the flagship TripAdvisor brand, we manage and operate 20 other travel brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector. We derive substantially all of our revenue from advertising, primarily through click-based advertising and display-based advertising sales. In addition, we earn revenue through a combination of subscription-based offerings from our Business Listings and Vacation Rental products, transaction revenue from making hotel room nights available for booking on our transactional sites, and other revenue including licensing our content to third-parties. We have one operating and reportable segment: TripAdvisor. The segment is determined based on how our chief operating decision maker manages our business, makes operating decisions and evaluates operating performance.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1: ORGANIZATION AND BUSINESS DESCRIPTION (Continued)

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

Basis of Presentation

The accompanying consolidated and combined 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 record our investments in entities that we do not control, but over which we have the ability to exercise significant influence, using the equity method. We record noncontrolling interest in our consolidated and combined financial statements to recognize the minority ownership interest in our consolidated and combined subsidiaries. Noncontrolling interest in the earnings and losses of consolidated and combined subsidiaries represent the share of net income or loss allocated to members or partners in our consolidated and combined entities. We have eliminated significant intercompany transactions and accounts. The accounting for income taxes was computed for TripAdvisor on a separate tax return basis (see "Note 9—*Income Taxes*" for further information). The accompanying consolidated and combined financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

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.

The financial statements and related financial information pertaining to the period preceding December 21, 2011 have been presented on a combined basis and reflect the results of TripAdvisor that were ultimately transferred to us as part of the Spin-Off. The financial statements and related financial information pertaining to the period from December 21, 2011 onward have been presented on a consolidated basis. Prior to the Spin-Off, certain functions, including accounting, legal, tax, corporate development, treasury, employee benefits, financial reporting and real estate management, were historically managed by the corporate division of Expedia on behalf of its subsidiaries. The assets, liabilities and expenses related to the support of these centralized corporate functions have been allocated to us on a specific identification basis to the extent possible. Otherwise, allocations related to these services, in the form of a shared services fee, were primarily based upon an estimate of the proportion of corporate amounts applicable to us. These allocations were determined on a basis that Expedia and we considered to be a reasonable reflection of the cost of services provided or the benefit received by us. These expenses were allocated based on a number of factors including headcount, estimated time spent and operating expenses. In the opinion of management, the assumptions and allocations were made on a reasonable basis. Management believes that amounts allocated to TripAdvisor reflect a reasonable representation of the types of costs that would have been incurred if we had performed these functions as a stand-alone company. However, as estimation is inherent within

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

the aforementioned allocation process, these combined financial statements do not include all of the actual amounts that would have been incurred had we been a stand-alone entity during the periods presented and also do not necessarily reflect our future financial position, results of operations and cash flows.

Accounting Estimates

We use estimates and assumptions in the preparation of our consolidated and combined financial statements in accordance with GAAP. Our estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our consolidated and combined financial statements. These estimates and assumptions also affect the reported amount of net income or loss during any period. Our actual financial results could differ significantly from these estimates. The significant estimates underlying our consolidated and combined financial statements include recoverability of long-lived assets and investments, recoverability of intangible assets and goodwill; income taxes; useful lives of property and equipment; purchase accounting and stock-based compensation.

Reclassifications

Certain reclassifications have been made to conform the prior period to the current presentation. These reclassifications had no net effect on our consolidated and combined financial statements and were not material.

Revenue Recognition

We recognize revenue from the advertising services rendered when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable, and collectability is reasonably assured.

Click-based Advertising. Revenue is derived primarily from click-through fees charged to our travel partners for traveler leads sent to the travel partners' website. We record revenue from click-through fees after the traveler makes the click-through to the travel partners' websites.

Display and Other Advertising. We recognize display advertising revenue ratably over the advertising period or upon delivery of advertising impressions, depending on the terms of the advertising contract. Subscription-based revenue is recognized ratably over the related subscription period. We recognize revenue from all other sources either upon delivery or when we provide the service.

Deferred revenue, which primarily relates to our subscription-based programs, is recorded when payments are received in advance of our performance as required by the underlying agreements.

Cost of Revenue

Cost of revenue consists of expenses that are closely correlated or directly related to revenue generation, including ad serving fees, flight search fees, credit card fees and data center costs.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Selling and Marketing

Sales and marketing expenses primarily consist of direct costs, including search engine marketing, or SEM, other traffic acquisition costs, syndication costs and affiliate program commissions, brand 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 expense and bonuses for sales, sales support, customer support and marketing employees.

Technology and Content

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

General and Administrative

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

Interest Income

Interest income primarily consists of interest earned and amortization of discounts and premiums on our marketable securities.

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.

Cash, Cash Equivalents and Marketable Securities

Our cash equivalents consist of highly liquid investments with maturities of 90 days or less at the date of purchase. Our marketable debt and equity securities have been classified and accounted for as available-for-sale. We determine the appropriate classification of our investments at the time of purchase and reevaluate the designations at each balance sheet date. We invest in highly-rated securities, and our investment policy limits the amount of credit exposure to any one issuer, industry group and currency. The policy requires investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss and providing liquidity of investments sufficient to meet our operating and capital spending requirements and debt repayments.

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

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

limited to money market funds and mutual funds, as either short-term or long-term based on the nature of each security and its availability for use in current operations. Our marketable debt and equity securities are carried at fair value, with the unrealized gains and losses, net of taxes, reported in accumulated other comprehensive income (loss) as a component of shareholders' equity. Fair values are determined for each individual security in the investment portfolio.

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

We continually review our available for sale securities to determine whether a decline in fair value below the carrying value is other than temporary. When evaluating an investment for other-than-temporary impairment, we review factors such as the length of time and extent to which fair value has been below its cost basis, the financial condition of the issuer and any changes thereto, and our intent to sell, or whether it is more likely than not it will be required to sell the investment before recovery of the investment's cost basis. Once a decline in fair value is determined to be other than temporary, an impairment charge is recorded and a new cost basis in the investment is established. If we do not intend to sell the debt security, but it is probable that we will not collect all amounts due, then only the impairment due to the credit risk would be recognized in earnings and the remaining amount of the impairment would be recognized in accumulated other comprehensive loss within stockholders' equity.

Cash consists of cash deposits held in global financial institutions.

Fair Value Measurements

We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. We measure assets and liabilities at fair value based on the expected exit price, which is the amount that would be received on the sale of an asset or amount paid to transfer a liability, as the case may be, in an orderly transaction between market participants in the principal or most advantageous market in which we would transact. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability at the measurement date. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

Level 1—Valuations are based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations are based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 3—Valuations are based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Derivative Financial Instruments

Our goal in managing our foreign exchange risk is to reduce, to the extent practicable, our potential exposure to the changes that exchange rates might have on our earnings, cash flows and financial position. We account for our derivative instruments as either assets or liabilities and carry them at fair value.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive income (loss) in shareholders' equity and reclassified into income in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of the gain or loss on the derivative instrument, if any, is recognized in current income. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. For options designated as cash flow hedges, changes in the time value are excluded from the assessment of hedge effectiveness and are recognized in income. For derivative instruments that hedge the exposure to changes in the fair value of an asset or a liability and that are designated as fair value hedges, both the net gain or loss on the derivative instrument as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in earnings in the current period. The net gain or loss on the effective portion of a derivative instrument that is designated as an economic hedge of the foreign currency translation exposure of the net investment in a foreign operation is reported in the same manner as a foreign currency translation adjustment. For forward exchange contracts designated as net investment hedges, we exclude changes in fair value relating to changes in the forward carrying component from its definition of effectiveness. Accordingly, any gains or losses related to this component are recognized in current income. We have not entered into any cash flow, fair value or net investment hedges to date as of December 31, 2013.

Derivatives that do not qualify for hedge accounting must be adjusted to fair value through current income. In certain circumstances, we enter into foreign currency forward exchange contracts ("forward contracts") to reduce the effects of fluctuating foreign currency exchange rates on our cash flows denominated in foreign currencies. Our derivative instruments or forward contracts that were entered into and are not designated as hedges as of December 31, 2013 are disclosed below in "Note 5—*Financial Instruments*" in the notes to the consolidated and combined financial statements. Monetary assets and liabilities denominated in a currency other than the functional currency of a given subsidiary are remeasured at spot rates in effect on the balance sheet date with the effects of changes in spot rates reported in Other, net on our consolidated and combined statements of operations. Accordingly, fair value changes in the forward contracts help mitigate the changes in the value of the remeasured assets and liabilities attributable to changes in foreign currency exchange rates, except to the extent of the spot-forward differences. These differences are not expected to be significant due to the short-term nature of the contracts, which typically have average maturities at inception of less than one year.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are generally due within 30 days and are recorded net of an allowance for doubtful accounts. We record accounts receivable at the invoiced amount and do not charge interest. Collateral is not required for accounts receivable. We consider accounts outstanding longer than the contractual payment terms as past due. We determine our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, a specific customer's ability to pay its obligations to us, and the condition of the general economy and industry as a whole.

The following table presents the changes in the allowance for doubtful accounts for the periods presented:

	December 31,		
	2013	2012	2011
	(in thousands)		
Allowance for doubtful accounts:			
Balance, beginning of period	\$ 2,818	\$ 5,370	\$ 5,184
Charges (recoveries) to earnings	1,485	(1,050)	909
Write-offs, net of recoveries and other adjustments	(1,003)	(1,502)	(723)
Balance, end of period	<u>\$ 3,300</u>	<u>\$ 2,818</u>	<u>\$ 5,370</u>

Property and Equipment, Including Website and Software Development Costs

We record property and equipment at cost, net of accumulated depreciation. We capitalize certain costs incurred during the application development stage related to the development of websites and internal use software when it is probable the project will be completed and the software will be used as intended. Capitalized costs include internal and external costs, if direct and incremental, and deemed by management to be significant. We expense costs related to the planning and post-implementation phases of software and website development as these costs are incurred. Maintenance and enhancement costs (including those costs in the post-implementation stages) are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the website or software resulting in added functionality, in which case the costs are capitalized.

We compute depreciation using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment and purchased software, capitalized software and website development and furniture and other equipment. We depreciate leasehold improvements using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

Leases

We lease office space in several countries around the world under non-cancelable lease agreements. We generally lease our office facilities under operating lease agreements. Office facilities subject to an operating lease and the related lease payments are not recorded on our balance sheet. The terms of certain lease agreements provide for rental payments on a graduated basis, however, we recognize rent expense on a straight-line basis over the lease period in accordance with authoritative

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

accounting guidance. Any lease incentives are recognized as reductions of rental expense on a straight-line basis over the term of the lease. The lease term begins on the date we become legally obligated for the rent payments or when we take possession of the office space, whichever is earlier.

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

Recoverability of Goodwill and Indefinite-Lived Intangible Assets

Goodwill

We account for acquired businesses using the purchase method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. We assess goodwill, which is not amortized, for impairment annually as of October 1, or more frequently, if events and circumstances indicate impairment may have occurred. We test goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment). We have one reportable segment. The segment is determined based on how our chief operating decision maker manages our business, makes operating decisions and evaluates operating performance.

In the evaluation of goodwill for impairment, we first perform a qualitative assessment to determine whether it is more likely than not (i.e., a likelihood of more than 50%) that the fair value of the reporting unit is less than the carrying amount. If we determine that it is not more likely than not that the fair value of the goodwill is less than its carrying amount, no further testing is necessary. If, however, we determine that it is more likely than not that the fair value of the goodwill is less than its carrying amount, we then perform a quantitative assessment and compare the fair value of the reporting unit to the carrying value. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is potentially impaired and we proceed to step two of the impairment analysis. In step two of the analysis, we will record an impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value should such a circumstance arise.

Indefinite-Lived Intangible Assets

Intangible assets that have indefinite lives are not amortized and are tested for impairment annually on October 1, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Similar to the qualitative assessment for goodwill, we may assess qualitative factors to determine if it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If we determine that it is not more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, no further testing is necessary. If, however, we determine that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, we compare the fair value of the indefinite-lived asset with its carrying amount. If the carrying value of an individual indefinite-lived intangible asset

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

exceeds its fair value, the individual asset is written down by an amount equal to such excess. The assessment of qualitative factors is optional and at our discretion. We may bypass the qualitative assessment for any indefinite-lived intangible asset in any period and resume performing the qualitative assessment in any subsequent period.

As part of our qualitative assessment for our 2013 impairment analysis, the factors that we considered for our goodwill and indefinite-lived intangible assets included, but were not limited to: (a) changes in macroeconomic conditions in the overall economy and the specific markets in which we operate, (b) our ability to access capital, (c) changes in the online travel industry, (d) changes in the level of competition, (e) comparison of our current financial performance to historical and budgeted results, (f) changes in excess market capitalization over book value based on our current common stock price and latest consolidated balance sheet, and (g) comparison of the excess of the fair value of our trade names and trademarks to the carrying value of those same assets, using the results of our most recent quantitative assessment. After considering these factors and the impact that changes in such factors would have on the inputs used in our previous quantitative assessment, we determined for our goodwill and indefinite-lived intangible assets that it was more likely than not that these assets were not impaired.

Since the annual impairment tests in October 2013, there have been no events or changes in circumstances to indicate any potential impairment to goodwill or our indefinite-lived intangible assets. In the event that future circumstances indicate that any portion of our goodwill or our indefinite-lived intangibles is impaired, an impairment charge would be recorded.

Recoverability of Intangible Assets with Definite Lives and Other Long-Lived Assets

Intangible assets with definite lives and other long-lived assets are carried at cost and are amortized on a straight-line basis over their estimated useful lives of two to eleven years. The straight-line method of amortization is currently used for our definite-lived intangible assets as it approximates, or is our best estimate, of the distribution of the economic use of our identifiable intangible assets. We review the carrying value of long-lived assets or asset groups, including property and equipment, to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable.

Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others. If such facts indicate a potential impairment, we assess the recoverability of the asset by determining if the carrying value of the asset exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the asset over the remaining economic life of the asset. If the recoverability test indicates that the carrying value of the asset is not recoverable, we will estimate the fair value of the asset using appropriate valuation methodologies which would typically include an estimate of discounted cash flows. Any impairment would be measured by the amount that the carrying value of such assets exceeds their fair value. We have not identified any circumstances that would warrant an impairment assessment as of December 31, 2013.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

We compute and account for our income taxes on a stand-alone basis. We record income taxes under the liability method. Deferred tax assets and liabilities reflect our estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for book and tax purposes. We determine deferred income taxes based on the differences in accounting methods and timing between financial statement and income tax reporting. Accordingly, we determine the deferred tax asset or liability for each temporary difference based on the enacted tax rates expected to be in effect when we realize the underlying items of income and expense. We consider all relevant factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as assessing available tax planning strategies. We may establish a valuation allowance to reduce deferred tax assets to the amount we believe is more likely than not to be realized. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

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

Foreign Currency Translation and Transaction Gains and Losses

Our consolidated and combined financial statements are reported in U.S. dollars. Certain of our subsidiaries outside of the United States use the related local currency as their functional currency and not the U.S. dollar. Therefore assets and liabilities of our foreign subsidiaries are translated at the spot rate in effect at the applicable reporting date, and the consolidated and combined statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings in stockholders' equity.

Due to the nature of our operations and our corporate structure, we also have subsidiaries that have transactions in foreign currencies other than their functional currency. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in the accompanying consolidated and combined statements of operations as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions.

Accordingly, we have recorded foreign exchange losses of \$0.2 million, 3.2 million and \$1.0 million for the years ended December 31, 2013, 2012 and 2011, respectively, in Other, net. These losses are net of those realized and unrealized on foreign currency forward contracts.

Advertising Expense

We incur advertising expense consisting of traffic generation costs from search engines and Internet portals, other online and offline (including television) advertising expense, promotions and public relations to promote our brands. We expense the costs associated with communicating the

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

advertisements in the period in which the advertisement takes place. We expense the production costs associated with advertisements in the period in which the advertisement first takes place. For the years ended December 31, 2013, 2012 and 2011, our advertising expense was \$236.5 million, \$175.0 million, and \$135.6 million, respectively. As of December 31, 2013 and 2012, we had \$1.3 million and \$1.4 million of prepaid marketing expenses included in prepaid expenses and other current assets.

Stock-Based Compensation

Stock Options. The exercise price for all stock options granted by us to date has been equal to the market price of the underlying shares of common stock at the date of grant. In this regard, when making stock option awards, our practice is to determine the applicable grant date and to specify that the exercise price shall be the closing price of our common stock on the date of grant.

The estimated fair value of stock options is calculated using a Black-Scholes Merton option-pricing model ("Black-Scholes model"). The Black-Scholes model incorporates assumptions to value stock-based awards, which includes the risk-free rate of return, expected volatility, expected term and expected dividend yield.

Our risk-free interest rate is based on the rates currently available on zero-coupon U.S. Treasury issues, in effect at the time of the grant, whose remaining maturity period most closely approximates the stock option's expected term assumption. We estimate volatility of our common stock by using an average of our historical stock price volatility and of publicly traded companies that we consider peers based on daily price observations over a period equivalent to or approximate to the expected term of the stock option grants. The decision to use a weighted average volatility factor with a peer group was based upon the relatively short period of availability of data on our common stock. We estimate our expected term using the simplified method for all stock options as we do not have sufficient historical exercise data on our common stock. Our expected dividend yield is zero, as we have not paid any dividends on our common stock to date and do not expect to pay any cash dividends for the foreseeable future.

Restricted Stock Units. RSUs are stock awards that are granted to employees entitling the holder to shares of our common stock as the award vests. RSUs are measured at fair value based on the number of shares granted and the quoted price of our common stock at the date of grant. We amortize the fair value of stock options and RSUs, net of estimated forfeitures, as stock-based compensation expense over the vesting term of generally four years on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive these awards, and subsequent events are not indicative of the reasonableness of our original estimates of fair value. We use historical data to estimate pre-vesting stock option and RSU forfeitures and record share-based compensation expense only for those awards that are expected to vest. Changes in estimated forfeitures are recognized through a cumulative catch-up adjustment in the period of change which also impacts the amount of stock compensation expense to be recognized in future periods.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance-based stock options and RSUs vest upon achievement of certain company-based performance conditions and a requisite service period. On the date of grant, the fair value of performance-based awards is determined based on the fair value, which is calculated using the same method as our service based stock options and RSUs described above. We then assess whether it is probable that the performance targets would be achieved. If assessed as probable, compensation expense will be recorded for these awards over the estimated performance period. At each reporting period, we will reassess the probability of achieving the performance targets and the performance period required to meet those targets. The estimation of whether the performance targets will be achieved and of the performance period required to achieve the targets requires judgment, and to the extent actual results or updated estimates differ from our current estimates, the cumulative effect on current and prior periods of those changes will be recorded in the period estimates are revised, or the change in estimate will be applied prospectively depending on whether the change affects the estimate of total compensation cost to be recognized or merely affects the period over which compensation cost is to be recognized. The ultimate number of shares issued and the related compensation expense recognized will be based on a comparison of the final performance metrics to the specified targets.

Deferred Merchant Payables

We receive cash from travelers at the time of booking related to our vacation rental and transaction-based businesses and we record these amounts, net of commissions, on our consolidated balance sheets as deferred merchant payables. We pay the hotel or vacation rental owners after the travelers' use and subsequent billing from the hotel or vacation rental owners. Therefore, we receive cash from the traveler prior to paying the hotel or vacation rental owners, and this operating cycle represents a working capital source of cash to us. As long as our transaction-based businesses grow, we expect that changes in working capital related to these transactions will positively impact operating cash flows. As of December 31, 2013, our deferred merchant payables balance was \$29.6 million and for the year ended December 31, 2013, the related transactions generated positive operating cash flow of \$16.8 million. A payable balance of \$11.5 million was acquired with our business acquisitions during the year ended December 31, 2013, and therefore is included within investing activities in our consolidated and combined cashflow statements. For additional information on our business acquisitions refer to "Note 3 —Acquisitions" below. The deferred merchant payables balance at December 31, 2012 was \$1.3 million.

Credit Risk and Concentrations

Financial instruments, which potentially subject us to concentration of credit risk, consist primarily of cash and cash equivalents, corporate debt securities, foreign exchange contracts, accounts receivable and customer concentrations. We maintain some cash and cash equivalents balances with financial institutions that are in excess of Federal Deposit Insurance Corporation insurance limits. Our cash and cash equivalents are primarily composed of prime institutional money market funds as well as bank account balances primarily denominated in U.S. dollars, Euros, British pound sterling, Chinese renminbi and Singapore dollars. We invest in highly-rated corporate debt securities, and our investment policy limits the amount of credit exposure to any one issuer, industry group and currency. Our credit risk related to corporate debt securities is also mitigated by the relatively short maturity period required by our investment policy. Foreign exchange contracts are transacted with various international financial institutions with high credit standing.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Our business is also subject to certain risks due to concentrations related to dependence on our relationships with our customers. We are highly dependent on our advertising and media relationship with Expedia, (see "Note 15—*Related Party Transactions* "). For the years ended December 31, 2013, 2012 and 2011 our two most significant advertising customers, Expedia and Priceline, accounted for a combined 47%, 48% and 49% of total revenue, respectively. As of December 31, 2013 and 2012, there were no customers that accounted for 10% or more of our accounts receivable. Our overall credit risk related to accounts receivable is mitigated by the relatively short collection period.

Contingent Liabilities

Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated and combined statements of operations. We provide disclosure in the notes to the consolidated and combined financial statements for loss contingencies that do not meet both these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the financial statements. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. We base accruals made on the best information available at the time which can be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying consolidated and combined financial statements.

Comprehensive Income (Loss)

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

Earnings per Share (EPS)

In connection with the Spin-Off a one-for-two reverse stock split of outstanding Expedia capital stock occurred immediately prior to the Spin-Off, which resulted in 120,661,020 shares of common stock and 12,799,999 shares of Class B common stock outstanding immediately following the Spin-Off.

Basic Earnings Per Share

We compute basic earnings per share 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.

For the year ended December 31, 2011, we computed basic earnings per share using the number of shares of common stock and Class B common stock outstanding immediately following the Spin-Off, as if such shares were outstanding for the entire period prior to the Spin-Off, plus the weighted average of any additional shares issued and outstanding following the Spin-Off date through December 31, 2011.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Diluted Earnings Per Share

We compute diluted earnings per share 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, stock warrants 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.

We treated all outstanding equity awards assumed at Spin-Off as if they were granted as of the Spin-Off and we included them in our diluted earnings per share calculation for the year ended December 31, 2011, based on the number of days they were outstanding.

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 earnings per share (in thousands, except for per share information) for the periods presented:

	Year Ended December 31,		
	2013	2012	2011
Numerator:			
Net income attributable to TripAdvisor, Inc.	\$ 205,443	\$ 194,069	\$ 177,677
Denominator:			
Weighted average shares used to compute Basic EPS	142,854	139,462	133,461
Effect of dilutive securities:			
Stock options	2,131	1,207	1,164
RSUs	278	161	240
Stock warrants	—	511	—
Weighted average shares used to compute Diluted EPS	<u>145,263</u>	<u>141,341</u>	<u>134,865</u>
Basic EPS	\$ 1.44	\$ 1.39	\$ 1.33
Diluted EPS	\$ 1.41	\$ 1.37	\$ 1.32

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following potential common shares related to stock options, stock warrants and RSUs were excluded from the calculation of diluted net income per share because their effect would have been anti-dilutive for the periods presented:

	December 31,		
	2013(1)	2012(2)(3)	2011(3)
	(In thousands)		
Stock options	2,244	3,944	2,261
RSUs	27	21	80
Warrants	—	—	8,047
Total	<u>2,271</u>	<u>3,965</u>	<u>10,388</u>

- (1) These totals do not include 155,000 performance based options and 44,000 performance based RSUs representing the right to acquire 199,000 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 earnings per share for those reporting periods.
- (2) These totals do not include performance based options representing the right to acquire 110,000 shares of common stock, respectively, for which all targets required to trigger vesting had not been achieved; therefore, such awards were excluded from the calculation of weighted average shares used to compute diluted earnings per share for those reporting periods.
- (3) These totals do not include performance based RSUs representing the right to acquire 200,000 and 400,000 shares of common stock at December 31, 2012 and 2011, respectively, for which all targets required to trigger vesting had not been achieved; therefore, such awards were excluded from the calculation of weighted average shares used to compute diluted earnings per share 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.

Recently Adopted Accounting Pronouncements*Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*

In February 2013, the Financial Accounting Standards Board, or FASB, issued new accounting guidance which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The new guidance requires that companies present, either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified based on its source and is effective for public companies in interim and annual reporting periods beginning after December 15, 2012. Accordingly, we have adopted these presentation requirements during the first quarter of 2013. The adoption of this new guidance did not have a material impact on our consolidated and combined financial statements or related disclosures.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Not Yet Adopted

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued new accounting guidance on the presentation of unrecognized tax benefits. The new guidance requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows: to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use the deferred tax asset for such purpose, then the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2013, with early adoption permitted. Accordingly, we plan to adopt these presentation requirements during the first quarter of 2014. The adoption of this new guidance is not expected to have a material impact on our consolidated and combined financial statements or related disclosures.

NOTE 3: ACQUISITIONS

During the year ended December 31, 2013, we completed six acquisitions for total cash consideration paid of \$34.8 million, net of cash acquired. The total cash consideration is subject to adjustment based on the finalization of working capital adjustments and amounts retained with payment subject to certain indemnification obligations by the respective sellers for our benefit in future periods. We acquired TinyPost, the developer of a product that enables users to write over photos and turn them into stories, Jetsetter, a members-only private sale site for hotel bookings; CruiseWise, a cruise research and planning site; Niumba, a Spain-based vacation rental site; GateGuru, a mobile app with flight and airport information around the world; Oyster, a hotel review website featuring expert reviews and photos covering about 150 cities, all of which complement our existing brands in those areas of the travel ecosystem.

The total purchase price of these acquisitions, all of which were accounted for as purchases of businesses under the acquisition method, have been allocated to the tangible and identifiable intangible assets acquired and the net liabilities assumed based on their respective fair values on the acquisition date. The purchase price allocation of our 2013 acquisitions are preliminary and subject to revision as more information becomes available, but in any case will not be revised beyond 12 months after the acquisition date and any change to the fair value of net liabilities acquired will lead to a corresponding change to the purchase price allocable to goodwill on a retroactive basis. The primary areas of the purchase price allocation that are not yet finalized are related to the fair values of certain liabilities and income tax balances. Acquisition-related costs were expensed as incurred and were \$1.6 million during the year ended December 31, 2013 and were not material during the years ended December 31, 2012 and 2011. All acquisition related expenses were included in general and administrative expenses on our consolidated and combined statements of operations.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 3: ACQUISITIONS (Continued)

As no individual acquisition was material, the following table presents the aggregate components of the purchase prices initially recorded for all businesses on our consolidated balance sheets at the respective acquisition dates for the periods presented:

	December 31,		
	2013	2012	2011
	(In thousands)		
Goodwill(1)	\$ 29,551	\$ 3,043	\$ 6,390
Intangible assets(2)	19,195	—	1,642
Net (liabilities)/assets(3)	(9,936)	7	(16)
Deferred tax assets	693	—	—
Total(4)	<u>\$ 39,503</u>	<u>\$ 3,050</u>	<u>\$ 8,016</u>

- (1) The goodwill represents the excess value over both tangible and intangible assets acquired. The goodwill in these transactions is primarily attributable to expected operational synergies, the assembled workforces, and the future development initiatives of the assembled workforces. Goodwill in the amount of \$14.1 million is expected to be deductible for tax purposes.
- (2) Identifiable definite-lived intangible assets acquired during 2013 were comprised of developed technology of \$2.4 million, trade names of \$7.6 million, customer relationships of \$8.0 million, and other intangibles of \$1.2 million. The overall weighted-average life of the identifiable definite-lived intangible assets acquired in the purchase of the companies during 2013 was 8.0 years, which will be amortized on a straight-line basis over their estimated useful lives from acquisition date. The overall weighted average life of acquired intangible assets during 2011 was 2.8 years.
- (3) Includes cash acquired of \$2.9 million, \$0 million and \$0.1 million during 2013, 2012 and 2011, respectively.
- (4) Subject to adjustment based on (i) final working capital adjustment calculations to be determined, and (ii) indemnification obligations of the acquired company stockholders that remains to be paid of \$1.8 million at December 31, 2013.

Our consolidated and combined financial statements include the operating results of all acquired businesses from the date of each acquisition. We did not have any material acquisitions, individually or in the aggregate, during the years 2013, 2012 and 2011; therefore no pro-forma results have been provided.

Other Acquisition Activity

During 2012 we also paid \$22.3 million for the remaining noncontrolling interest subsidiary shares related to a 2008 acquisition, which brought our ownership to 100%. This amount is included in financing activities in the consolidated statement of cash flows for 2012.

During 2011, we paid \$13 million of contingent purchase consideration under prior acquisitions. The amount in 2011 represented an earn-out payment, of which approximately \$10 million and

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 3: ACQUISITIONS (Continued)

\$3 million are recorded to financing activities and operating activities, respectively, in the consolidated and combined statement of cash flows. All contingent consideration accrued and paid was calculated based on the financial performance of the acquired entity to which it relates. We also purchased a subsidiary in China from Expedia for \$37 million, or \$28 million net of acquired cash. This acquisition was accounted for as a common control transaction, with net liabilities recorded at a carrying value of \$4 million, including an additional \$7 million of short term borrowings from the Chinese Credit Facilities (refer to "Note 8—Debt" below for further information on the Chinese Credit Facilities). No goodwill or other intangibles were recorded as a result of this acquisition and no contingent payments are outstanding. The difference between the purchase price and the carrying value of the net liabilities was recorded to additional paid in capital. The results of operations from this business are included in our consolidated and combined financial statements from the transaction closing date.

NOTE 4: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS*Stock-based Compensation Expense*

The following table presents the amount of stock-based compensation related to stock-based awards, primarily stock options and RSUs, on our consolidated and combined statements of operations during the periods presented:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Selling and marketing	\$ 10,643	\$ 4,622	\$ 3,216
Technology and content	21,053	11,400	3,931
General and administrative	17,257	14,080	10,197
Total stock-based compensation	48,953	30,102	17,344
Income tax benefit from stock-based compensation	(18,014)	(10,648)	(6,504)
Total stock-based compensation, net of tax effect	<u>\$ 30,939</u>	<u>\$ 19,454</u>	<u>\$ 10,840</u>

The year ended December 31, 2011 includes a one-time modification charge of \$8.0 million related to the Spin-Off, primarily due to the modification of vested stock options that remained unexercised at the date of the Spin-Off, which the majority of was recorded to general and administrative expense. There were no material modifications to stock based awards for the years ended December 31, 2013 or 2012, respectively.

Prior to the Spin-Off, we participated in the Amended and Restated Expedia, Inc. 2005 Stock and Annual Incentive Plan, under which we, through Expedia, granted RSUs, stock options, and other stock-based awards to our directors, officers, employees and consultants. At Spin-Off, these existing Expedia stock-based awards were converted into TripAdvisor stock-based equity awards and resulted in approximately 6,575,000 stock options (of which approximately 3,548,000 were fully vested at Spin-Off) and 893,000 RSU's outstanding. These awards accounted for our 2011 stock-based compensation expense. We will continue to amortize the fair value, net of estimated forfeitures, over the remaining vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date. All

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 4: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS (Continued)

remaining unrecognized stock-based compensation expense related to these awards is included in "Unrecognized Stock-Based Compensation" below.

Stock and Incentive Plan

On December 20, 2011, our 2011 Stock and Annual Incentive Plan became effective. On December 20, 2011, we filed Post-Effective Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 (File No. 333-178637) (the "Prior Registration Statement") with the Securities and Exchange Commission (the "Commission"), registering a total of 17,500,000 shares of our common stock, of which 17,400,000 shares were issuable in connection with grants of equity-based awards under our 2011 Incentive Plan (7,400,000 of which shares were originally registered on the Form S-4 and 10,000,000 of which shares were first registered on the Prior Registration Statement) and 100,000 shares were issuable under our Deferred Compensation Plan for Non-Employee Directors (refer to "Note 13—*Employee Benefit Plans*" below for information on our Deferred Compensation Plan for Non-Employee Directors).

At our annual meeting of stockholders held on June 28, 2013 (the "Annual Meeting"), our stockholders approved an amendment to our 2011 Stock and Annual Incentive Plan to, among other things, increase the aggregate number of shares of common stock authorized for issuance thereunder by 15,000,000 shares. We refer to our 2011 Stock and Annual Incentive Plan, as amended by the amendment as the "2011 Incentive Plan." A summary of the material terms of the 2011 Incentive Plan can be found in "Proposal 3: Approval of the 2011 Stock and Annual Incentive Plan, as amended" in our Proxy Statement for the Annual Meeting.

Pursuant to the 2011 Stock and Annual Incentive Plan, we may, among other things, grant RSUs, restricted stock, stock options and other stock-based awards to our directors, officers, employees and consultants. The summary of the material terms of the 2011 Incentive Plan is qualified in its entirety by the full text of the 2011 Incentive Plan previously filed.

As of December 31, 2013, the total number of shares available under the 2011 Incentive Plan is 18,085,169 shares. All shares of common stock issued in respect of the exercise of options or other equity awards since Spin-Off have been issued from authorized, but unissued common stock.

Stock Based Award Activity and Valuation

2013 Stock Option Activity

During the year ended December 31, 2013, we have issued 2,824,583 of primarily service based non-qualified stock options under the 2011 Incentive Plan. These stock options generally have a term of ten years from the date of grant and vest over a four-year requisite service period. We will amortize the fair value of the 2013 grants, net of estimated forfeitures, as stock-based compensation expense over the vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 4: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS (Continued)

A summary of the status and activity for stock option awards relating to our common stock for the year ended December 31, 2013, is presented below:

	Options Outstanding (In thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (In thousands)
Options outstanding at January 1, 2013	8,654	\$ 31.41		
Granted	2,825	58.03		
Exercised(1)	1,487	23.81		
Cancelled or expired	522	38.09		
Options outstanding at December 31, 2013	<u>9,470</u>	<u>\$ 40.18</u>	5.9	\$ 403,828
Exercisable as of December 31, 2013	<u>3,533</u>	<u>\$ 30.11</u>	3.0	\$ 186,273
Vested and expected to vest after December 31, 2013	<u>8,731</u>	<u>\$ 39.94</u>	5.7	\$ 374,487

- (1) Inclusive of 242,767 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 which 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. We began net-share settling the majority of our stock option exercises during the third quarter of 2013. Total payments for the employees' tax obligations to the taxing authorities due to net share settlements are reflected as a financing activity within the consolidated statements of cash flows.

Aggregate intrinsic value represents the difference between the closing stock price of our common stock and the exercise price of outstanding, in-the-money options. Our closing stock price as reported on NASDAQ as of December 31, 2013 was \$82.83. The total intrinsic value of stock options exercised for the years ended December 31, 2013 and 2012 were \$58.2 million and \$25.1 million, respectively. No stock options were exercised between Spin-Off and December 31, 2011.

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:

	December 31,	
	2013	2012
Risk free interest rate	1.41%	1.03%
Expected term (in years)	6.06	6.21
Expected volatility	50.78%	53.46%
Expected dividend yield	—%	—%

The weighted-average grant date fair value of options granted was \$28.30 and \$20.36 for the years ended December 31, 2013 and 2012, respectively. No stock options were granted under the 2011

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 4: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS (Continued)

Incentive Plan for the year ended December 31, 2011. The total fair value of stock options vested for the years ended December 31, 2013 and 2012 were \$26.6 million and \$9.8 million, respectively. No stock options were vested between Spin-Off and December 31, 2011.

2013 RSU Activity

During the year ended December 31, 2013, we issued 1,148,976 RSUs under the 2011 Incentive Plan for which the fair value was measured based on the quoted price of our common stock. These RSUs generally vest over a four-year requisite service period. We will amortize the fair value of the 2013 grants, net of estimated forfeitures, as stock-based compensation expense over the vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

The following table presents a summary of RSU activity on our common stock during the year ended December 31, 2013:

	RSUs Outstanding	Weighted Average Grant- Date Fair Value Per Share (In thousands)	Aggregate Intrinsic Value
Unvested RSUs outstanding as of January 1, 2013	446	\$ 26.11	
Granted	1,149	50.72	
Vested and released(1)	363	22.95	
Cancelled	97	46.80	
Unvested RSUs outstanding as of December 31, 2013	<u>1,135</u>	<u>\$ 49.64</u>	<u>\$ 94,125</u>

- (1) Inclusive of 133,449 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 consolidated statements of cash flows.

Other Equity Activity

Upon Spin-Off, we entered into a warrant agreement (the "Warrant Agreement") with Mellon Investor Services LLC and issued warrants exercisable for TripAdvisor common stock in respect of previously outstanding warrants exercisable for Expedia common stock that were adjusted on account of Expedia's reverse stock split and the Spin-Off. In total, at Spin-Off, the warrants could have been converted into a maximum of 8,046,698 shares of our common stock without any further adjustments to the Warrant Agreement and had an expiration date of May 7, 2012.

One tranche of warrants (issued in respect of Expedia warrants that had featured an exercise price of \$12.23 per warrant prior to adjustment) were exercisable for 0.25 (one-quarter) of a share of TripAdvisor common stock at an exercise price equal to \$6.48 per warrant, and the other tranche of warrants (issued in respect of Expedia warrants that had featured an exercise price of \$14.45 per

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 4: STOCK BASED AWARDS AND OTHER EQUITY INSTRUMENTS (Continued)

warrant prior to adjustment) were exercisable for 0.25 (one-quarter) of a share of TripAdvisor common stock at an exercise price equal to \$7.66 per warrant. The exercise price could have been paid in cash or via "cashless exercise" as set forth in the Warrant Agreement.

During the year ended December 31, 2012, and prior to the expiration date, there were a total of 32,186,791 warrants exercised which resulted in a total of 7,952,456 shares of our common stock being issued during that period, which included 31,641,337 warrants for which the exercise price was paid in cash at a weighted average price of \$27.11. We received total exercise proceeds of \$214.5 million related to these warrant exercises, which is reflected as a financing activity within the consolidated statement of cash flows. In addition there were 545,454 cashless warrants exercised with a weighted average exercise price of \$25.92 of which we did not receive any exercise proceeds. As a result, we currently have no outstanding warrants remaining which could be convertible to shares of our common stock.

Unrecognized Stock-Based Compensation

A summary of our remaining unrecognized compensation expense, net of estimated forfeitures, and the weighted average remaining amortization period at December 31, 2013 related to our non-vested stock options and RSU awards is presented below (in thousands, except per year information):

	Stock Options	RSUs
Unrecognized compensation expense (net of forfeitures)	\$ 93,696	\$ 33,200
Weighted average period remaining (in years)	3.27	3.10

NOTE 5: 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

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 5: FINANCIAL INSTRUMENTS (Continued)

cash and cash equivalents or short and long-term marketable securities as of December 31, 2013 and December 31, 2012 (in thousands):

	December 31, 2013						
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities	Long-Term Marketable Securities
Cash	\$ 195,226	\$ —	\$ —	\$ 195,226	\$ 195,226	\$ —	\$ —
Level 1:							
Money market funds	155,922	—	—	155,922	155,922	—	—
Level 2:							
U.S. agency securities	36,753	9	(18)	36,744	—	13,718	23,026
Certificates of deposit	23,901	17	(4)	23,914	—	16,410	7,504
Commercial paper	5,493	1	(1)	5,493	—	5,493	—
Corporate debt securities	253,597	132	(322)	253,407	—	95,599	157,808
Subtotal	319,744	159	(345)	319,558	—	131,220	188,338
Total	\$ 670,892	\$ 159	\$ (345)	\$ 670,706	\$ 351,148	\$ 131,220	\$ 188,338

	December 31, 2012						
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities	Long-Term Marketable Securities
Cash	\$ 141,460	\$ —	\$ —	\$ 141,460	\$ 141,460	\$ —	\$ —
Level 1:							
Money market funds	215,052	—	—	215,052	215,052	—	—
Level 2:							
U.S. agency securities	13,634	4	(3)	13,635	—	7,635	6,000
Commercial paper	48,710	15	(22)	48,703	9,999	38,704	—
Corporate debt securities	162,050	12	(180)	161,882	1,004	67,630	93,248
Municipal securities	5,003	—	(2)	5,001	—	5,001	—
Subtotal	229,397	31	(207)	229,221	11,003	118,970	99,248
Total	\$ 585,909	\$ 31	\$ (207)	\$ 585,733	\$ 367,515	\$ 118,970	\$ 99,248

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 December 31, 2013 and 2012, respectively.

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 were derived from quoted prices in active markets for identical assets or liabilities. Fair values for Level 2 investments are considered "Level 2" valuations because they are obtained from independent pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets. Our procedures include controls to ensure that appropriate fair values are recorded.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 5: FINANCIAL INSTRUMENTS (Continued)

including comparing the fair values obtained from our independent pricing services against fair values obtained from another independent source.

There were no material realized gains or losses related to sales of our marketable securities for the years ended December 31, 2013, 2012 and 2011.

As of December 31, 2013, we have marketable securities with a total fair value of \$168.8 million in a total gross unrealized loss position of \$0.3 million. We consider the declines in market value of our marketable securities investment portfolio to be temporary in nature and do not consider any of our investments other-than-temporarily impaired. When evaluating an investment for other-than-temporary impairment, we review factors such as the length of time and extent to which fair value has been below its cost basis, the financial condition of the issuer and any changes thereto, and the our intent to sell, or whether it is more likely than not we will be required to sell the investment before recovery of the investment's cost basis. During the years ended December 31, 2013, 2012 and 2011, we did not recognize any impairment charges. We did not have any material investments in marketable securities that were in a continuous unrealized loss position for 12 months or greater at December 31, 2013 or 2012.

Derivative Financial Instruments

In the normal course of business, we are exposed to the impact of foreign currency fluctuations, which we attempt to mitigate through the use of derivative instruments. Accordingly, we have entered into forward contracts to reduce the effects of fluctuating foreign currency exchange rates on our cash flows denominated in foreign currencies. We do not use derivatives for trading or speculative purposes. In accordance with current accounting guidance on derivative instruments and hedging activities, we record all our derivative instruments as either an asset or liability measured at their fair value. Our derivative instruments are typically short-term in nature.

Our current forward contracts are not designated as hedges. Consequently, any gain or loss resulting from the change in fair value is recognized in the current period earnings. These gains or losses are offset by the exposure related to receivables and payables with our foreign subsidiaries. We recorded a net loss of \$0.3 million and \$0.7 million for the years ended December 31, 2013 and 2012, respectively, related to our forward contracts in our consolidated statements of operations in Other, net. The net cash received or paid related to our derivative instruments are classified as operating in our consolidated statements of cash flows, which is based on the objective of the derivative instruments. No derivative instruments were entered into or settled during the year ended December 31, 2011.

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

(in thousands)	Balance Sheet Caption	December 31, 2013		
		Fair Value of Derivative(2)		U.S. Dollar Notional
		Asset	Liability	
Foreign exchange-forward contracts (current)	Accrued and other current liabilities(1)	\$ —	\$ 64	\$ 5,164

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 5: FINANCIAL INSTRUMENTS (Continued)

(in thousands)	Balance Sheet Caption	December 31, 2012		
		Fair Value of Derivative(2)		U.S. Dollar Notional
		Asset	Liability	
Foreign exchange-forward contracts (current)	Accrued and other current liabilities(1)	\$ —	\$ 64	\$ 2,710

- (1) Current derivative contracts address foreign exchange fluctuations for the Euro versus the U.S. Dollar.
- (2) The fair value of our derivative liability is measured 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, or observable market inputs.

Concentration of Credit Risk

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.

Other Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include trade receivables, receivables from Expedia, 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 the consolidated balance sheets as of December 31, 2013 and December 31, 2012. The carrying value of the long-term borrowings outstanding on our Credit Agreement bear 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 December 31, 2013 or 2012.

NOTE 6: PROPERTY AND EQUIPMENT, NET

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

	December 31,	
	2013	2012
	(In thousands)	
Capitalized software and website development	\$ 73,575	\$ 48,527
Leasehold improvements	21,776	14,244
Computer equipment	21,124	13,174
Furniture and other equipment	5,734	5,276
	122,209	81,221
Less: accumulated depreciation	(48,625)	(37,626)
Construction in progress(1)	7,877	—
Software and website development projects in progress	67	207
Property and equipment, net	\$ 81,528	\$ 43,802

- (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.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY AND EQUIPMENT, NET (Continued)

As of December 31, 2013 and 2012, our recorded capitalized software and website development costs, net of accumulated amortization, were \$46.2 million and \$28.4 million, respectively. For the years ended December 31, 2013 and 2012, we capitalized \$38.4 million and \$20.2 million, respectively, related to software and website development costs. For the years ended December 31, 2013, 2012 and 2011, we recorded amortization of capitalized software and website development costs of \$19.6 million, \$12.8 million and \$12.4 million, respectively, which is included in depreciation expense on our consolidated and combined statements of operations.

During the year ended December 31, 2013, we retired property and equipment, primarily capitalized software and website development, which were no longer in use with a total cost of \$19.7 million and associated accumulated depreciation of 18.5 million, resulting in a loss of \$1.2 million included in Other, net on our consolidated statements of operations.

NOTE 7: GOODWILL AND INTANGIBLE ASSETS, NET

The following table presents the changes in goodwill for the periods presented:

	December 31,	
	2013	2012
	(In thousands)	
Beginning balance as of January 1	\$ 471,684	\$ 466,892
Additions(1)	29,551	3,043
Purchase price allocation adjustments(2)	(873)	—
Foreign exchange translation adjustment	1,622	1,749
Ending balance as of December 31	<u>\$ 501,984</u>	<u>\$ 471,684</u>

- (1) The additions to goodwill relate to our 2013 business acquisitions. See "Note 3—Acquisitions," above for further information.
- (2) Purchase price allocation adjustments related to our 2012 acquisition, primarily a tax related adjustment for acquired net operating loss carryforwards, or NOL's.

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

	December 31,	
	2013	2012
	(In thousands)	
Intangible assets with definite lives	\$ 36,214	\$ 21,382
Less: accumulated amortization	(14,672)	(13,492)
Intangible assets with definite lives, net	21,542	7,890
Intangible assets with indefinite lives	30,300	30,300
	<u>\$ 51,842</u>	<u>\$ 38,190</u>

Amortization expense was \$5.7 million, \$6.1 million, and \$7.5 million, respectively, for the years ended December 31, 2013, 2012 and 2011.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 7: GOODWILL AND INTANGIBLE ASSETS, NET (Continued)

Our indefinite-lived assets relate to trade names and trademarks. Refer to "Note 2—*Significant Accounting Policies*" above for a discussion of our annual indefinite-lived intangible asset impairment assessment.

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

	Weighted Ave Remaining Life (in years)	December 31, 2013			December 31, 2012		
		Gross Carrying Amount	Accumulated Amortization (In thousands)	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization (In thousands)	Net Carrying Amount
Trade names and trademarks	8.4	\$ 17,975	\$ (7,462)	\$ 10,513	\$ 14,431	\$ (9,029)	\$ 5,402
Subscriber relationships	6.1	13,835	(5,858)	7,977	5,617	(3,511)	2,106
Technology and other	2.7	4,404	(1,352)	3,052	1,334	(952)	382
Total	6.7	\$ 36,214	\$ (14,672)	\$ 21,542	\$ 21,382	\$ (13,492)	\$ 7,890

The estimated future amortization expense related to intangible assets with definite lives as of December 31, 2013, assuming no subsequent impairment of the underlying assets, is as follows, in thousands:

2014	5,201
2015	3,264
2016	2,716
2017	2,292
2018	2,130
2019 and thereafter	5,939
Total	\$ 21,542

NOTE 8: DEBT

Term Loan Facility Due 2016 and Revolving Credit Facility

Overview

On December 20, 2011, we entered into a credit agreement, dated as of December 20, 2011, 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, or Term Loan, in an aggregate principal amount of \$400 million with a term of five years due December 2016; 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.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 8: DEBT (Continued)

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 December 31, 2013 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.

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 \$40 million were made during the year ended December 31, 2013.

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 December 31, 2013 there are no outstanding borrowings under our Revolving Credit Facility.

During the years ended December 31, 2013, 2012 and 2011, we recorded total interest and commitment fees on our Credit Agreement of \$7.5 million, \$8.7 million and \$0.3 million, respectively, to interest expense on our consolidated and combined statements of operations. All unpaid interest and commitment fee amounts as of December 31, 2013 and 2012 were not material.

In connection with the Credit Agreement, we also incurred debt financing costs totaling \$3.5 million, which were capitalized as deferred financing costs. Approximately \$0.7 million, recorded in other current assets, and approximately \$ 1.1 million, reported in other long term assets, remain on the consolidated balance sheet as of December 31, 2013, net of amortization. During the years ended December 31, 2013, 2012 and 2011, we recorded amortization expense of \$0.8 million, \$0.9 million and \$0 million, respectively, to interest expense on our consolidated and consolidated statements of operations. These costs will continue to be amortized over the remaining term of the Term Loan using the effective interest rate method.

Total outstanding borrowings under the Credit Agreement consist of the following:

	December 31, 2013 (in thousands)
Short-Term Debt:	
Revolving Credit Facility	\$ —
Term Loan	40,000
Total Short-Term Borrowings	<u>\$ 40,000</u>
Long-Term Debt:	
Term Loan	\$ 300,000
Total Long-Term Borrowings	<u>\$ 300,000</u>

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 8: DEBT (Continued)

The future minimum principal payment obligations due under the Credit Agreement related to our Term Loan is as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments (in thousands)</u>
2014	\$ 40,000
2015	40,000
2016	260,000
Total	<u>\$ 340,000</u>

Prepayments

We may voluntarily repay any outstanding borrowing under the Credit Agreement at any time without premium or penalty, other than customary breakage costs with respect to eurocurrency loans.

Guarantees

All obligations under the Credit Agreement are unconditionally guaranteed by us and each of our existing and subsequently acquired or organized direct or indirect wholly-owned domestic and foreign restricted subsidiaries, subject to certain exceptions for subsidiaries that are controlled foreign corporations, foreign subsidiaries in jurisdictions where applicable law would otherwise be violated, and non-material subsidiaries.

Covenants

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

As of December 31, 2013 we believe 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 December 31, 2013 and December 31, 2012, we had short-term borrowings outstanding of \$28.5 million and \$32.1 million, respectively.

Certain of our Chinese subsidiaries entered into a RMB 138,600,000 (approximately \$22 million), one-year revolving credit facility with Bank of America (the "Chinese Credit Facility—BOA") that is

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 8: DEBT (Continued)

currently subject to review on a periodic basis with no-specific expiration period. During the third quarter of 2012, this credit line was increased to RMB 189,000,000 (approximately \$30 million). During the year ended December 31, 2013, we made a payment inclusive of interest of RMB 68,283,570 (approximately \$10.9 million). We currently have \$12.7 million of outstanding borrowings from the Chinese Credit Facility—BOA as of December 31, 2013. Our Chinese Credit Facility—BOA currently bears interest at a rate based on 100% of the People's Bank of China's base rate and was 5.6% as of December 31, 2013.

In addition, during April 2012, certain of our Chinese subsidiaries 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"). This credit facility was renewed for an additional year in April 2013. During the year ended December 31, 2013, we made a payment inclusive of interest of RMB 24,281,546 (approximately \$3.9 million). We currently have \$15.8 million of outstanding borrowings from the Chinese Credit Facility—JPM as of December 31, 2013. Our Chinese Credit Facility—JPM currently bears interest at a rate based on 100% of the People's Bank of China's base rate and was 5.6% as of December 31, 2013.

NOTE 9: INCOME TAXES

The following table presents a summary of our domestic and foreign income before income taxes:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Domestic	\$ 129,452	\$ 133,361	\$ 121,100
Foreign	155,250	148,614	150,794
Total	<u>\$ 284,702</u>	<u>\$ 281,975</u>	<u>\$ 271,894</u>

The following table presents a summary of the components of our provision for income taxes:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Current income tax expense:			
Federal	\$ 47,784	\$ 55,877	\$ 49,736
State	8,936	5,927	7,818
Foreign	17,066	30,543	37,480
Current income tax expense	<u>73,786</u>	<u>92,347</u>	<u>95,034</u>
Deferred income tax (benefit) expense:			
Federal	6,366	(3,113)	216
State	704	(347)	148
Foreign	(1,597)	(1,500)	(1,295)
Deferred income tax (benefit) expense:	<u>5,473</u>	<u>(4,960)</u>	<u>(931)</u>
Provision for income taxes	<u>\$ 79,259</u>	<u>\$ 87,387</u>	<u>\$ 94,103</u>

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 9: INCOME TAXES (Continued)

For all periods presented, current and deferred tax expense has been computed using our stand-alone effective rate. As of December 31, 2013, our current income tax receivable and income tax payable balances represent amounts that we will receive and pay, respectively, to the Internal Revenue Service and other tax authorities.

For all periods prior to and through the Spin-Off date, we were a member of the Expedia consolidated tax group. Accordingly, Expedia filed a consolidated federal income tax return and certain state income tax returns with us for that period. Expedia has paid the entire income tax liability associated with these filings. As such, our income tax liability for this period was transferred to Expedia upon Spin-Off and was not included in income taxes payable as of December 31, 2011. Additionally, due to continuing ownership and business relationships after the Spin-Off, we have filed as part of a unitary combined group with Expedia for certain state tax returns for the 2012 and 2011 tax years. During 2013, we plan to file our state tax returns on a stand-alone basis, separate from Expedia, as our ownership and business relationships likely will not constitute a unitary relationship after 2012.

Our deferred tax assets and deferred tax liabilities as of December 31, 2013 and 2012 are as follows:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
	(In thousands)	
Deferred tax assets:		
Stock-based compensation	\$ 30,081	\$ 21,605
Net operating loss carryforwards	18,005	15,005
Provision for accrued expenses	6,829	7,731
Other	4,365	3,391
Total deferred tax assets	<u>59,280</u>	<u>47,732</u>
Less valuation allowance	<u>(13,284)</u>	<u>(11,677)</u>
Net deferred tax assets	<u>\$ 45,996</u>	<u>\$ 36,055</u>
Deferred tax liabilities:		
Intangible assets	\$ (31,956)	\$ (28,205)
Property and equipment	(17,500)	(10,313)
Prepaid expenses	(2,010)	(2,087)
Other	(2,201)	—
Total deferred tax liabilities	<u>\$ (53,667)</u>	<u>\$ (40,605)</u>
Net deferred tax liability	<u>\$ (7,671)</u>	<u>\$ (4,550)</u>

At December 31, 2013, we had federal, state and foreign net operating loss carryforwards ("NOLs") of approximately \$ 12.5 million, \$12.4 million and \$51.0 million. If not utilized, the federal and state NOLs will expire at various times between 2020 and 2033 and the foreign NOLs will expire at various times between 2013 and 2031.

At December 31, 2013, we had a valuation allowance of \$13.3 million primarily related to foreign net operating loss carryforwards for which it is more likely than not that the tax benefit will not be

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 9: INCOME TAXES (Continued)

realized. This amount represented an overall increase of \$1.6 million over the amount recorded as of December 31, 2012.

We have not provided for deferred U.S. income taxes on undistributed earnings of our foreign subsidiaries that we intend to reinvest permanently outside the United States; the total amount of such earnings as of December 31, 2013 was \$481.0 million. Should we distribute or be treated under certain U.S. tax rules as having distributed earnings of foreign subsidiaries in the form of dividends or otherwise, we may be subject to U.S. income taxes. Due to complexities in tax laws and various assumptions that would have to be made, it is not practicable at this time to estimate the amount of unrecognized deferred U.S. taxes on these earnings.

A reconciliation of the provision for income taxes to the amounts computed by applying the statutory federal income tax rate to income before income taxes is as follows:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Income tax expense at the federal statutory rate of 35%	\$ 99,646	\$ 98,691	\$ 95,163
Foreign rate differential	(41,487)	(25,069)	(15,319)
State income taxes, net of effect of federal tax benefit	8,339	5,581	4,240
Unrecognized tax benefits and related interest	9,307	4,853	2,570
Non-deductible transaction costs	253	—	2,426
Change in valuation allowance	1,999	2,535	3,451
Other, net	1,202	796	1,572
Provision for income taxes	<u>\$ 79,259</u>	<u>\$ 87,387</u>	<u>\$ 94,103</u>

During the fourth quarter of 2012, we restructured our non-U.S. operations to align our global structure for more efficient treasury management and global cash deployment. As a result, and due to the continued expansion of our non-U.S. operations, we expect our effective tax rate to continue to decrease.

During 2011, the Singapore Economic Development Board accepted our application to receive a tax incentive under the International Headquarters Award. This incentive provides for a reduced tax rate on qualifying income of 5% as compared to Singapore's statutory tax rate of 17% and is conditional upon our meeting certain employment and investment thresholds. This agreement is set to expire on June 30, 2016, with the ability to extend for another five years. This benefit resulted in a decrease to the 2013 tax provision of \$4.3 million.

By virtue of previously filed consolidated income tax returns filed with Expedia, we are routinely under audit by federal, state and foreign tax authorities. We are currently under an IRS audit for the 2009 and 2010 tax years, and have various ongoing state income tax audits. As of December 31, 2013, no material assessments have resulted from these audits. These audits include questioning the timing and the amount of income and deductions and the allocation of income among various tax jurisdictions. Annual tax provisions include amounts considered sufficient to pay assessments that may result from

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 9: INCOME TAXES (Continued)

the examination of prior year returns. We are no longer subject to tax examinations by tax authorities for years prior to 2007.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits (excluding interest and penalties) is as follows:

	December 31,		
	2013	2012	2011
	(In thousands)		
Balance, beginning of year	\$ 24,049	\$ 12,900	\$ 6,342
Increases to tax positions related to the current year	12,158	11,854	5,631
Increases to tax positions related to the prior year	3,936	540	927
Reductions due to lapsed statute of limitations	—	—	—
Decreases to tax positions related to the prior year	(3,640)	—	—
Settlements during current year	(76)	(1,245)	—
Balance, end of year	<u>\$ 36,427</u>	<u>\$ 24,049</u>	<u>\$ 12,900</u>

As of December 31, 2013, we had \$36.4 million of unrecognized tax benefits, which is classified as long-term and included in other long-term liabilities. Included in this balance at December 31, 2013 was \$19.0 million of liabilities for uncertain tax positions that, if recognized, would decrease our provision for income taxes. We recognize interest and penalties related to unrecognized tax benefits in income tax expense. As of December 31, 2013 and 2012, total gross interest and penalties accrued was \$1.7 million and \$1.0 million, respectively. We estimate that none of these amounts will be paid within the next year.

NOTE 10: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	December 31,	
	2013	2012
	(In thousands)	
Accrued salary, bonus, and related benefits	\$ 34,756	\$ 29,438
Accrued marketing costs	21,901	11,941
Accrued charitable foundation payments(1)	7,217	6,757
Other	21,660	15,100
Total accrued expenses and other current liabilities	<u>\$ 85,534</u>	<u>\$ 63,236</u>

(1) See "Note 12—*Commitments and Contingencies*" below for information regarding our charitable foundation.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 11: OTHER LONG-TERM LIABILITIES

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

	December 31,	
	2013	2012
	(In thousands)	
Unrecognized tax benefits(1)	\$ 38,072	\$ 23,138
Construction liabilities(2)	7,877	—
Other(3)	6,582	2,425
Total other long-term liabilities	<u>\$ 52,531</u>	<u>\$ 25,563</u>

- (1) See "Note 9—Income Taxes" above for additional information on our unrecognized tax benefits. Amount includes accrued interest and penalties 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 12: COMMITMENTS AND CONTINGENCIES

We have commitments and obligations that include office space leases, vendor purchase obligations and expected interest on long-term debt, which are not accrued on the consolidated balance sheet at December 31, 2013 but we expect to require future cash outflows and in some cases may be accelerated upon demand of a third party upon certain contingent events.

Office Lease Commitments

We have contractual obligations in the form of operating leases for office space for which we record the related expense on a monthly basis. Certain leases contain periodic rent escalation adjustments and renewal options. Rent expense related to such leases is recorded on a straight-line basis. Operating lease obligations expire at various dates with the latest maturity in December 2030. For the years ended December 31, 2013, 2012 and 2011, we recorded rental expense of \$10.9 million, \$7.8 million and \$6.0 million, respectively.

We currently lease approximately 119,000 square feet for our corporate headquarters in Newton, Massachusetts, pursuant to a lease with an expiration date of April 2015. We also lease an aggregate of approximately 382,000 square feet at approximately 30 other locations across North America, Europe and Asia Pacific, primarily for our international management teams, sales offices, and subsidiary headquarters, pursuant to leases with expiration dates through December 2030.

In June 2013, TripAdvisor LLC ("TA LLC"), our indirect, wholly owned subsidiary, entered into a lease (the "Lease"), for a new corporate headquarters. Pursuant to the Lease, the landlord will build an approximately 280,000 square foot rental building in Needham, Massachusetts (the "Premises"), and thereafter lease the Premises to TA LLC as TripAdvisor's new corporate headquarters for an initial term of 15 years and 7 months. If the landlord fails to deliver the Premises according to the schedule,

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

subject to certain conditions, TA LLC may be entitled to additional free rent, or in extreme cases, a right to terminate the Lease. Under the Lease, TA LLC is required to pay an initial base rent of \$33.00 per square foot per year, increasing to \$34.50 per square foot by the final year of the initial term, as well as all real estate taxes and other building operating costs. TA LLC also has an option to extend the term of the Lease for two consecutive terms of five years each.

The aggregate future minimum lease payments are \$143.5 million and are currently scheduled to be paid, beginning in November 2015, as follows: \$1.1 million for 2015, \$9.3 million for 2016, \$9.3 million for 2017, \$9.3 million for 2018 and \$114.6 million for 2019 and thereafter. The Lease has escalating rental payments and initial periods of free rent. TA LLC was also obligated to deliver a letter of credit to the Landlord in the amount of \$0.8 million as security deposit, which amount is subject to increase under certain circumstances. TA LLC also has an option to extend the term of the Lease for two consecutive terms of five years each. Subject to certain conditions, TA LLC has certain rights under the Lease, including rights of first offer to lease additional space or to purchase the Premises if the Landlord elects to sell. In connection with the Lease, TripAdvisor entered into a Guaranty (the "Guaranty"), pursuant to which TripAdvisor provides full payment and performance guaranty for all of TA LLC's obligations under the Lease.

We have concluded we are the deemed owner (for accounting purposes only) of the Premises during the construction period under build to suit lease accounting. As building construction began in the fourth quarter of 2013, we recorded estimated project construction costs incurred by the landlord as an asset and a corresponding long term liability in "Property and equipment, net" and "Other long-term liabilities," respectively, on our consolidated balance sheets. We will increase the asset and corresponding long term liability as additional building costs are incurred by the landlord during the construction period.

Once the landlord completes the construction of the Premises (estimated to be May 2015), we will evaluate the Lease in order to determine whether or not the Lease meets the criteria for "sale-leaseback" treatment. If the Lease meets the "sale-leaseback" criteria, we will remove the asset and the related liability from its consolidated balance sheet and treat the Lease as either an operating or capital lease based on the our assessment of the accounting guidance.

If the Lease does not meet "sale-leaseback" criteria, we will treat the Lease as a financing obligation and lease payments will be attributed to (1) a reduction of the principal financing obligation; (2) imputed interest expense; and (3) land lease expense (which is considered an operating lease) representing an imputed cost to lease the underlying land of the facility. In addition, the underlying building asset will be depreciated over the building's estimated useful life. And at the conclusion of the lease term, we would de-recognize both the net book values of the asset and financing obligation. Although we will not begin making lease payments pursuant to the Lease until November 2015, the portion of the lease obligations allocated to the land is treated for accounting purposes as an operating lease that commenced in 2013.

Purchase Obligations

As of December 31, 2013, we had minimum non-cancelable purchase obligations with certain of our vendors, which we expect to utilize in the ordinary course of business. The expected timing and payment amounts are listed in the table below.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

The following table summarizes our material commitments and obligations as of December 31, 2013 and excludes amounts already recorded on the consolidated balance sheet:

	Total	By Period			
		Less than 1 year	1 to 3 years (In thousands)	3 to 5 years	More than 5 years
Operating leases(1)	\$ 85,495	\$ 12,639	\$ 18,987	\$ 15,989	\$ 37,880
Build to suit lease obligation(2)	143,524	—	10,346	18,539	114,639
Purchase obligations	856	511	345	—	—
Expected interest payments on Term Loan(3)	14,450	5,525	8,925	—	—
Total(4)(5)(6)	<u>\$ 244,325</u>	<u>\$ 18,675</u>	<u>\$ 38,603</u>	<u>\$ 34,528</u>	<u>\$ 152,519</u>

- (1) Estimated future minimum rental payments under operating leases with non-cancelable lease terms.
- (2) Estimated future minimum rental payments for our future corporate headquarters in Needham, MA.
- (3) The amounts included as expected interest payments on the Term Loan in this table are based on the current effective interest rate and payment terms as of December 31, 2013, but, could change significantly in the future. Amounts assume that our existing debt is repaid at maturity and do not assume additional borrowings or refinancings of existing debt. Refer to "Note 8—Debt" above for additional information, including principal payments expected to be paid over the next three years, on our Term Loan.
- (4) Excluded from the table was \$38 million of unrecognized tax benefits, including interest and penalties, that we have recorded in other long-term liabilities for which we cannot make a reasonably reliable estimate of the amount and period of payment. We estimate that none of these amounts will be paid within the next twelve months.
- (5) In connection with the Spin-Off, we assumed Expedia's obligation to fund a charitable foundation. The Board of Directors of the charitable foundation is currently comprised of Stephen Kaufer—President and Chief Executive Officer, Julie M.B. Bradley—Chief Financial Officer and Seth J. Kalvert—Senior Vice President, General Counsel and Secretary. Our obligation was calculated at 2.0% of OIBA in 2013. For a discussion regarding OIBA see "Note 16—Segment Information" in the notes to the consolidated and combined financial statements. This future commitment has been excluded from the table above.
- (6) Excludes spending on anticipated leasehold improvements on our Needham, Massachusetts lease, including design, development, construction costs, and the purchase and installation of equipment, net of related Landlord incentives, which we estimate will begin in the fourth quarter of 2014 thru the second quarter of 2015 and currently estimate will cost in the range of \$35-\$40 million.

Letters of Credit

As of December 31, 2013, we have issued unused letters of credit totaling \$1 million, related to our property leases.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continued)

Off-Balance Sheet Arrangements

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 at December 31, 2013.

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 of 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 13: EMPLOYEE BENEFIT PLANS

Expedia 401(k) Plan

Our U.S. employees were generally eligible to participate in Expedia's retirement and savings plan (the "Expedia 401(k) Plan") that qualified under Section 401(k) of the Internal Revenue Code until October 31, 2011. Our employees ceased to participate in the Expedia 401(k) Plan after our retirement savings plan was established on November 1, 2011 as described below. Within the Expedia 401(k) Plan, participating employees could contribute up to 50% of their pretax salary, but not more than statutory limits. We matched 50% of the first 6% of employee contributions to the plan for a maximum employer contribution of 3% of a participant's eligible earnings. Our employer matching contributions vested after two years of continuous service. Participating employees had the option to invest in Expedia's common stock, but there was no requirement for participating employees to invest their contribution or our matching contribution in Expedia's common stock. Expedia also had various defined contribution plans for our international employees. Contributions to these benefit plans for our employees were \$2 million for the year ended December 31, 2011, respectively.

TripAdvisor Retirement Savings Plan

Effective November 1, 2011, most of our U.S. employees were eligible to participate in a new retirement and savings plan, the TripAdvisor Retirement Savings Plan (the "401(k) Plan"), that qualifies under Section 401(k) of the Internal Revenue Code. The 401(k) Plan is similar to and replaced the Expedia 401(k) Plan, allowing participating employees to make contributions of a specified percentage of their eligible compensation. Participating employees may contribute up to 50% of their eligible salary on a pre-tax basis, but not more than statutory limits. Employee-participants age 50 and over may also contribute an additional amount of their salary on a pre-tax tax basis up to the IRS Catch-Up Provision Limit. Employees may also contribute into the 401(k) Plan on an after-tax basis up to an annual maximum of 10%. The 401(k) Plan has an automatic enrollment feature at 3% pre-tax.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 13: EMPLOYEE BENEFIT PLANS (Continued)

We match 50% of the first 6% of employee contributions to the plan for a maximum employer contribution of 3% of a participant's eligible earnings. The "catch up contributions", are not eligible for employer matching contributions. The matching contributions portion of an employee's account, vests after two years of service. Effective June 8, 2012 the 401(k) Plan permits certain after-tax Roth 401(k) contributions. Additionally, at the end of the 401 (k) Plan year, we make a discretionary matching contribution to eligible participants. This additional discretionary matching employer contribution referred to as "true up" is limited to match only contributions up to 3% of eligible compensation.

Our employee's interests were rolled into the 401(k) Plan from the Expedia 401(k) Plan in connection with the creation of our new plan on November 1, 2011. We also have various defined contribution plans for our international employees. Our contribution to the 401(k) Plan and our international defined contribution plans was not material for the period from November 1, 2011 through December 31, 2011 and \$4.8 million and \$3.1 million for the years ended December 31, 2013 and 2012, respectively.

TripAdvisor, Inc. Deferred Compensation Plan for Non-Employee Directors

On December 20, 2011, the TripAdvisor, Inc. Deferred Compensation Plan for Non-Employee Directors (the "Plan") became effective. Under the Plan, eligible directors who defer their directors' fees may elect to have such deferred fees (i) applied to the purchase of share units, representing the number of shares of our common stock that could have been purchased on the date such fees would otherwise be payable, or (ii) credited to a cash fund. The cash fund will be credited with interest at an annual rate equal to the weighted average prime or base lending rate of a financial institution selected in accordance with the terms of the Plan and applicable law. Upon termination of service as a director of TripAdvisor, a director will receive (i) with respect to share units, such number of shares of our common stock as the share units represent, and (ii) with respect to the cash fund, a cash payment. Payments upon termination will be made in either one lump sum or up to five annual installments, as elected by the eligible director at the time of the deferral election.

Under the 2011 Incentive Plan, 100,000 shares of TripAdvisor common stock are available for issuance to non-employee directors. There have been no shares of common stock issued from the inception of the Plan through December 31, 2013.

NOTE 14: STOCKHOLDERS' EQUITY

Preferred Stock

In addition to common stock, we are authorized to issue up to 100 million preferred shares, with \$ 0.001 par value per share, with terms determined by our Board of Directors, without further action by our stockholders. At December 31, 2013, no preferred shares had been issued.

Common Stock and Class B Common Stock

Our authorized common stock consists of 1.6 billion shares of common stock with par value of \$0.001 per share, and 400 million shares of Class B common stock with par value of \$0.001 per share. Both classes of common stock qualify for and share equally in dividends, if declared by our Board of Directors. Common stock is entitled to one vote per share and Class B common stock is entitled to 10 votes per share on most matters. Holders of TripAdvisor common stock, acting as a single class, are

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 14: STOCKHOLDERS' EQUITY (Continued)

entitled to elect a number of directors equal to 25% percent of the total number of directors, rounded up to the next whole number, which was three directors as of December 31, 2013. Class B common stockholders may, at any time, convert their shares into common stock, on a one for one share basis. Upon conversion, the Class B common stock is retired and is not available for reissue. In the event of liquidation, dissolution, distribution of assets or winding-up of TripAdvisor the holders of both classes of common stock have equal rights to receive all the assets of TripAdvisor after the rights of the holders of the preferred stock have been satisfied. There were 131,537,798 and 129,417,089 shares of common stock issued and outstanding, respectively, at December 31, 2013 and 12,799,999 shares of Class B common stock issued and outstanding at December 31, 2013.

Spin-Off Adjustments to Invested Equity and Additional Paid-in Capital

The table below reflects the accounting treatment related to the formation of TripAdvisor and the transfer to us by Expedia of the post-Spin-Off net assets of TripAdvisor in 2011 after giving effect to the terms provided for in the Separation Agreement between Expedia and us.

<u>(in thousands)</u>	<u>Total Amount</u>
Invested equity prior to Spin-Off	\$ 693,447
Distribution to Expedia(1)	(405,516)
Adjustment to distribution from Expedia(2)	7,028
Receivable from Expedia extinguished, net(3)	(1,525)
Common shares issued(4)	(121)
Class B shares issued(4)	(13)
Beginning Additional-Paid-In-Capital	<u>\$ 293,300</u>

- (1) The transfer of \$405.5 million in cash to Expedia in form of dividend, prior to our separation from Expedia.
- (2) Per the Separation Agreement, we were to retain \$165 million in cash on hand immediately following the Spin-Off. The agreement also provided for a subsequent reconciliation process to ensure the appropriate amount was retained and all amounts in excess of \$165 million were remitted to Expedia. The completion of this reconciliation resulted in TripAdvisor recording an additional receivable from Expedia of \$7 million at December 31, 2011 which was subsequently received by us during 2012.
- (3) The extinguishment of domestic intercompany receivables from Expedia, including transfers of assets and liabilities at Spin-Off.
- (4) The reclassification of 120,661,020 shares of Expedia common stock and 12,799,999 shares of Expedia Class B common stock into, in part, shares of Expedia mandatory exchangeable preferred stock that automatically, immediately following the reclassification, exchanged into 120,661,020 shares of TripAdvisor Common Stock and 12,799,999 shares of TripAdvisor Class B common stock to effect the transfer of ownership of TripAdvisor from Expedia to Expedia's shareholders based upon a ratio of one share of the respective class of TripAdvisor common stock for each share of the respective class of Expedia common stock and the number of Expedia common and

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 14: STOCKHOLDERS' EQUITY (Continued)

Class B common shares outstanding as of December 20, 2011 after giving effect to the one-for-two reverse stock split of Expedia shares in connection with, and immediately prior to, the Spin-Off.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is primarily comprised of accumulated foreign currency translation adjustments, as follows for the periods presented:

	December 31,	
	2013	2012
	(In thousands)	
Net unrealized gain (loss) on securities, net of tax(1)	\$ (108)	\$ (104)
Cumulative foreign currency translation adjustments(2)	(217)	(765)
Total accumulated other comprehensive income (losses)	<u>\$ (325)</u>	<u>\$ (869)</u>

- (1) Net of unrealized tax benefits of \$0.1 million at both December 31, 2013 and 2012, respectively.
- (2) Our foreign subsidiary earnings are considered indefinitely reinvested; therefore, deferred taxes are not provided on foreign currency translation adjustments.

Treasury Stock

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.

During the year ended December 31, 2013, we repurchased 2,120,709 shares of outstanding common stock under the share repurchase program at an aggregate cost of \$145.2 million. As of December 31, 2013, from the authorized share repurchase program granted by the Board of Directors we have \$104.8 million remaining to repurchase shares of our common stock.

Dividends

During the period January 1, 2013 through December 31, 2013, our Board of Directors did not declare any dividends on our outstanding common stock and do not expect to pay any dividends for the foreseeable future.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 15: RELATED PARTY TRANSACTIONS

Relationship between Expedia and TripAdvisor

Upon consummation of the Spin-Off, Expedia was considered a related party under GAAP based on a number of factors, including, among others, common ownership of our shares and those of Expedia. A number of those factors no longer exist; as a result, we no longer consider Expedia a related party; however, due to the importance of our relationship with Expedia, for purposes of these financial statements for the year ended December 31, 2013, we have continued to list separately in our consolidated and combined financial statements revenue and receivables from Expedia.

Revenue from Expedia was \$217.4 million, 203.8 million and \$211.0 million for the years ended December 31, 2013, 2012 and 2011, respectively, which primarily consists of click-based advertising and other advertising services provided to Expedia and its subsidiaries and is recorded at contract value, which we believe is a reasonable reflection of the value of the services provided. Revenue represented 23%, 27% and 33% of our total revenue for the years ended December 31, 2013, 2012 and 2011, respectively. Other operating expenses which were included primarily within selling and marketing expense were \$6.0 million, \$6.4 million, and \$4.3 million for the years ended December 31, 2013, 2012 and 2011, respectively, primarily consisted of marketing expense for exit windows. The receivable balances with Expedia reflected in our consolidated balance sheets as of December 31, 2013 and December 31, 2012 were \$15.8 million and \$24.0 million, respectively.

Prior to the Spin-Off, our operating expenses included a shared services fee, which was \$9.2 million for the year ended December 31, 2011, which was comprised of allocations from Expedia for accounting, legal, tax, corporate development, financial reporting, treasury and real estate functions and included an allocation of employee compensation within these functions. These allocations were determined on a basis that Expedia and we considered to be a reasonable reflection of the cost of services provided or the benefit received by us. These expenses were allocated based on a number of factors including headcount, estimated time spent and operating expenses. It was not practicable to determine the amounts of these expenses that would have been incurred had we operated as an unaffiliated entity. In the opinion of our management, the allocation method was reasonable.

We transferred \$405.5 million in cash to Expedia in the form of a dividend, prior to completion of the Spin-Off. Per the Separation Agreement we were to retain \$165 million in cash on hand immediately following the Spin-off and the agreement also provided for a subsequent reconciliation process to ensure the appropriate amount was retained. The completion of this reconciliation resulted in us recording an additional receivable from Expedia of \$7 million at December 31, 2011, which was subsequently received by us during 2012.

For purposes of governing certain of the ongoing relationships between us and Expedia at and after the Spin-Off, and to provide for an orderly transition, we and Expedia entered into various agreements, including, among others, the Separation Agreement, the Tax Sharing Agreement, the Employee Matters Agreement and Transition Services Agreement, and commercial agreements. TripAdvisor has satisfied its obligations under the Separation Agreement, the Employee Matters Agreement and the Transition Services Agreement. TripAdvisor continues to be subject to certain post-spin obligations under the Tax Sharing Agreement.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 15: RELATED PARTY TRANSACTIONS (Continued)

Relationship between Liberty and TripAdvisor

On December 11, 2012, Liberty Interactive Corporation, or Liberty, purchased an aggregate of 4,799,848 shares of common stock of TripAdvisor from Barry Diller, our former Chairman of the Board of Directors and Senior Executive, and certain of his affiliates (the "Stock Purchase"). As of December 31, 2013, Liberty beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 14.0% of the outstanding shares of Common Stock and 100% of the outstanding shares of Class B Common Stock. Assuming the conversion of all of the Liberty's shares of Class B common stock into common stock, Liberty would beneficially own 21.8% of the outstanding common stock (calculated in accordance with Rule 13d-3). 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, Liberty may be deemed to beneficially own equity securities representing approximately 56.8% of our voting power.

We had no other material related party transactions with Liberty during the years ended December 31, 2013, 2012 or 2011.

NOTE 16: SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

We have one operating and reportable segment: TripAdvisor. We determined our segment based on how our chief operating decision maker manages our business, makes operating decisions, evaluates operating performance and allocates resources. The chief operating decision maker for the Company is our Chief Executive Officer.

Our primary operating metric for evaluating segment performance is Adjusted EBITDA. 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 internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation; and (6) non-recurring expenses. Such amounts are detailed in our segment reconciliation below.

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 16: SEGMENT AND GEOGRAPHIC INFORMATION (Continued)

The following table is a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands)		
Adjusted EBITDA	\$ 378,753	\$ 352,474	\$ 322,918
Depreciation(1)	(29,495)	(19,966)	(18,362)
OIBA(2)	349,258	332,508	304,556
Amortization of intangible assets	(5,731)	(6,110)	(7,523)
Stock-based compensation	(48,953)	(30,102)	(17,344)
Spin-Off costs	—	—	(6,932)
Other expense, net	(9,872)	(14,321)	(863)
Provision for income taxes	(79,259)	(87,387)	(94,103)
Net income	<u>205,443</u>	<u>194,588</u>	<u>177,791</u>

- (1) Includes amortization of internal use software and website development costs.
- (2) We define OIBA as net income (loss) plus: (1) provision for income taxes; (2) other (income) expense, net; (3) amortization of intangible assets; (4) stock-based compensation; and (5) non-recurring expenses. This operating metric is only used by our management to calculate our annual obligation for our charitable foundation. Refer to "Note 12—Commitments and Contingencies" above for a discussion of our charitable foundation.

Revenue and Geographic Information

We derive substantially all of our revenue from the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. The remainder of our revenue is generated through a combination of subscription-based offerings, transaction revenue from selling room nights on our transactional sites, vacation rentals, and other revenue including content licensing.

The following table presents revenue by product for the periods presented:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands)		
Click-based advertising	\$ 696,046	\$ 587,781	\$ 499,993
Display-based advertising	118,964	94,147	85,736
Subscription, transaction and other	129,651	81,038	51,334
Total revenue	<u>\$ 944,661</u>	<u>\$ 762,966</u>	<u>\$ 637,063</u>

TRIPADVISOR, INC.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 16: SEGMENT AND GEOGRAPHIC INFORMATION (Continued)

The following table presents revenue by geographic area, the United States, the United Kingdom and all other countries, based on the geographic location of our websites for the periods presented:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands)		
Revenue			
United States	\$ 462,920	\$ 386,211	\$ 348,066
United Kingdom	119,041	110,213	99,646
All other countries	362,700	266,542	189,351
	<u>\$ 944,661</u>	<u>\$ 762,966</u>	<u>\$ 637,063</u>

The following table presents property and equipment, net for the United States and all other countries based on the geographic location of the assets for the periods presented:

	December 31,	
	2013	2012
	(in thousands)	
Property and equipment, net		
United States	\$ 67,275	\$ 36,255
All other countries	14,253	7,547
	<u>\$ 81,528</u>	<u>\$ 43,802</u>

NOTE 17: OTHER INCOME (EXPENSE), NET

The following table presents the detail of other income (expense), net, for the periods presented:

	Year Ended December 31,		
	2013	2012	2011
	(in thousands)		
Net loss, realized and unrealized, on foreign exchange and foreign currency derivative contracts	\$ (210)	\$ (3,220)	\$ (1,006)
Other non-operating expense, net	(1,326)	(230)	(248)
Total other income (expense), net	<u>\$ (1,536)</u>	<u>\$ (3,450)</u>	<u>\$ (1,254)</u>

TripAdvisor, Inc
Quarterly Financial Information (Unaudited)
(in thousands, except per share data)

The following table presents selected unaudited financial information for the eight quarters in the period ended December 31, 2013. The results for any quarter are not necessarily indicative of future quarterly results and, accordingly, period to period comparisons should not be relied upon as an indication of future performance.

	Three Months Ended			
	March 31	June 30	September 30	December 31
	(in thousands)			
Year ended December 31, 2013				
Revenue	\$ 229,919	\$ 246,937	\$ 255,136	\$ 212,669
Operating income	88,303	94,118	83,694	28,459
Net income	62,299	66,988	55,882	20,274
Net income attributable to TripAdvisor, Inc.	62,299	66,988	55,882	20,274
Basic earnings per share	\$ 0.44	\$ 0.47	\$ 0.39	\$ 0.14
Diluted earnings per share	\$ 0.43	\$ 0.46	\$ 0.38	\$ 0.14
Year ended December 31, 2012				
Revenue	\$ 183,715	\$ 197,148	\$ 212,710	\$ 169,393
Operating income	73,377	83,678	92,249	46,992
Net income	48,171	53,165	59,535	33,717
Net income attributable to TripAdvisor, Inc.	48,111	53,019	59,360	33,579
Basic earnings per share	\$ 0.36	\$ 0.38	\$ 0.42	\$ 0.24
Diluted earnings per share	\$ 0.35	\$ 0.37	\$ 0.41	\$ 0.23

PART II—INFORMATION NOT REQUIRED IN PROSPECTUS**Item 13. Other Expenses of Issuance and Distribution**

Liberty expects to incur approximately \$5 million in transaction-related fees and costs in connection with the Spin-Off. Additional unanticipated costs may be incurred with the operation of TripCo as a stand-alone company. The following table sets forth the costs and expenses payable by Liberty on our behalf in connection with the transaction being registered. All amounts are estimates except the registration fee.

Registration fee	\$ 0.5 million
Printing and engraving expenses	\$ 1 million
Legal fees and expenses	\$ 1 million
Accounting fees and expenses	\$ 1.5 million
Miscellaneous	\$ 1 million
TOTAL	\$ 5 million

Item 14. Indemnification of Directors and Officers

Section 145 of the DGCL provides, generally, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (except actions by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. A corporation may similarly indemnify such person for expenses actually and reasonably incurred by such person in connection with the defense or settlement of any action or suit by or in the right of the corporation, *provided* that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in the case of claims, issues and matters as to which such person shall have been adjudged liable to the corporation, *provided* that a court shall have determined, upon application, that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 102(b)(7) of the DGCL provides, generally, that the certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, *provided* that such provision may not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section 174 of Title 8 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision may eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision became effective.

Article V, Section E of the TripCo charter will provide as follows:

1. *Limitation On Liability.* To the fullest extent permitted by the DGCL as the same exists or may hereafter be amended, a director of TripCo will not be liable to TripCo or any of its stockholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of this paragraph 1 will be prospective only and will not adversely affect any limitation, right or protection of a director of TripCo existing at the time of such repeal or modification.

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2. Indemnification.

(a) *Right to Indemnification.* TripCo will indemnify, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a **proceeding**) by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of TripCo or is or was serving at the request of TripCo as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) incurred by such person. Such right of indemnification will inure whether or not the claim asserted is based on matters which antedate the adoption of Article V, Section E of the charter. TripCo will be required to indemnify or make advances to a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the board of directors of TripCo.

(b) *Prepayment of Expenses.* TripCo will pay the expenses (including attorney's fees) incurred by a director or officer in defending any proceeding in advance of its final disposition; provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding will be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified under this paragraph or otherwise.

(c) *Claims.* If a claim for indemnification or payment of expenses under this paragraph is not paid in full within 60 days after a written claim therefor has been received by TripCo, the claimant may file suit to recover the unpaid amount of such claim and, if successful, will be entitled to be paid the expense (including attorney's fees) of prosecuting such claim to the fullest extent permitted by Delaware law. In any such action TripCo will have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

(d) *Non-Exclusivity of Rights.* The rights conferred on any person by this paragraph will not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the charter, the bylaws of TripCo, agreement, vote of stockholders or resolution of disinterested directors or otherwise.

(e) *Other Indemnification.* TripCo's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity will be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

3. *Amendment or Repeal.* Any amendment, modification or repeal of the foregoing provisions of Article V, Section E of the charter will not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

Item 15. Recent Sales of Unregistered Securities.

None.

Item 16. Exhibits and Financial Statement Schedules

(a) *Exhibits.* The following documents are filed as exhibits hereto.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Form of Reorganization Agreement by and between Liberty Interactive Corporation and the Registrant.
3.1	Form of Restated Certificate of Incorporation of the Registrant to be in effect at the time of the Spin-Off.
3.2	Form of Bylaws of the Registrant to be in effect at the time of the Spin-Off.
4.1	Specimen Certificate for shares of Series A Common Stock, par value \$.01 per share, of the Registrant.*
4.2	Specimen Certificate for shares of Series B Common Stock, par value \$.01 per share, of the Registrant.*
5.1	Form of opinion of Baker Botts L.L.P. as to the legality of the securities being registered.*
8.1	Form of opinion of Baker Botts L.L.P. regarding certain tax matters.*
10.1	Form of Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan.
10.2	Form of Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan.*
10.3	Form of Tax Sharing Agreement by and between the Registrant and Liberty Interactive Corporation.*
10.4	Form of Services Agreement by and between the Registrant and Liberty Media Corporation.
10.5	Form of Facilities Agreement by and between the Registrant and Liberty Property Holdings, Inc.
10.6	Form of Indemnification Agreement by and between the Registrant and its executive officers/directors.
10.7	Governance Agreement, dated as of December 20, 2011, by and between TripAdvisor, Inc. and Liberty Interactive Corporation (incorporated by reference to Exhibit 99.3 to Liberty Interactive Corporation's Schedule 13D in respect of common stock of TripAdvisor, Inc., filed with the Securities and Exchange Commission on December 30, 2011).
10.8	Forms of Aircraft Time Sharing Agreements.
10.9	Tax Sharing Agreement by and between TripAdvisor, Inc. and Expedia, Inc., dated as of December 20, 2011 (incorporated by reference to Exhibit No. 10.2 to TripAdvisor, Inc.'s ("TripAdvisor") Current Report on Form 8-K (File No. 001-35362), filed with the SEC on December 27, 2011 (the "TripAdvisor 8-K")).
10.10	Sublease between Newton Technology Park LLC and TripAdvisor LLC, dated as of October 31, 2007 (incorporated by reference to Exhibit 10.12 to TripAdvisor's Registration Statement on Form S-4/A (File No. 333-175828-01), filed with the SEC on October 24, 2011 (the "TripAdvisor S-4")).

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<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.11	First Amendment to Sublease between Newton Technology Park LLC and TripAdvisor LLC, dated as of June 15, 2009 (incorporated by reference to Exhibit 10.13 to the TripAdvisor S-4).
10.12	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, dated as of December 20, 2011 (incorporated by reference to Exhibit 4.2 to the TripAdvisor 8-K).
10.13	Waiver and Amendment 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, dated as of December 27, 2013 (incorporated by reference to Exhibit 10.8 to TripAdvisor's Annual Report on Form 10-K (File No. 001-35362), filed with the SEC on February 11, 2014 (the "TripAdvisor 10-K")).
10.14	Corporate Headquarters Lease with Normandy Gap-V Needham Building 3, LLC, as landlord, dated as of June 20, 2013 (incorporated by reference to Exhibit 10.1 to TripAdvisor's Quarterly Report on Form 10-Q (File No. 001-35362), filed with the SEC on July 24, 2013 (the "TripAdvisor 10-Q")).
10.15	Guaranty dated June 20, 2013 by TripAdvisor, Inc. for the benefit of Normandy Gap-V Needham Building 3, LLC, as landlord (incorporated by reference to Exhibit 10.2 to the TripAdvisor 10-Q).
10.16	Form of TripAdvisor Media Group Master Advertising Insertion Order (incorporated by reference to Exhibit 10.21 to the TripAdvisor 10-K).
21.1	List of Subsidiaries.
23.1	Consent of KPMG LLP.
23.2	Consent of Ernst & Young LLP.
23.3	Consent of Baker Botts L.L.P. (included in Exhibit 5.1)*
24.1	Power of Attorney*
99.1	Executive and Director Compensation Information, extracted from the 2014 annual meeting proxy statements of Liberty Media Corporation and Liberty Interactive Corporation.

* Previously filed

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(b) *Financial Statement Schedules.*

(b)(1) *Financial Statements*

Included in this Registration Statement on Form S-1:

	<u>Page No.</u>
Liberty TripAdvisor Holdings, Inc.:	
Report of Independent Registered Public Accounting Firm	F-2
Combined Balance Sheets, December 31, 2013 and 2012	F-3
Combined Statements of Operations, Years ended December 31, 2013, 2012 and 2011	F-4
Combined Statements of Comprehensive Earnings (Loss), Years ended December 31, 2013, 2012 and 2011	F-5
Combined Statements of Cash Flows, Years ended December 31, 2013, 2012 and 2011	F-6
Combined Statements of Equity, Years ended December 31, 2013, 2012 and 2011	F-7
Notes to Combined Financial Statements, December 31, 2013, 2012 and 2011	F-8
Condensed Combined Balance Sheets (unaudited), March 31, 2014 and December 31, 2013	F-40
Condensed Combined Statements of Operations (unaudited), Three months ended March 31, 2014 and March 31, 2013	F-41
Condensed Combined Statements of Comprehensive Earnings (Loss) (unaudited), Three months ended March 31, 2014 and March 31, 2013	F-42
Condensed Combined Statements of Cash Flows (unaudited), Three months ended March 31, 2014 and March 31, 2013	F-43
Condensed Combined Statements of Equity (unaudited), Three months ended March 31, 2014	F-44
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Condensed Pro Forma Combined Balance Sheet, March 31, 2014	F-54
Condensed Pro Forma Combined Statement of Operations, Three months ended March 31, 2014	F-55
Condensed Pro Forma Combined Statement of Operations, Year ended December 31, 2013	F-56
Notes to Condensed Pro Forma Combined Financial Statements	F-57
TripAdvisor, Inc.:	
Report of Independent Registered Public Accounting Firm	F-58
Consolidated and Combined Statements of Operations, Years ended December 31, 2013, 2012 and 2011	F-59
Consolidated and Combined Statements of Comprehensive Income, Years ended December 31, 2013, 2012 and 2011	F-60
Consolidated Balance Sheets, December 31, 2013 and 2012	F-61
Consolidated and Combined Statements of Changes in Stockholders' Equity, Years ended December 31, 2013, 2012 and 2011	F-62
Consolidated and Combined Statements of Cash Flows, Years ended December 31, 2013, 2012 and 2011	F-63
Notes to Consolidated and Combined Financial Statements, December 31, 2013, 2012 and 2011	F-64

(b)(2) *Financial Statement Schedules*

All schedules have been omitted because they are not applicable, not material or the required information is set forth in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof;
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.
- (5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following

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communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Englewood, state of Colorado, on July 25, 2014.

LIBERTY TRIPADVISOR HOLDINGS, INC.

By: /s/ RICHARD N. BAER

Name: Richard N. Baer

Title: *Senior Vice President and
General Counsel*

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<p style="text-align: center;">* _____ Gregory B. Maffei</p>	Director, President and Chief Executive Officer (Principal Executive Officer)	*
<p style="text-align: center;">* _____ Christopher W. Shean</p>	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	*
<p style="text-align: center;">* _____ Richard N. Baer</p>	Director, Senior Vice President and General Counsel	*
<p>*By <u> /s/ RICHARD N. BAER </u> Richard N. Baer <i>Attorney-in-fact</i></p>		July 25, 2014

EXHIBIT INDEX

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24.1	Power of Attorney*
99.1	Executive and Director Compensation Information, extracted from the 2014 annual meeting proxy statements of Liberty Media Corporation and Liberty Interactive Corporation.

* Previously filed

FORM OF
REORGANIZATION AGREEMENT
between
LIBERTY INTERACTIVE CORPORATION
and
LIBERTY TRIPADVISOR HOLDINGS, INC.
Dated as of [·], 2014

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REORGANIZATION AGREEMENT

This **REORGANIZATION AGREEMENT** (together with all Schedules and Exhibits hereto, this “**Agreement**”), dated as of [], 2014, is entered into by and between **LIBERTY INTERACTIVE CORPORATION**, a Delaware corporation (“**LIC**”), and **LIBERTY TRIPADVISOR HOLDINGS, INC.**, a Delaware corporation (“**Spinco**”). Certain capitalized terms used herein have the meanings ascribed thereto in Section 7.1.

RECITALS:

WHEREAS, Spinco is and prior to the Spin-Off (as defined below) will be a wholly-owned Subsidiary of LIC;

WHEREAS, the LIC Board has determined that it is appropriate and in the best interests of LIC and its stockholders to reorganize its assets and liabilities by means of the Spin-Off (as defined below) of Spinco, the assets and liabilities of which would consist of all of LIC’s approximate 22% ownership interest and 57% voting interest in TripAdvisor, Inc., a Delaware corporation (“**TripAdvisor**”), LIC’s 100% ownership interest in BuySeasons, Inc., as well as anticipated corporate level cash and cash equivalents of \$50 million, and \$400 million in indebtedness at the Effective Time (as defined below);

WHEREAS, the parties desire to effect the transactions contemplated by this Agreement, including the Restructuring (as defined below) and the distribution (the “**Distribution**”), by means of a dividend, of all of the issued and outstanding shares of common stock of Spinco to the holders of record on the Record Date (as defined below) of LIC’s Series A Liberty Ventures common stock, par value \$.01 per share (“**LVNTA**”), and Series B Liberty Ventures common stock, par value \$.01 per share (“**LVNTB**” and together with LVNTA, the “**Liberty Ventures Common Stock**”);

WHEREAS, the transactions contemplated by this Agreement, including the Restructuring and the Distribution, have been approved by the LIC Board and, to the extent applicable, the Spinco Board, and are motivated in whole or substantial part by certain substantial corporate business purposes of LIC and Spinco;

WHEREAS, the transactions contemplated by this Agreement, including the Contribution and the Distribution (together, the “**Spin-Off**”) are intended to qualify under, among other provisions, Sections 355 and 368 of the Internal Revenue Code of 1986, as amended (the “**Code**”), and are expected to accomplish certain corporate business purposes of LIC and Spinco (which corporate business purposes are substantially unrelated to U.S. federal tax matters);

WHEREAS, this Agreement constitutes a “plan of reorganization” within the meaning of Section 368 of the Code and the Treasury Regulations promulgated thereunder; and

WHEREAS, the parties wish to set forth in this Agreement the terms on which, and the conditions subject to which, they intend to implement the measures referred to above and elsewhere herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, the parties to this Agreement hereby agree as follows:

ARTICLE I THE RESTRUCTURING

1.1 Restructuring.

(a) The parties have taken or will take, and have caused or will cause their respective Subsidiaries to take, all actions that are necessary or appropriate to implement and accomplish the transactions contemplated by each of the steps set forth in the Restructuring Plan (collectively, the “**Restructuring**”); *provided*, that all of such steps (other than Step 13 in the Restructuring Plan) shall be completed by no later than the Effective Time.

(b) The Contribution and the Distribution are intended to be part of the same plan of reorganization, even though there may be delays between the completion of certain of the transactions.

1.2 Transfer of Spinco Assets and Spinco Businesses: Assumption of Spinco Liabilities

On the terms and subject to the conditions of this Agreement, and in furtherance of the Restructuring and the Spin-Off:

(a) LIC, by no later than immediately before the Effective Time, shall cause all of its (or its Subsidiaries’) rights, title and interest in and to all of the Spinco Assets and Spinco Businesses to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to Spinco, and Spinco agrees to accept or cause to be accepted all such rights, title and interest in and to all the Spinco Assets and Spinco Businesses. All Spinco Assets are being transferred on an “as is, where is” basis, without any warranty whatsoever on the part of LIC.

(b) LIC, by no later than immediately before the Effective Time, shall cause all of the Spinco Liabilities to be assigned, directly or indirectly, to Spinco, and Spinco agrees to accept, assume, perform, discharge and fulfill all of the Spinco Liabilities in accordance with their respective terms.

(c) Upon completion of the transactions contemplated by Sections 1.2(a) and (b) above: (i) Spinco will own, directly or indirectly, the Spinco Businesses and the Spinco Assets and be subject to the Spinco Liabilities; and (ii) LIC will continue to own, directly or indirectly, the LIC Retained Businesses and the LIC Retained Assets and continue to be subject to the LIC Retained Liabilities.

1.3 Third Party Consents and Government Approvals. To the extent that either the Distribution or any step in the Restructuring Plan requires a consent of any third party or a Governmental Authorization, the parties will use commercially reasonable efforts to obtain each such consent and Governmental Authorization at or prior to the time such consent or

Governmental Authorization is required in order to lawfully effect the Distribution and each step in the Restructuring Plan.

1.4 **Further Actions.** From and after the Effective Time, upon the reasonable request of a party hereto, each other party hereto will promptly take, or cause its Subsidiaries to promptly take, all commercially reasonable actions necessary or appropriate to fully accomplish the Restructuring and to give effect to the transactions provided for in this Agreement, including each step in the Restructuring Plan, in accordance with the purposes hereof.

1.5 **Restructuring Documents.** All documents and instruments used to effect the Restructuring and otherwise to comply with this Agreement shall be in form satisfactory to LIC, Spinco and any additional signatories hereto.

1.6 **Qualification as Reorganization.** For U.S. federal income tax purposes, (1) each step of the Restructuring is generally intended to be undertaken in a manner so that no gain or loss is recognized (and no income is taken into account) by LIC, Spinco or their respective Subsidiaries, and (2) the Contribution and the Distribution are intended to qualify as a tax-free reorganization under Sections 368(a) and 355 of the Code.

ARTICLE II THE DISTRIBUTION

2.1 The Distribution.

(a) The LIC Board shall have the authority and right: (i) to declare or refrain from declaring the Distribution; (ii) to establish and change the date and time of the record date for the Distribution (the "**Record Date**"); (iii) to establish and change the date and time at which the Distribution shall be effective (the "**Distribution Date**"); and (iv) prior to the Distribution Date, to establish and change the procedures for effecting the Distribution; subject, in all cases, to the applicable provisions of the DGCL.

(b) On the Distribution Date, subject to the conditions to the Distribution set forth in Section 2.2, LIC shall cause to be distributed to the holders of record of Liberty Ventures Common Stock on the Record Date (such holders, the "**Liberty Ventures Record Holders**"), as a dividend, all the issued and outstanding shares of Spinco Common Stock on the basis of (i) one share of Series A Common Stock, par value \$.01 per share, of Spinco ("**Spinco Series A Common Stock**") for each share of LVNTA held of record on the Record Date and (ii) one share of Series B Common Stock, par value \$.01 per share, of Spinco ("**Spinco Series B Common Stock**") and together with the Spinco Series A Common Stock, "**Spinco Common Stock**") for each share of LVNTB held of record on the Record Date.

(c) Immediately prior to the Distribution Date and in accordance with the Restructuring Plan, Spinco shall cause the Spinco Charter to be filed with the Delaware Secretary of State, whereupon the issued and then outstanding shares of Spinco Common Stock (all of which shall be owned by LIC), shall automatically be reclassified into: (i) a number of shares of Spinco Series A Common Stock equal to the number of shares of LVNTA outstanding as of the Record Date and (ii) a number of shares of Spinco Series B Common Stock equal to the number of shares of LVNTB outstanding as of the Record Date.

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(d) LIC will take such action, if any, as may be necessary or appropriate under applicable state and foreign securities and "blue sky" laws to permit the Distribution to be effected in compliance, in all material respects, with such laws.

2.2 Conditions to the Distribution. The Distribution is subject to the satisfaction of the following conditions:

(a) the LIC Board, or in the case of determining the Record Date, a committee thereof, shall have taken all necessary corporate action to establish the Record Date and to declare the dividends in order to effect the Distribution in accordance with the LIC Charter and bylaws and the DGCL;

(b) the private letter ruling received by LIC from the IRS (the "**Ruling**"), providing to the effect that the Spin-Off will qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, and that for U.S. federal income tax purposes, (i) no gain or loss will be recognized by LIC upon the distribution of Spinco Common Stock in the Spin-Off, and (ii) no gain or loss will be recognized by, and no amount will be included in the income of, holders of Liberty Ventures Common Stock upon the receipt of shares of Spinco Common Stock in the Spin-Off, shall not have been withdrawn, invalidated or modified in an adverse manner;

(c) LIC shall have received the opinion of Baker Botts L.L.P., in form and substance reasonably acceptable to LIC and which opinion will rely upon the continued validity of the Ruling, providing to the effect that the Spin-Off will qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, and that for U.S. federal income tax purposes, (i) no gain or loss will be recognized by LIC upon the distribution of Spinco Common Stock in the Spin-Off, and (ii) no gain or loss will be recognized by, and no amount will be included in the income of, holders of Liberty Ventures Common Stock upon the receipt of shares of Spinco Common Stock in the Spin-Off;

(d) the Registration Statement on Form S-1 with respect to the registration under the Securities Act of Spinco Common Stock (the "**Registration Statement**") shall be effective as of the Distribution Date;

(e) the Spinco Common Stock shall have been approved for listing on The NASDAQ Stock Market;

(f) Spinco and one or more of its Subsidiaries shall have entered into the Margin Loan Agreements, secured by the TripAdvisor Securities, in an aggregate principal amount of \$400 million; and

(g) any other regulatory or contractual approvals that a committee of the Board determines to obtain shall have been so obtained and be in full force and effect.

The foregoing conditions are for the sole benefit of LIC and shall not in any way limit LIC's right to amend, modify or terminate this Agreement in accordance with Section 6.1. Any of the foregoing conditions set forth in **Section 2.2(b), (f) and (g)** may be waived by the LIC Board and any determination made by the LIC Board prior to the Distribution concerning the satisfaction or waiver of any condition set forth in this Section 2.2 shall be final and conclusive.

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2.3 Treatment of Outstanding Equity Awards.

(a) Certain current and former employees, non-employee directors and consultants of LIC, the Qualifying Subsidiaries and their respective Subsidiaries have been granted options, stock appreciation rights, and restricted shares in respect of LIC Common Stock pursuant to various stock incentive plans of LIC administered by the LIC Board (collectively, "**Awards**"). LIC and Spinco shall use commercially reasonable efforts to take all actions necessary or appropriate so that Awards that are outstanding immediately prior to the Effective Time are adjusted as set forth in this Section 2.3.

(b) Options. As of the Effective Time, and as determined by the LIC Board pursuant to its authority granted under the applicable stock incentive plan of LIC, each holder of a Liberty Ventures Option (whether unvested, partially vested or fully vested) who is or formerly was a director, direct employee or consultant of LIC (each such Liberty Ventures Option, an “Outstanding Liberty Ventures Option”), will receive an option to purchase shares of the corresponding series of Spinco Common Stock (a “Spinco Option”) and an adjustment to the Outstanding Liberty Ventures Option (as so adjusted, an “Adjusted Liberty Ventures Option”) such that the pre-Spin-Off intrinsic value of the Outstanding Liberty Ventures Option is allocated between the Spinco Option and the Adjusted Liberty Ventures Option.

Except as described herein, all other terms of the Spinco Options and the Adjusted Liberty Ventures Options (including the vesting terms thereof) will, in all material respects, be the same as those of the corresponding Outstanding Liberty Ventures Options; *provided*, that the terms and conditions of exercise of the Spinco Options shall in any event be determined in a manner consistent with Section 409A of the Code.

(c) SARs. As of the Effective Time, and as determined by the LIC Board pursuant to its authority granted under the applicable stock incentive plan of LIC, each holder of a Liberty Ventures SAR (whether unvested, partially vested or fully vested) who is or formerly was a director, direct employee or consultant of LIC (each such Liberty Ventures SAR, an “Outstanding Liberty Ventures SAR”), will receive a stock appreciation right with respect to shares of the corresponding series of Spinco Common Stock (a “Spinco SAR”) and an adjustment to the Outstanding Liberty Ventures SAR (as so adjusted, an “Adjusted Liberty Ventures SAR”) such that the pre-Spin-Off intrinsic value of the Outstanding Liberty Ventures SAR is allocated between the Spinco SAR and the Adjusted Liberty Ventures SAR.

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Except as described herein, all other terms of the Spinco SARs and the Adjusted Liberty Ventures SARs (including the vesting terms thereof) will, in all material respects, be the same as those of the corresponding Outstanding Liberty Ventures SARs; *provided*, that the terms and conditions of exercise of the Spinco SARs shall in any event be determined in a manner consistent with Section 409A of the Code.

(d) Restricted Stock. Shares of Liberty Ventures Common Stock that are subject to a restricted stock award granted under a stock incentive plan of LIC (“Liberty Ventures Restricted Stock”) will participate in the Distribution in the same manner as other outstanding shares of Liberty Ventures Common Stock. Except as described herein, shares of Spinco Common Stock received by such holders of Liberty Ventures Restricted Stock (“Spinco Restricted Stock”) will otherwise be subject, in all material respects, to the same terms and conditions (including the vesting terms thereof) as those applicable to such shares of Liberty Ventures Restricted Stock immediately prior to the Effective Time.

(e) From and after the Effective Time, Spinco Options, Spinco SARs and Spinco Restricted Stock, regardless of by whom held, shall be settled by Spinco pursuant to the terms of the Spinco Transitional Plan. The obligation to deliver (i) shares of Spinco Common Stock upon the exercise of Spinco Options, (ii) cash or shares of Spinco Common Stock in settlement of Spinco SARs or (iii) shares of Spinco Common Stock upon vesting of shares of Spinco Restricted Stock shall be the sole obligation of Spinco, and LIC shall have no Liability in respect thereof.

(f) It is intended that the Spinco Transitional Plan be considered, as to any Spinco Option, Spinco SAR or Spinco Restricted Stock that is issued as part of the adjustment provisions of this Section 2.3, to be a successor plan to the stock incentive plan of LIC pursuant to which the corresponding Liberty Ventures Option, Liberty Ventures SAR or Liberty Ventures Restricted Stock was issued, and Spinco shall be deemed to have assumed the obligations under the applicable stock incentive plans of LIC to make the adjustments to the Awards set forth in this Section 2.3.

(g) With respect to Awards adjusted and any equity awards issued as a result of such adjustments (collectively, “Post Spin Awards”), in each case, pursuant to this Section 2.3, service after the Effective Time as an employee or non-employee director of, or consultant to, LIC, Spinco, any Qualifying Subsidiary or any of their respective Subsidiaries shall be treated as service to LIC and Spinco and their respective Subsidiaries for all purposes under such Post Spin Awards following the Effective Time.

(h) Neither the Effective Time nor any other transaction contemplated by the Restructuring Plan or this Agreement shall be considered a termination of employment for any employee of LIC, Spinco or any of their respective Subsidiaries for purposes of any Post Spin Award.

(i) Spinco agrees that, on and after the Effective Date, it shall use its reasonable efforts to cause to be effective under the Securities Act, on a continuous basis, a registration statement on Form S-8 with respect to shares of Spinco Common Stock issuable upon exercise of Spinco Options or settlement of Spinco SARs.

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ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Parties. Each party hereto represents and warrants to the other as follows:

(a) Organization and Qualification. Such party is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware, has all requisite corporate power and authority to own, use, lease or operate its properties and assets, and to conduct the business heretofore conducted by it, and is duly qualified to do business and is in good standing in each jurisdiction in which the properties owned, used, leased or operated by it or the nature of the business conducted by it requires such qualification, except in such jurisdictions where the failure to be so qualified and in good standing would not have a material adverse effect on its business, financial condition or results of operations or its ability to perform its obligations under this Agreement.

(b) Authorization and Validity of Agreement. Such party has all requisite power and authority to execute, deliver and perform its obligations under this Agreement, the agreements and instruments to which it is to be a party required to effect the Restructuring (the “Restructuring Agreements”) and the agreements to be delivered by it at the Closing pursuant to Section 5.3 (the “Other Agreements”). The execution, delivery and performance by such party of this Agreement, the Restructuring Agreements and the Other Agreements and the consummation by it of the transactions contemplated hereby and thereby have been duly and validly authorized by the board of directors, managing members or analogous governing body of such party and, to the extent required by law, its stockholders or members, and no other corporate or other action on its part is necessary to authorize the execution and delivery by such party of this Agreement, the Restructuring Agreements and the Other Agreements, the performance by it of its obligations hereunder and thereunder and the consummation by it of the transactions contemplated hereby and thereby. This Agreement has been, and each of the Restructuring Agreements and each of the Other Agreements, when executed and delivered, will be, duly executed and delivered by such party and each is, or will be, a valid and binding obligation of such party, enforceable in accordance with its terms.

3.2 No Approvals or Notices Required; No Conflict with Instruments. The execution, delivery and performance by such party of this Agreement, the Restructuring Agreements and the Other Agreements, and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, constitute a default under, or result in the creation of any lien, charge or encumbrance upon any of its assets pursuant to the terms of, the charter or bylaws (or similar formation or governance instruments) of such party, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it or any of its assets are bound, or any law, rule, regulation, judgment, order or decree of any court or governmental authority having jurisdiction over it or its properties.

3.3 No Other Reliance. In determining to enter into this Agreement, the Restructuring Agreements and the Other Agreements, and to consummate the transactions contemplated hereby and thereby, such party has not relied on any representation, warranty,

promise or agreement other than those expressly contained herein or therein, and no other representation, warranty, promise or agreement has been made or will be implied. Except as otherwise expressly set forth herein or in the Restructuring Agreements or the Other Agreements, all Spinco Assets and Spinco Businesses are being transferred on an "as is, where is" basis, at the risk of the transferee, without any warranty whatsoever on the part of the transferor and from and after the Effective Time.

ARTICLE IV COVENANTS

4.1 Cross-Indemnities.

(a) Spinco hereby covenants and agrees, on the terms and subject to the limitations set forth in this Article IV, from and after the Closing, to indemnify and hold harmless LIC, its Subsidiaries and their respective current and former directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (the "LIC Indemnified Parties") from and against any Losses incurred by the LIC Indemnified Parties (in their capacities as such) to the extent arising out of or resulting from any of the following:

- (i) the conduct of the Spinco Businesses (whether before or after the Closing);
- (ii) the Spinco Assets;
- (iii) the Spinco Liabilities (whether incurred before or after the Closing); or
- (iv) any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of Spinco or any of its Subsidiaries under this Agreement, any Restructuring Agreement or any Other Agreement.

(b) LIC hereby covenants and agrees, on the terms and subject to the limitations set forth in this Article IV, from and after the Closing, to indemnify and hold harmless Spinco, its Subsidiaries and their respective current and former directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (the "Spinco Indemnified Parties") from and against any Losses incurred by the Spinco Indemnified Parties (in their capacities as such) to the extent arising out of or resulting from:

- (i) the conduct of the LIC Retained Businesses (whether before or after the Closing);
- (ii) the LIC Retained Assets;
- (iii) the LIC Retained Liabilities (whether incurred before or after the Closing); or

- (iv) any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of LIC or any of its Subsidiaries (other than the Spinco Entities) under this Agreement, any Restructuring Agreement or any Other Agreement.

(c) The indemnification provisions set forth in Sections 4.1(a) and (b) shall not apply to: (i) any Losses the responsibility for which is expressly covered by the Tax Sharing Agreement or the Services Agreement; (ii) any Losses incurred by any Spinco Entity pursuant to any contractual obligation (other than this Agreement, the Restructuring Agreements or the Other Agreements) existing on or after the Closing Date between (x) LIC or any of its Subsidiaries or Affiliates, on the one hand, and (y) Spinco or any of its Subsidiaries or Affiliates, on the other hand; and (iii) any Losses incurred by any LIC Entity pursuant to any contractual obligation (other than this Agreement, the Restructuring Agreements or the Other Agreements) existing on or after the Closing Date between (x) LIC or any of its Subsidiaries or Affiliates, on the one hand, and (y) Spinco or any of its Subsidiaries or Affiliates, on the other hand.

(d) (i) In connection with any indemnification provided for in this Section 4.1, the party seeking indemnification (the "Indemnitee") will give the party from which indemnification is sought (the "Indemnitor") prompt notice whenever it comes to the attention of the Indemnitee that the Indemnitee has suffered or incurred, or may suffer or incur, any Losses for which it is entitled to indemnification under this Section 4.1, and, if and when known, the facts constituting the basis for such claim and the projected amount of such Losses (which shall not be conclusive as to the amount of such Losses), in each case in reasonable detail. Without limiting the generality of the foregoing, in the case of any Action commenced by a third party for which indemnification is being sought (a "Third-Party Claim"), such notice will be given no later than ten business days following receipt by the Indemnitee of written notice of such Third-Party Claim. Failure by any Indemnitee to so notify the Indemnitor will not affect the rights of such Indemnitee hereunder except to the extent that such failure has a material prejudicial effect on the defenses or other rights available to the Indemnitor with respect to such Third Party Claim. The Indemnitee will deliver to the Indemnitor as promptly as practicable, and in any event within five business days after Indemnitee's receipt, copies of all notices, court papers and other documents received by the Indemnitee relating to any Third-Party Claim.

(ii) After receipt of a notice pursuant to Section 4.1(d)(i) with respect to any Third-Party Claim, the Indemnitor will be entitled, if it so elects, to take control of the defense and investigation with respect to such Third-Party Claim and to employ and engage attorneys reasonably satisfactory to the Indemnitee to handle and defend such claim, at the Indemnitor's cost, risk and expense, upon written notice to the Indemnitee of such election, which notice acknowledges the Indemnitor's obligation to provide indemnification under this Agreement with respect to any Losses arising out of or relating to such Third-Party Claim. The Indemnitor will not settle any Third-Party Claim that is the subject of indemnification without the written consent of the Indemnitee, which consent will not be unreasonably withheld, conditioned or delayed; *provided, however*, that, after reasonable notice, the Indemnitor may settle a claim without the Indemnitee's consent if such settlement (A) makes no admission or acknowledgment of Liability or culpability with respect to the Indemnitee, (B) includes a complete release of the Indemnitee and (C) does not seek any relief against the Indemnitee other than the payment of money damages to be borne by the Indemnitor. The Indemnitee will cooperate in all reasonable respects with the Indemnitor and its attorneys in the investigation, trial and defense of any lawsuit or

action with respect to such Claim and any appeal arising therefrom (including the filing in the Indemnitee's name of appropriate cross-claims and counterclaims). The Indemnitee may, at its own cost, participate in any investigation, trial and defense of any Third-Party Claim controlled by the Indemnitor and any appeal arising therefrom, including participating in the process with respect to the potential settlement or compromise thereof. If the Indemnitee has been advised by its counsel that there may be one or more legal defenses available to the Indemnitee that conflict with those available to, or that are not available to, the Indemnitor ("Separate Legal Defenses"), or that there may be actual or potential differing or conflicting interests between the Indemnitor and the Indemnitee in the conduct of the defense of such Third-Party Claim, the Indemnitee will have the right, at the expense of the Indemnitor, to engage separate counsel reasonably acceptable to the Indemnitor to handle and defend such Third-Party

Claim, *provided*, that, if such Third-Party Claim can be reasonably separated between those portion(s) for which Separate Legal Defenses are available ("Separable Claims") and those for which no Separate Legal Defenses are available, the Indemnitee will instead have the right, at the expense of the Indemnitor, to engage separate counsel reasonably acceptable to the Indemnitor to handle and defend the Separable Claims, and the Indemnitor will not have the right to control the defense or investigation of such Separable Claims (and, in which case, the Indemnitor will have the right to control the defense or investigation of the remaining portion(s) of such Third-Party Claim).

(iii) If, after receipt of a notice pursuant to Section 4.1(d)(i) with respect to any Third-Party Claim as to which indemnification is available hereunder, the Indemnitor does not undertake to defend the Indemnitee against such Third-Party Claim, whether by not giving the Indemnitee timely notice of its election to so defend or otherwise, the Indemnitee may, but will have no obligation to, assume its own defense, at the expense of the Indemnitor (including attorneys fees and costs), it being understood that the Indemnitee's right to indemnification for such Third Party Claim shall not be adversely affected by its assuming the defense of such Third Party Claim. The Indemnitor will be bound by the result obtained with respect thereto by the Indemnitee; *provided*, that the Indemnitee may not settle any lawsuit or action with respect to which the Indemnitee is entitled to indemnification hereunder without the consent of the Indemnitor, which consent will not be unreasonably withheld, conditioned or delayed; *provided further*, that such consent shall not be required if (i) the Indemnitor had the right under this Section 4.1 to undertake control of the defense of such Third-Party Claim and, after notice, failed to do so within thirty days of receipt of such notice (or such lesser period as may be required by court proceedings in the event of a litigated matter), or (ii) (x) the Indemnitor does not have the right to control the defense of the entirety of such Third-Party Claim pursuant to Section 4.1(d)(ii) or (y) the Indemnitor does not have the right to control the defense of any Separable Claim pursuant to Section 4.1(d)(ii) (in which case such settlement may only apply to such Separable Claims), the Indemnitee provides reasonable notice to Indemnitor of the settlement, and such settlement (A) makes no admission or acknowledgment of Liability or culpability with respect to the Indemnitor, (B) does not seek any relief against the Indemnitor and (C) does not seek any relief against the Indemnitee for which the Indemnitor is responsible other than the payment of money damages.

(e) In no event will the Indemnitor be liable to any Indemnitee for any special, consequential, indirect, collateral, incidental or punitive damages, however caused and on any theory of liability arising in any way out of this Agreement, whether or not such Indemnitor was advised of the possibility of any such damages; *provided*, that the foregoing limitations shall not

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limit a party's indemnification obligations for any Losses incurred by an Indemnitee as a result of the assertion of a Third Party Claim.

(f) The Indemnitor and the Indemnitee shall use commercially reasonable efforts to avoid production of confidential information, and to cause all communications among employees, counsel and others representing any party with respect to a Third Party Claim to be made so as to preserve any applicable attorney-client or work-product privilege.

(g) The Indemnitor shall pay all amounts payable pursuant to this Section 4.1 by wire transfer of immediately available funds, promptly following receipt from an Indemnitee of a bill, together with all accompanying reasonably detailed backup documentation, for any Losses that are the subject of indemnification hereunder, unless the Indemnitor in good faith disputes the amount of such Losses or whether such Losses are covered by the Indemnitor's indemnification obligation in which event the Indemnitor shall promptly so notify the Indemnitee. In any event, the Indemnitor shall pay to the Indemnitee, by wire transfer of immediately available funds, the amount of any Losses for which it is liable hereunder no later than three (3) days following any final determination of the amount of such Losses and the Indemnitor's liability therefor. A "final determination" shall exist when (a) the parties to the dispute have reached an agreement in writing or (b) a court of competent jurisdiction shall have entered a final and non-appealable order or judgment.

(h) If the indemnification provided for in this Section 4.1 shall, for any reason, be unavailable or insufficient to hold harmless an Indemnitee in respect of any Losses for which it is entitled to indemnification hereunder, then the Indemnitor shall contribute to the amount paid or payable by such Indemnitee as a result of such Losses, in such proportion as shall be appropriate to reflect the relative benefits received by and the relative fault of the Indemnitor on the one hand and the Indemnitee on the other hand with respect to the matter giving rise to such Losses.

(i) The remedies provided in this Section 4.1 shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against an Indemnitor, subject to Section 4.1(e).

(j) The rights and obligations of the LIC Indemnified Persons and the Spinco Indemnified Persons under this Section 4.1 shall survive the Spin-Off.

(k) For the avoidance of doubt, the provisions of this Section 4.1 are not intended to, and shall not, apply to any Loss, claim or Liability to which the provisions of the Tax Sharing Agreement are applicable.

(l) To the fullest extent permitted by applicable law, the Indemnitor will indemnify the Indemnitee against any and all reasonable fees, costs and expenses (including attorneys' fees), incurred in connection with the enforcement of his, her or its rights under this Section 4.1.

4.2 Financing.

(a) Prior to the Closing, Spinco and one or more of its Subsidiaries shall enter into two or more margin loan agreements (the "Margin Loan Agreements") with certain lenders pursuant to which Spinco and one or more of its Subsidiaries will borrow term loans in a

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principal amount of \$400 million, secured by the TripAdvisor Securities and guaranteed by Spinco (the "Margin Loans").

(b) Prior to the Closing, Spinco covenants and agrees, and LIC covenants and agrees to cause its Subsidiary Liberty Interactive LLC, to enter into the Intercompany Note, under which Spinco may request, and a subsidiary of LIC agrees to fund and advance, from time to time, up to \$200 million in aggregate principal amount of loans to Spinco under the limited circumstances set forth therein.

4.3 Further Assurances. At any time before or after the Closing, each party hereto covenants and agrees to make, execute, acknowledge and deliver such instruments, agreements, consents, assurances and other documents, and to take all such other commercially reasonable actions, as any other party may reasonably request and as may reasonably be required in order to carry out the purposes and intent of this Agreement and to implement the terms hereof.

4.4 Specific Performance. Each party hereby acknowledges that the benefits to the other party of the performance by such party of its obligations under this Agreement are unique and that the other party is willing to enter into this Agreement only in reliance that such party will perform such obligations, and agrees that monetary damages may not afford an adequate remedy for any failure by such party to perform any of such obligations. Accordingly, each party hereby agrees that the other party will have the right to enforce the specific performance of such party's obligations hereunder and irrevocably waives any requirement for securing or posting of any bond or other undertaking in connection with the obtaining by the other party of any injunctive or other equitable relief to enforce their rights hereunder.

4.5 Access to Information.

(a) Each party will provide to the other party, at any time before or after the Distribution Date, upon written request and promptly after the request therefor (subject in all cases, to any bona fide concerns of attorney-client or work-product privilege that any party may reasonably have and any restrictions contained in any agreements or contracts to which any party or its Subsidiaries is a party (it being understood that each of LIC and Spinco will use its reasonable best efforts to provide any such information in a manner that does not result in a violation of a privilege)), any information in its possession or under its control that the requesting party reasonably needs (i) to comply with reporting, filing or other requirements imposed on the requesting party by a foreign or U.S. federal, state or local judicial, regulatory or administrative authority having jurisdiction over the requesting party or its Subsidiaries, (ii) to enable the requesting party to institute or defend against any action, suit or proceeding in any foreign or U.S. federal, state or local court or (iii) to enable the requesting party to implement the transactions contemplated hereby, including but not limited to performing its obligations under this Agreement, the Restructuring Agreements and the Other Agreements.

(b) Any information belonging to a party that is provided to another party pursuant to Section 4.5(a) will remain the property of the providing party. The parties agree to cooperate in good faith to take all reasonable efforts to maintain any legal privilege that may attach to any information delivered pursuant to this Section 4.5 or which otherwise comes into the receiving party's possession and control pursuant to this Agreement. Nothing contained in this

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Agreement will be construed as granting or conferring license or other rights in any such information.

(c) The party requesting any information under this Section 4.5 will reimburse the providing party for the reasonable out of pocket costs, if any, of creating, gathering and copying such information, to the extent that such costs are incurred for the benefit of the requesting party. No party will have any Liability to any other party if any information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or is based on an estimate or forecast, is found to be inaccurate, absent willful misconduct or fraud by the party providing such information.

(d) For the avoidance of doubt, the provisions of this Section 4.5 are not intended to, and shall not, apply to any information relating to matters governed by the Tax Sharing Agreement, which shall be subject to the provisions thereof in lieu of this Section 4.5.

4.6 Confidentiality. Each party will keep confidential for five years following the Closing Date (or for three years following disclosure to such party, whichever is longer), and will use reasonable efforts to cause its officers, directors, members, employees, Affiliates and agents to keep confidential during such period, all Proprietary Information of the other party, in each case to the extent permitted by applicable law.

(a) "Proprietary Information" means any proprietary ideas, plans and information, including information of a technological or business nature, of a party (in this context, the "Disclosing Party") (including all trade secrets, intellectual property, data, summaries, reports or mailing lists, in whatever form or medium whatsoever, including oral communications, and however produced or reproduced), that is marked proprietary or confidential, or that bears a marking of like import, or that the Disclosing Party states is to be considered proprietary or confidential, or that a reasonable and prudent person would consider proprietary or confidential under the circumstances of its disclosure. Without limiting the foregoing, all information of the types referred to in the immediately preceding sentence to the extent used by Spinco or the Spinco Businesses or which constitute Spinco Assets on or prior to the Closing Date will constitute Proprietary Information of Spinco for purposes of this Section 4.6.

(b) Anything contained herein to the contrary notwithstanding, information of a Disclosing Party will not constitute Proprietary Information (and the other party (in this context, the "Receiving Party") will have no obligation of confidentiality with respect thereto), to the extent such information: (i) is in the public domain other than as a result of disclosure made in breach of this Agreement or breach of any other agreement relating to confidentiality between the Disclosing Party and the Receiving Party; (ii) was lawfully acquired by the Disclosing Party from a third party not bound by a confidentiality obligation; (iii) is approved for release by prior written authorization of the Disclosing Party, or (iv) is disclosed in order to comply with a judicial order issued by a court of competent jurisdiction, or to comply with the laws or regulations of any governmental authority having jurisdiction over the Receiving Party, in which event the Receiving Party will give prior written notice to the Disclosing Party of such disclosure as soon as or to the extent practicable and will cooperate with the Disclosing Party in using reasonable efforts to disclose the least amount of such information required and to obtain an appropriate protective order or equivalent, and provided that the information will continue to be

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Proprietary Information to the extent it is covered by a protective order or equivalent or is not so disclosed.

4.7 Notices Regarding Transferred Assets. Any transferor of an Asset or Liability in the Restructuring that receives a notice or other communication from any third party, or that otherwise becomes aware of any fact or circumstance, after the Restructuring, relating to such Asset or Liability, will use commercially reasonable efforts to promptly forward the notice or other communication to the transferee thereof or give notice to such transferee of such fact or circumstance of which it has become aware. The parties will cause their respective Subsidiaries to comply with this Section 4.7.

4.8 Treatment Of Payments. The parties agree to treat all payments made pursuant to this Agreement in accordance with Section 4.4 of the Tax Sharing Agreement and to increase or reduce any amount paid hereunder if such payment would have been required to be increased or reduced under such section if it were a payment made pursuant to the Tax Sharing Agreement.

ARTICLE V CLOSING

5.1 Closing. Unless this Agreement is terminated and the transactions contemplated by this Agreement abandoned pursuant to the provisions of Article VI, and subject to the satisfaction or waiver of all conditions set forth in each of Sections 2.2 and 5.2, the closing of the Distribution (the "Closing") will take place at the offices of LIC, at 12300 Liberty Boulevard, Englewood, Colorado, at a mutually acceptable time and date to be determined by LIC (the "Closing Date").

5.2 Conditions to Closing

(a) The obligations of the parties to complete the transactions provided for herein are conditioned upon the satisfaction or, if applicable, waiver of the conditions set forth in Section 2.2.

(b) The performance by each party of its obligations hereunder is further conditioned upon:

(i) the performance in all material respects by the other party of its covenants and agreements contained herein to the extent such are required to be performed at or prior to the Closing; and

(ii) the representations and warranties of the other party being true and complete in all material respects as of the Closing Date with the same force and effect as if made at and as of the Closing Date.

5.3 Deliveries at Closing

(a) LIC. At the Closing, LIC will deliver or cause to be delivered to Spinco:

(i) the Tax Sharing Agreement duly executed by an authorized officer of LIC;

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(ii) the Assignment and Assumption Agreement relating to the Governance Agreement duly executed by an authorized officer of LIC;

(iii) the BuySeasons Services Agreement duly executed by an authorized officer of each of BuySeasons, Inc. and Evite, Inc.;

(iv) the Services Agreement duly executed by an authorized officer of LMC;

(v) the Facilities Sharing Agreement duly executed by an authorized officer of Liberty Property Holdings, Inc.;

(vi) each Aircraft Time Sharing Agreement duly executed by an officer of LMC or one or more of its Subsidiaries, as applicable;

(vii) the Intercompany Note duly executed by an authorized officer of Liberty Interactive LLC;

(viii) a secretary's certificate certifying that the LIC Board has authorized the execution, delivery and performance by LIC of this Agreement, the Restructuring Agreements and the Other Agreements, which authorization will be in full force and effect at and as of the Closing; and

(ix) such other documents and instruments as Spinco may reasonably request.

(b) Spinco. At the Closing, Spinco will deliver or cause to be delivered to LIC:

(i) the Tax Sharing Agreement duly executed by an authorized officer of Spinco;

(ii) the Services Agreement duly executed by an authorized officer of Spinco;

(iii) the Facilities Sharing Agreement duly executed by an authorized officer of Spinco;

(iv) the Assignment and Assumption Agreement relating to the Governance Agreement duly executed by an authorized officer of Spinco;

(v) each Aircraft Time Sharing Agreement duly executed by an authorized officer of Spinco;

(vi) the Margin Loan Agreements duly executed by Spinco, a newly-formed, wholly-owned special purpose subsidiary of Spinco and the financial counterparties thereto;

(vii) the Intercompany Note duly executed by an authorized officer of Spinco;

(viii) a secretary's certificate certifying that the Spinco Board has authorized the execution, delivery and performance by Spinco of this Agreement, the Restructuring

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Agreements and the Other Agreements, which authorizations will be in full force and effect at and as of the Closing; and

(ix) such other documents and instruments as LIC may reasonably request.

ARTICLE VI TERMINATION

6.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be amended, modified, supplemented or abandoned at any time prior to the Effective Time by and in the sole and absolute discretion of LIC without the approval of Spinco. For the avoidance of doubt, from and after the Effective Time, this Agreement may not be terminated (or any provision hereof modified, amended or waived) without the written agreement of all the parties.

6.2 Effect of Termination. In the event of any termination of this Agreement in accordance with Section 6.1, this Agreement will immediately become void and the parties will have no Liability whatsoever to each other with respect to the transactions contemplated hereby.

ARTICLE VII MISCELLANEOUS

7.1 Definitions.

(a) For purposes of this Agreement, the following terms have the corresponding meanings:

"Action" means any demand, action, claim, suit, countersuit, litigation, arbitration, prosecution, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation whether or not commenced, brought, conducted or heard by or before, or otherwise involving, any court, grand jury or other governmental authority or any arbitrator or arbitration panel.

"Affiliates" means with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person; *provided*, that, for any purpose hereunder, in each case both before and after the Effective Time, none of the Persons listed in clause (i), (ii), (iii) or (iv) shall be deemed to be Affiliates of any Person listed in any other such clause: (i) LIC taken together with its Subsidiaries and any of their respective Investees, (ii) Spinco taken together with its Subsidiaries and any of their respective Investees, (iii) LMC taken together with its Subsidiaries and their respective Investees, and (iv) Starz taken together with its Subsidiaries and any of their respective Investees.

"Aircraft Time Sharing Agreement" means the Aircraft Time Sharing Agreements to be entered into between LMC and Spinco, one for each of the two aircraft owned by LMC, substantially in the form attached hereto as Exhibit A-1 and the Aircraft Time Sharing Agreement to be entered into among Subsidiaries of LMC and Spinco for the

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NetJets aircraft in which such Subsidiaries of LMC have ownership or management rights, as applicable, substantially in the form attached hereto as Exhibit A-2.

“Assets” means assets, properties, interests and rights (including goodwill), wherever located, whether real, personal or mixed, tangible or intangible, movable or immovable, in each case whether or not required by GAAP to be reflected in financial statements or disclosed in the notes thereto.

“BuySeasons Services Agreement” means the services agreement to be entered into between BuySeasons, Inc. and Evite, Inc., substantially in the form attached hereto as Exhibit F.

“Contribution” has the meaning given to such term in the Restructuring Plan.

“Control” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through ownership of securities or partnership, membership, limited liability company, or other ownership interests, by contract or otherwise and the terms “Controlling” and “Controlled” have meanings correlative to the foregoing.

“DGCL” means the Delaware General Corporation Law.

“Effective Time” means the time at which the Distribution will be effective.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Facilities Sharing Agreement” means the Facilities Sharing Agreement to be entered into between Liberty Property Holdings, Inc. and Spinco, substantially in the form attached hereto as Exhibit B.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States, consistently applied.

“Governance Agreement” means the Governance Agreement, dated as of December 20, 2011, by and between TripAdvisor and LIC.

“Governmental Authorization” means any authorization, approval, consent, license, certificate or permit issued, granted, or otherwise made available under the authority of any court, governmental or regulatory authority, agency, stock exchange, commission or body.

“Intercompany Note” means the master promissory note to be entered into between Spinco and Liberty Interactive LLC, a Subsidiary of LIC.

“IRS” means the Internal Revenue Service.

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“Investee” of any Person means any Person in which such first Person owns or controls an equity or voting interest.

“Liabilities” means any and all debts, liabilities, commitments and obligations, whether or not fixed, contingent or absolute, matured or unmatured, direct or indirect, liquidated or unliquidated, accrued or unaccrued, known or unknown, and whether or not required by GAAP to be reflected in financial statements or disclosed in the notes thereto (other than taxes).

“LIC Board” means the Board of Directors of LIC or a duly authorized committee thereof.

“LIC Charter” means the Restated Certificate of Incorporation of LIC, as in effect immediately prior to the Distribution Date.

“LIC Common Stock” means LINTA, LINTB, LVNTA and LVNTB.

“LIC Entity” or “LIC Entities” means and includes each of LIC and its Subsidiaries (other than the Spinco Entities), after giving effect to the Restructuring.

“LIC Retained Assets” means all Assets which are held at the Effective Time by LIC.

“LIC Retained Businesses” means all businesses which are held at the Effective Time by LIC.

“LIC Retained Liabilities” means all Liabilities which are held at the Effective time by LIC.

“Liberty Interactive Common Stock” means LINTA and LINTB.

“Liberty Ventures Option” means an option to purchase shares of Liberty Ventures Common Stock pursuant to a stock incentive plan of LIC.

“Liberty Ventures SAR” means a stock appreciation right with respect to shares of Liberty Ventures Common Stock granted under a stock incentive plan of LIC.

“LINTA” means LIC’s Series A Liberty Interactive common stock, par value \$.01 per share.

“LINTB” means LIC’s Series B Liberty Interactive common stock, par value \$.01 per share.

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“LMC” means Liberty Media Corporation.

“Losses” means any and all damages, losses, deficiencies, Liabilities, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including the fees and expenses of any and all actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys’, accountants’, consultants’ and other professionals’ fees and expenses incurred in the investigation or defense thereof or in asserting, preserving or enforcing an Indemnitee’s rights hereunder), whether in connection with a Third-Party Claim or otherwise.

“Order” means any order, injunction, judgment, decree or ruling of any court, governmental or regulatory authority, agency, commission or body.

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

“Qualifying Subsidiary” means a former direct or indirect Subsidiary of LIC, any successor of any such former Subsidiary, and the parent company (directly or indirectly) of any such former Subsidiary or successor, including Spinco, LMC, Ascent Capital Group, Inc., Discovery Communications, Inc., Liberty Global, Inc. and Starz.

“Restructuring Plan” means the Restructuring Plan attached hereto as Schedule 1.1.

“SEC” means the Securities and Exchange Commission.

“SEC Filings” means the Registration Statement or any amendments or supplements thereto, including any preliminary filings of the same, and any other registration statements or reports filed under the Securities Act or Exchange Act, in connection with the Spin-Off.

“Securities Act” means the Securities Act of 1933, as amended, together with all rules and regulations promulgated thereunder.

“Services Agreement” means the Services Agreement to be entered into between LMC and Spinco, substantially in the form attached hereto as Exhibit C.

“Spinco Assets” means all Assets of LIC attributed to BuySeasons, Inc. and the TripAdvisor Securities at the Effective Time.

“Spinco Board” means the Board of Directors of Spinco or a duly authorized committee thereof.

“Spinco Businesses” means Spinco’s consolidated Subsidiary TripAdvisor and Spinco’s wholly owned Subsidiary BuySeasons, Inc.

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“Spinco Charter” means the Restated Certificate of Incorporation of Spinco to be filed with the Delaware Secretary of State immediately prior to the Effective Time, substantially in the form attached hereto as Exhibit D.

“Spinco Entity” or “Spinco Entities” means and includes each of Spinco and its Subsidiaries, after giving effect to the Restructuring.

“Spinco Liabilities” means all Liabilities of LIC relating to BuySeasons, Inc. and to the TripAdvisor Securities.

“Spinco Option” means any option to purchase shares of Spinco Common Stock issued pursuant to the Spinco Transitional Plan.

“Spinco Restricted Stock” means any shares of Spinco Common Stock subject to restricted stock awards issued pursuant to the Spinco Transitional Plan.

“Spinco SARs” means stock appreciation rights with respect to Spinco Common Stock issued pursuant to the Spinco Transitional Plan.

“Spinco Common Stock” means the Series A and Series B common stock, par value \$.01 per share, of Spinco.

“Spinco Transitional Plan” means the Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan.

“Subsidiary” when used with respect to any Person, means (i)(A) a corporation a majority in voting power of whose share capital or capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person, whether or not such power is subject to a voting agreement or similar encumbrance, (B) a partnership or limited liability company in which such Person or a Subsidiary of such Person is, at the date of determination, (1) in the case of a partnership, a general partner of such partnership with the power affirmatively to direct the policies and management of such partnership or (2) in the case of a limited liability company, the managing member or, in the absence of a managing member, a member with the power affirmatively to direct the policies and management of such limited liability company, or (C) any other Person (other than a corporation) in which such Person, one or more Subsidiaries of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof, has or have (1) the power to elect or direct the election of a majority of the members of the governing body of such Person, whether or not such power is subject to a voting agreement or similar encumbrance, or (2) in the absence of such a governing body, at least a majority ownership interest or (ii) any other Person of which an aggregate of 50% or more of the equity interests are, at the time, directly or indirectly, owned by such Person and/or one or more Subsidiaries of such Person. For purposes of this Agreement, both prior to and after the Effective Time, none of Spinco and its Subsidiaries shall be deemed to be Subsidiaries of LIC or any of its Subsidiaries.

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“Tax Sharing Agreement” means the Tax Sharing Agreement to be entered into between LIC and Spinco, substantially in the form attached hereto as Exhibit E.

“Treasury Regulations” means the Treasury regulations promulgated under the Code.

“TriAdvisor Securities” means the shares of common stock, par value \$0.001 per share, and Class B common stock, par value \$0.001 per share, in each case, of TripAdvisor, beneficially owned by LIC immediately prior to the Effective Time of the Spin-Off.

(b) As used herein, the following terms will have the meanings set forth in the applicable section of this Agreement set forth below:

Adjusted Liberty Ventures Option	Section 2.3(b)(i)
Adjusted Liberty Ventures SAR Agreement	Section 2.3(c)(i)
Awards	Preamble
Closing	Section 2.3(a)
Closing Date	Section 5.1
Code	Section 5.1
Disclosing Party	Recitals
Distribution	Section 4.6(a)
Distribution Date	Recitals
Indemnitee	Section 2.1(a)
Indemnitor	Section 4.1(d)(i)
	Section 4.1(d)(i)

Liberty Ventures Common Stock	Recitals
Liberty Ventures Record Holders	Section 2.1(b)
Liberty Ventures Restricted Stock	Section 2.3(d)
LIC	Preamble
LIC Indemnified Parties	Section 4.1(a)
LVNTA	Recitals
LVNTB	Recitals
Margin Loan Agreements	Section 4.2(a)
Margin Loans	Section 4.2(a)
Outstanding Liberty Ventures Option	Section 2.3(b)(i)
Outstanding Liberty Ventures SAR	Section 2.3(c)(i)
Other Agreements	Section 3.1(b)
Post Spin Awards	Section 2.3(g)
Proprietary Information	Section 4.6(a)
Receiving Party	Section 4.6(b)
Record Date	Section 2.1(a)
Registration Statement	Section 2.2(d)
Restructuring	Section 1.1(a)
Restructuring Agreements	Section 3.1(b)
Ruling	Section 2.2(b)
Separable Claims	Section 4.1(d)(ii)

Separate Legal Defenses	Section 4.1(d)(ii)
Spin-Off	Recitals
Spinco	Preamble
Spinco Option	Section 2.3(b)(i)
Spinco SAR	Section 2.3(c)(i)
Spinco Common Stock	Section 2.1(b)
Spinco Indemnified Parties	Section 4.1(b)
Spinco Restricted Stock	Section 2.3(d)
Spinco Series A Common Stock	Section 2.1(b)
Spinco Series B Common Stock	Section 2.1(b)
Third-Party Claim	Section 4.1(d)(i)
TripAdvisor	Recitals

7.2 **No Third-Party Rights.** Except for the indemnification rights of the LIC Indemnified Persons and the Spinco Indemnified Persons pursuant to Section 4.1, nothing expressed or referred to in this Agreement is intended or will be construed to give any Person other than the parties hereto and their respective successors and assigns any legal or equitable right, remedy or claim under or with respect to this Agreement, or any provision hereof, it being the intention of the parties hereto that this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their respective successors and assigns.

7.3 **Notices.** All notices and other communications hereunder shall be in writing and shall be delivered in person, by facsimile (with confirming copy sent by one of the other delivery methods specified herein), by overnight courier or sent by certified, registered or express air mail, postage prepaid, and shall be deemed given when so delivered in person, or when so received by facsimile or courier, or, if mailed, three (3) calendar days after the date of mailing, as follows:

if to any LIC Entity:

Liberty Interactive Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Facsimile (720) 875-[]
Attention: General Counsel

if to any Spinco Entity:

Liberty TripAdvisor Holdings, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112
Facsimile (720) 875-[]
Attention: General Counsel

or to such other address as the party to whom notice is given may have previously furnished to the other party in writing in the manner set forth above.

7.4 **Entire Agreement.** This Agreement (including the Exhibits and Schedules attached hereto) together with the Restructuring Agreements and the Other Agreements (including the Tax Sharing Agreement and the Services Agreement) embodies the entire understanding among the parties relating to the subject matter hereof and thereof and supersedes and terminates any prior agreements and understandings among the parties with respect to such subject matter, and no party to this Agreement shall have any right, responsibility or Liability under any such prior agreement or understanding. Any and all prior correspondence, conversations and memoranda are merged herein and shall be without effect hereon. No promises, covenants or representations of any kind, other than those expressly stated herein, have been made to induce either party to enter into this Agreement.

7.5 **Binding Effect; Assignment.** This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except with respect to a merger of a party, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other parties; *provided, however*, that LIC and Spinco may assign their respective rights, interests, duties, liabilities and obligations under this Agreement to any of their respective wholly-owned Subsidiaries, but such assignment shall not relieve LIC or Spinco, as the assignor, of its obligations hereunder.

7.6 **Governing Law; Jurisdiction.** This Agreement and the legal relations among the parties hereto will be governed in all respects, including validity, interpretation and effect, by the laws of the State of Delaware applicable to contracts made and performed wholly therein, without giving effect to any choice or conflict of laws provisions or rules that would cause the application of the laws of any other jurisdiction. Each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement, and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement, and the

rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or the transactions contemplated hereby in any court other than the aforesaid courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with Section 7.3 and this Section 7.7, (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by applicable law, any claim that (i) the suit, action or proceeding in such court is brought in an inconvenient forum, (ii) the venue

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of such suit, action or proceeding is improper or (iii) this Agreement or the subject matter hereof may not be enforced in or by such courts. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 7.3 shall be deemed effective service of process on such party.

7.7 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND, THEREFORE, EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.8.

7.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Upon a determination that any provision of this Agreement is prohibited or unenforceable in any jurisdiction, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the provisions contemplated hereby are consummated as originally contemplated to the fullest extent possible.

7.9 Amendments; Waivers. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable law. Any consent provided under this Agreement must be in writing, signed by the party against whom enforcement of such consent is sought.

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7.10 No Strict Construction; Interpretation.

(a) LIC and Spinco each acknowledge that this Agreement has been prepared jointly by the parties hereto and shall not be strictly construed against any party hereto.

(b) When a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference shall be to an Article of, a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns and references to a party means a party to this Agreement.

7.11 Conflicts with Tax Sharing Agreement. In the event of a conflict between this Agreement and the Tax Sharing Agreement, the provisions of the Tax Sharing Agreement shall prevail.

7.12 Counterparts. This Agreement may be executed in two or more identical counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same agreement. The Agreement may be delivered by facsimile transmission of a signed copy thereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LIBERTY INTERACTIVE CORPORATION

By: _____

Name:

Title:

LIBERTY TRIPADVISOR HOLDINGS, INC.

By: _____

Name:

Title:

[SIGNATURE PAGE TO REORGANIZATION AGREEMENT]

List of Omitted Exhibits and Schedules

The following exhibits and schedules to the Reorganization Agreement, dated as of [], 2014, by and between Liberty Interactive Corporation and Liberty TripAdvisor Holdings, Inc. have not been provided herein:

Exhibit A-1 — Form of Aircraft Time Sharing Agreement (LMC Owned Aircraft) (See Exhibit 10.8 to Amendment No. 2 to Form S-1 filed herewith)

Exhibit A-2 — Form of Aircraft Time Sharing Agreement (NetJets Aircraft) (See Exhibit 10.8 to Amendment No. 2 to Form S-1 filed herewith)

Exhibit B — Form of Facilities Sharing Agreement (See Exhibit 10.5 to Amendment No. 2 to Form S-1 filed herewith)

Exhibit C — Form of Services Agreement (See Exhibit 10.4 to Amendment No. 2 to Form S-1 filed herewith)

Exhibit D — Form of Spinco Charter (See Exhibit 3.1 to Amendment No. 2 to Form S-1 filed herewith)

Exhibit E — Form of Tax Sharing Agreement (See Exhibit 10.3 to Amendment No. 1 to Form S-1) (333-195705)

[Exhibit F — Form of Services Agreement between BuySeasons, Inc. and Evite, Inc.]

Schedule 1.1 — Restructuring Plan

The undersigned registrant hereby undertakes to furnish supplementally a copy of any omitted exhibit or schedule to the Securities and Exchange Commission upon request.

FORM OF RESTATED CERTIFICATE OF INCORPORATION

OF

LIBERTY TRIPADVISOR HOLDINGS, INC.

LIBERTY TRIPADVISOR HOLDINGS, INC., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

- (1) The name of the Corporation is Liberty TripAdvisor Holdings, Inc. The original Certificate of Incorporation of the Corporation was filed on July 25, 2013. The name under which the Corporation was originally incorporated is Liberty Spinco 1, Inc.
- (2) This Restated Certificate of Incorporation restates and amends the Certificate of Incorporation of the Corporation, as heretofore amended.
- (3) This Restated Certificate of Incorporation has been duly adopted in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.
- (4) Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, the text of the Certificate of Incorporation is hereby restated to read in its entirety as follows:

ARTICLE I

NAME

The name of the corporation is Liberty TripAdvisor Holdings, Inc. (the "Corporation").

ARTICLE II

REGISTERED OFFICE

The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, 19808. The name of its registered agent at such address is the Corporation Service Company.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (as the same may be amended from time to time, the "DGCL").

ARTICLE IV

AUTHORIZED STOCK

The total number of shares of capital stock which the Corporation will have authority to issue is four hundred fifty seven million five hundred thousand (457,500,000) shares, of which:

- (1) four hundred seven million five hundred thousand (407,500,000) shares will be of a class designated as Common Stock, par value \$0.01 per share ("Common Stock"), and such class will be divided into series as follows:
 - a. two hundred million (200,000,000) shares of Common Stock will be of a series designated as "Series A Common Stock" (the "Series A Common Stock");
 - b. seven million five hundred thousand (7,500,000) shares of Common Stock will be of a series designated as "Series B Common Stock" (the "Series B Common Stock");
 - c. two hundred million (200,000,000) shares of Common Stock will be of a series designated as "Series C Common Stock" (the "Series C Common Stock"); and
- (2) fifty million (50,000,000) shares will be of a class designated as Preferred Stock, par value \$0.01 per share ("Preferred Stock"), which are undesignated as to series and are issuable in accordance with the provisions of Article IV, Section C (the "Preferred Stock") and the DGCL.

Upon this Restated Certificate of Incorporation (as it may from time to time hereafter be amended or restated, this "Restated Certificate") becoming effective pursuant to the DGCL (the "Effective Time"), all shares of Common Stock, par value \$0.01 per share, issued and outstanding immediately prior to the Effective Time shall automatically be reclassified as (i) X (as defined below) number of shares of the Corporation's Series A Common Stock, par value \$0.01 per share, and (ii) Y (as defined below) number of shares of the Series B Common Stock, par value \$0.01 per share, in each case without any action by the holder thereof. As used in this paragraph, "X" means the number of outstanding shares of Liberty Interactive Corporation's Series A Liberty Ventures Common Stock, par value \$0.01 per share, and "Y" means the number of outstanding shares of Liberty Interactive Corporation's Series B Liberty Ventures Common Stock, par value \$0.01 per share, in each case, as of 5:00 p.m., New York City time, on [·], 2014.

The description of the Common Stock and the Preferred Stock of the Corporation, and the relative rights, preferences and limitations thereof, or the method of fixing and establishing the same, are as hereinafter set forth in this Article IV.

SECTION A

CERTAIN DEFINITIONS AND INTERPRETATIONS

Unless the context otherwise requires, the terms defined below will have, for all purposes of this Restated Certificate, the meanings herein specified:

“Board of Directors” or “Board” means the Board of Directors of the Corporation and, unless the context indicates otherwise, also means, to the extent permitted by law, any committee thereof authorized, with respect to any particular matter, to exercise the power of the Board of Directors of the Corporation with respect to such matter.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by agreement, or otherwise. The terms “Controls”, “Controlled” and “Controlling” will have corresponding meanings.

“Convertible Securities” means (x) any securities of the Corporation (other than any series of Common Stock) that are directly or indirectly convertible into or exchangeable for, or that evidence the right to purchase, directly or indirectly, securities of the Corporation or any other Person, whether upon conversion, exercise, exchange, pursuant to anti-dilution provisions of such securities or otherwise, and (y) any securities of any other Person that are directly or indirectly convertible into or exchangeable for, or that evidence the right to purchase, directly or indirectly, securities of such Person or any other Person (including the Corporation), whether upon conversion, exercise, exchange, pursuant to anti-dilution provisions of such securities or otherwise.

“Person” means a natural person, corporation, limited liability company, partnership, joint venture, trust, unincorporated association or other legal entity.

“Series A Convertible Securities” means Convertible Securities convertible into or exercisable or exchangeable for Series A Common Stock.

“Series B Convertible Securities” means Convertible Securities convertible into or exercisable or exchangeable for Series B Common Stock.

“Series C Convertible Securities” means Convertible Securities convertible into or exercisable or exchangeable for Series C Common Stock.

“Underlying Securities” means, with respect to any class or series of Convertible Securities, the class or series of securities into which such class or series of Convertible Securities are directly or indirectly convertible, or for which such Convertible Securities are directly or indirectly exchangeable, or that such Convertible Securities evidence the right to purchase or otherwise receive, directly or indirectly.

SECTION B

SERIES A COMMON STOCK, SERIES B COMMON STOCK AND SERIES C COMMON STOCK

Each share of Series A Common Stock, each share of Series B Common Stock and each share of Series C Common Stock will, except as otherwise provided in this Restated Certificate, be identical in all respects and will have equal rights, powers and privileges.

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1. Voting Rights.

Holders of Series A Common Stock will be entitled to one vote for each share of such stock held, and holders of Series B Common Stock will be entitled to ten votes for each share of such stock held, on all matters that may be submitted to a vote of stockholders of the Corporation (regardless of whether such holders are voting together with the holders of all Voting Securities (as defined below), or as a separate class with the holders of one or more series of Common Stock or Preferred Stock, or as a separate series of Common Stock, or otherwise). Holders of Series C Common Stock will not be entitled to any voting powers, except as (and then only to the extent) otherwise required by the laws of the State of Delaware. If a vote or consent of the holders of Series C Common Stock should at any time be required by the laws of the State of Delaware on any matter, the holders of Series C Common Stock will be entitled to one-hundredth (1/100) of a vote on such matter for each share of Series C Common Stock held.

Except (A) as may otherwise be required by the laws of the State of Delaware, (B) as may otherwise be provided in this Restated Certificate, or (C) as may otherwise be provided in any Preferred Stock Designation (as defined in Article IV, Section C), the holders of outstanding shares of Series A Common Stock, the holders of outstanding shares of Series B Common Stock and the holders of outstanding shares of each series of Preferred Stock that is designated as a Voting Security and is entitled to vote thereon in accordance with the terms of the applicable Preferred Stock Designation, will vote as one class with respect to the election of directors and with respect to all other matters to be voted on by stockholders of the Corporation (including, without limitation, and irrespective of the provisions of Section 242(b)(2) of the DGCL, any proposed amendment to this Restated Certificate that would (x) increase (i) the number of authorized shares of Common Stock or any series thereof, (ii) the number of authorized shares of Preferred Stock or any series thereof or (iii) the number of authorized shares of any other class or series of capital stock of the Corporation hereafter established or (y) decrease (i) the number of authorized shares of Common Stock or any series thereof, (ii) the number of authorized shares of Preferred Stock or any series thereof or (iii) the number of authorized shares of any other class or series of capital stock of the Corporation hereafter established (but, in each case, not below the number of shares of such class or series of capital stock, as the case may be, then outstanding)), and no separate class or series vote or consent of the holders of shares of any class or series of capital stock of the Corporation will be required for the approval of any such matter.

The term “Voting Securities” means the Series A Common Stock, the Series B Common Stock and any series of Preferred Stock which by the terms of its Preferred Stock Designation is designated as a Voting Security; provided that each such series of Preferred Stock will be entitled to vote together with the other Voting Securities only as and to the extent expressly provided for in the applicable Preferred Stock Designation.

2. Conversion Rights.

(a) Each share of Series B Common Stock will be convertible, at the option of the holder thereof, into one fully paid and non-assessable share of Series A Common Stock. Any such conversion may be effected by any holder of Series B Common Stock by surrendering such holder’s certificate or certificates for the Series B Common Stock to be converted, duly

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endorsed, at the office of the Corporation or any transfer agent for the Series B Common Stock, together with a written notice to the Corporation at such office that such holder elects to convert all or a specified number of shares of Series B Common Stock represented by such certificate and stating the name or names in which such holder desires the certificate or certificates representing shares of Series A Common Stock to be issued and, if less than all of the shares of Series B Common Stock represented by one certificate are to be converted, the name or names in which such holder desires the certificate representing such remaining shares of Series B Common Stock to be issued. If so required by the Corporation, any certificate representing shares surrendered for conversion in accordance with this Article IV, Section B.2(a) will be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder of such shares or the duly authorized representative of such holder, and will, if required by the last sentence of Article IV, Section B.2(b), be accompanied by payment, or evidence of payment, of applicable issue or transfer taxes. Promptly thereafter, the Corporation will issue and deliver to such holder or such holder’s nominee or nominees, a certificate or certificates representing the number of shares of Series A Common Stock to which such holder will be entitled as herein provided. If less than all of the shares of Series B Common Stock represented by any one certificate are to be converted,

the Corporation will issue and deliver to such holder or such holder's nominee or nominees a new certificate representing the shares of Series B Common Stock not converted. Such conversion will be deemed to have been made at the close of business on the date of receipt by the Corporation or any such transfer agent of the certificate or certificates, notice and, if required, instruments of transfer and payment or evidence of payment of taxes referred to above, and the person or persons entitled to receive the Series A Common Stock issuable on such conversion will be treated for all purposes as the record holder or holders of such Series A Common Stock on that date. A number of shares of Series A Common Stock equal to the number of shares of Series B Common Stock outstanding from time to time will be set aside and reserved for issuance upon conversion of shares of Series B Common Stock. Shares of Series A Common Stock and shares of Series C Common Stock will not be convertible into shares of any other series of Common Stock.

(b) The Corporation will pay any and all documentary, stamp or similar issue or transfer taxes that may be payable in respect of the issue or delivery of certificates representing shares of Common Stock on conversion of shares of Series B Common Stock pursuant to this Article IV, Section B.2. The Corporation will not, however, be required to pay any tax that may be payable in respect of any issue or delivery of certificates representing any shares of Common Stock in a name other than that in which the shares of Series B Common Stock so converted were registered and no such issue or delivery will be made unless and until the person requesting the same has paid to the Corporation the amount of any such tax or has established to the satisfaction of the Corporation that such tax has been paid.

3. Dividends.

Whenever a dividend, other than a dividend that constitutes a Share Distribution, is paid to the holders of any series of Common Stock then outstanding, the Corporation will also pay to the holders of each other series of Common Stock then outstanding an equal dividend per share. Dividends will be payable only as and when declared by the Board of Directors of the Corporation out of assets of the Corporation legally available therefor. Whenever a Share

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Distribution is paid to the holders of any series of Common Stock then outstanding, the Corporation will also pay a Share Distribution to the holders of each other series of Common Stock then outstanding, as provided in Article IV, Section B.4 below. For purposes of this Article IV, Section B.3 and Article IV, Section B.4, a "Share Distribution" means a dividend or distribution (including a distribution made in connection with any stock-split, reclassification, recapitalization, dissolution, winding up or full or partial liquidation of the Corporation) payable in shares of any class or series of capital stock, Convertible Securities or other securities of the Corporation or any other Person.

4. Share Distributions.

If at any time a Share Distribution is to be made with respect to any series of Common Stock, such Share Distribution may be declared and paid only as follows:

(a) a Share Distribution (i) consisting of shares of Series C Common Stock or Series C Convertible Securities may be declared and paid to holders of Series A Common Stock, Series B Common Stock and Series C Common Stock, on an equal per share basis, or (ii) consisting of (x) shares of Series A Common Stock or Series A Convertible Securities may be declared and paid to holders of Series A Common Stock, on an equal per share basis, (y) shares of Series B Common Stock or Series B Convertible Securities may be declared and paid to holders of Series B Common Stock, on an equal per share basis, and (z) shares of Series C Common Stock or Series C Convertible Securities may be declared and paid to holders of Series C Common Stock, on an equal per share basis; or

(b) a Share Distribution consisting of any class or series of securities of the Corporation or any other Person, other than Series A Common Stock, Series B Common Stock or Series C Common Stock (or Series A Convertible Securities, Series B Convertible Securities or Series C Convertible Securities), may be declared and paid on the basis of a distribution of (i) identical securities, on an equal per share basis, to holders of Series A Common Stock, Series B Common Stock and Series C Common Stock, (ii) separate classes or series of securities, on an equal per share basis, to the holders of each such series of Common Stock or (iii) a separate class or series of securities to the holders of one or more series of Common Stock and, on an equal per share basis, a different class or series of securities to the holders of all other series of Common Stock; provided, that, in connection with a Share Distribution pursuant to clause (ii) or clause (iii), (1) such separate classes or series of securities (and, if the distribution consists of Convertible Securities, the Underlying Securities) do not differ in any respect other than their relative voting rights (and any related differences in designation, conversion, redemption and share distribution provisions, as applicable), with holders of shares of Series B Common Stock receiving the class or series of securities having (or convertible into or exercisable or exchangeable for securities having) the highest relative voting rights and the holders of shares of each other series of Common Stock receiving securities of a class or series having (or convertible into or exercisable or exchangeable for securities having) lesser relative voting rights, in each case, without regard to whether such rights differ to a greater or lesser extent than the corresponding differences in voting rights (and any related differences in designation, conversion, redemption and share distribution, as applicable) among the Series A Common Stock, the Series B Common Stock and the Series C Common Stock, and (2) in the event the

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securities to be received by the holders of shares of Common Stock other than the Series B Common Stock consist of different classes or series of securities, with each such class or series of securities (or the Underlying Securities into which such class or series is convertible or for which such class or series is exercisable or exchangeable) differing only with respect to the relative voting rights of such class or series (and any related differences in designation, conversion, redemption and share distribution provisions, as applicable), then such classes or series of securities will be distributed to the holders of each series of Common Stock (other than the Series B Common Stock) (A) as the Board of Directors determines or (B) such that the relative voting rights (and any related differences in designation, conversion, redemption and share distribution provisions, as applicable) of the class or series of securities (or the Underlying Securities) to be received by the holders of each series of Common Stock (other than the Series B Common Stock) corresponds to the extent practicable to the relative voting rights (and any related differences in designation, conversion, redemption and share distribution provisions, as applicable) of such series of Common Stock, as compared to the other series of Common Stock (other than the Series B Common Stock).

5. Reclassification.

The Corporation will not reclassify, subdivide or combine one series of Common Stock without reclassifying, subdividing or combining each other series of Common Stock, on an equal per share basis. Any such reclassification, subdivision or combination must also satisfy the requirements set forth in Article IX of this Restated Certificate.

6. Liquidation and Dissolution.

In the event of a liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and liabilities of the Corporation and subject to the payment in full of the preferential or other amounts to which any series of Preferred Stock are entitled, the holders of shares of Series A Common Stock, the holders of shares of Series B Common Stock and the holders of shares of Series C Common Stock will share equally, on a share for share basis, in the assets of the Corporation remaining for distribution to the holders of Common Stock. Neither the consolidation or merger of the Corporation with or into any other Person or Persons nor the sale, transfer or lease of all or substantially all of the assets of the Corporation will itself be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Article IV, Section B.6.

PREFERRED STOCK

The Preferred Stock may be divided and issued in one or more series from time to time, with such powers, designations, preferences and relative, participating, optional or other rights and qualifications, limitations or restrictions thereof, as will be stated and expressed in a resolution or resolutions providing for the issue of each such series adopted by the Board of Directors (a "Preferred Stock Designation"). The Board of Directors, in the Preferred Stock Designation with respect to a series of Preferred Stock (a copy of which will be filed as required

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by law), will, without limitation of the foregoing, fix the following with respect to such series of Preferred Stock:

- (i) the distinctive serial designations and the number of authorized shares of such series, which may be increased or decreased, but not below the number of shares thereof then outstanding, by a certificate made, signed and filed as required by law (except where otherwise provided in a Preferred Stock Designation);
- (ii) the dividend rate or amounts, if any, for such series, the date or dates from which dividends on all shares of such series will be cumulative, if dividends on stock of such series will be cumulative, and the relative preferences or rights of priority, if any, or participation, if any, with respect to payment of dividends on shares of such series;
- (iii) the rights of the shares of such series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, if any, and the relative preferences or rights of priority, if any, of payment of shares of such series;
- (iv) the right, if any, of the holders of such series to convert or exchange such stock into or for other classes or series of a class of stock or indebtedness of the Corporation or of another Person, and the terms and conditions of such conversion or exchange, including provision for the adjustment of the conversion or exchange rate in such events as the Board of Directors may determine;
- (v) the voting powers, if any, of the holders of such series, including whether such series will be a Voting Security and, if so designated, the terms and conditions on which the holders of such series may vote together with the holders of any other class or series of capital stock of the Corporation;
- (vi) the terms and conditions, if any, for the Corporation to purchase or redeem shares of such series; and
- (vii) any other relative rights, powers, preferences and limitations, if any, of such series.

The Board of Directors is hereby expressly authorized to exercise its authority with respect to fixing and designating various series of the Preferred Stock and determining the relative rights, powers and preferences, if any, thereof to the full extent permitted by applicable law, subject to any stockholder vote that may be required by this Restated Certificate. All shares of any one series of the Preferred Stock will be alike in every particular. Except to the extent otherwise expressly provided in the Preferred Stock Designation for a series of Preferred Stock, the holders of shares of such series will have no voting rights except as may be required by the laws of the State of Delaware. Further, unless otherwise expressly provided in the Preferred Stock Designation for a series of Preferred Stock, no consent or vote of the holders of shares of Preferred Stock or any series thereof will be required for any amendment to this Restated Certificate that would increase the number of authorized shares of Preferred Stock or the number of authorized shares of any series thereof or decrease the number of authorized shares of Preferred Stock or the number of authorized shares of any series thereof (but not below the

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number of authorized shares of Preferred Stock or such series, as the case may be, then outstanding).

Except as may be provided by the Board of Directors in a Preferred Stock Designation or by law, shares of any series of Preferred Stock that have been redeemed (whether through the operation of a sinking fund or otherwise) or purchased by the Corporation, or which, if convertible or exchangeable, have been converted into or exchanged for shares of stock of any other class or classes will have the status of authorized and unissued shares of Preferred Stock and may be reissued as a part of the series of which they were originally a part or may be reissued as part of a new series of Preferred Stock to be created by a Preferred Stock Designation or as part of any other series of Preferred Stock.

ARTICLE V

DIRECTORS

SECTION A

NUMBER OF DIRECTORS

The governing body of the Corporation will be a Board of Directors. Subject to any rights of the holders of any series of Preferred Stock to elect additional directors, the number of directors will not be less than three (3) and the exact number of directors will be fixed by the Board of Directors by resolution. Election of directors need not be by written ballot.

SECTION B

CLASSIFICATION OF THE BOARD

Except as otherwise fixed by or pursuant to the provisions of Article IV hereof relating to the rights of the holders of any series of Preferred Stock to separately elect additional directors, which additional directors are not required to be classified pursuant to the terms of such series of Preferred Stock (the "Preferred Stock Directors"), commencing with the election of directors at the 2015 annual meeting of stockholders, pursuant to Section 141(d) of the DGCL, the Board of Directors will be divided into three classes: Class I, Class II and Class III. Each class will consist, as nearly as possible, of a number of directors equal to one-third (1/3) of the number of members of the Board of Directors (other than the Preferred Stock Directors) authorized as provided in Section A of this Article V. The term of office of the initial Class I directors will expire at the annual meeting of stockholders in 2016; the term of office of the initial Class II directors will expire at the annual meeting of stockholders in 2017; and the term of office of the initial Class III directors will expire at the annual meeting of stockholders in 2018. Commencing with the election of directors at the 2016 annual meeting of stockholders and at each annual meeting of stockholders thereafter, the successors of the class of directors whose term expires at that meeting will be elected to hold office in accordance with this Section B of Article V for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. The directors of each class will hold office until the expiration of the term of such

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class and until their respective successors are elected and qualified or until such director's earlier death, resignation or removal.

SECTION C

REMOVAL OF DIRECTORS

Subject to the rights of the holders of any series of Preferred Stock, directors may be removed from office only for cause upon the affirmative vote of the holders of at least a majority of the total voting power of the then outstanding Voting Securities entitled to vote thereon, voting together as a single class.

SECTION D

NEWLY CREATED DIRECTORSHIPS AND VACANCIES

Subject to the rights of holders of any series of Preferred Stock, vacancies on the Board of Directors resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on the Board of Directors, will be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is apportioned, and until such director's successor will have been elected and qualified or until such director's earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors will shorten the term of any incumbent director, except as may be provided with respect to any additional director elected by the holders of the applicable series of Preferred Stock.

SECTION E

LIMITATION ON LIABILITY AND INDEMNIFICATION

1. Limitation On Liability.

To the fullest extent permitted by the DGCL as the same exists or may hereafter be amended, a director of the Corporation will not be liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of this paragraph 1 will be prospective only and will not adversely affect any limitation, right or protection of a director of the Corporation existing at the time of such repeal or modification.

2. Indemnification.

(a) **Right to Indemnification.** The Corporation will indemnify, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or

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proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) incurred by such person. Such right of indemnification will inure whether or not the claim asserted is based on matters which antedate the adoption of this Section E. The Corporation will be required to indemnify or make advances to a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board of Directors.

(b) **Prepayment of Expenses.** The Corporation will pay the expenses (including attorneys' fees) incurred by a director or officer in defending any proceeding in advance of its final disposition; provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding will be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to be indemnified under this paragraph or otherwise.

(c) **Claims.** If a claim for indemnification or payment of expenses under this paragraph is not paid in full within 60 days after a written claim therefor has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful, will be entitled to be paid the expense (including attorney's fees) of prosecuting such claim to the fullest extent permitted by Delaware law. In any such action the Corporation will have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

(d) **Non-Exclusivity of Rights.** The rights conferred on any person by this paragraph will not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of this Restated Certificate, the Bylaws, agreement, vote of stockholders or resolution of disinterested directors or otherwise.

(e) **Other Indemnification.** The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity will be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

3. Amendment or Repeal.

Any amendment, modification or repeal of the foregoing provisions of this Section E will not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

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SECTION F

AMENDMENT OF BYLAWS

In furtherance and not in limitation of the powers conferred by the DGCL, the Board of Directors, by action taken by the affirmative vote of not less than 75% of the members of the Board of Directors then in office, is hereby expressly authorized and empowered to adopt, amend or repeal any provision of the Bylaws of this Corporation.

ARTICLE VI

TERM

The term of existence of this Corporation shall be perpetual.

ARTICLE VII

STOCK NOT ASSESSABLE

The capital stock of this Corporation shall not be assessable. It shall be issued as fully paid, and the private property of the stockholders shall not be liable for the debts, obligations or liabilities of this Corporation. This Restated Certificate shall not be subject to amendment in this respect.

ARTICLE VIII

MEETINGS OF STOCKHOLDERS

SECTION A

ANNUAL AND SPECIAL MEETINGS

Subject to the rights of the holders of any series of Preferred Stock, stockholder action may be taken only at an annual or special meeting. Except as otherwise provided in a Preferred Stock Designation with respect to any series of Preferred Stock or unless otherwise prescribed by law or by another provision of this Restated Certificate, special meetings of the stockholders of the Corporation, for any purpose or purposes, will be called by the Secretary of the Corporation (i) upon the written request of the holders of not less than 66²/₃% of the total voting power of the then outstanding Voting Securities entitled to vote thereon or (ii) at the request of at least 75% of the members of the Board of Directors then in office.

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SECTION B

ACTION WITHOUT A MEETING

No action required to be taken or which may be taken at any annual meeting or special meeting of stockholders may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied; provided, however, that notwithstanding the foregoing, holders of any series of Preferred Stock may take action by written consent to the extent provided in a Preferred Stock Designation with respect to such series.

ARTICLE IX

ACTIONS REQUIRING SUPERMAJORITY STOCKHOLDER VOTE

Subject to the rights of the holders of any series of Preferred Stock, the affirmative vote of the holders of at least 66²/₃% of the total voting power of the then outstanding Voting Securities entitled to vote thereon, voting together as a single class at a meeting specifically called for such purpose, will be required in order for the Corporation to take any action to authorize:

(i) the amendment, alteration or repeal of any provision of this Restated Certificate or the addition or insertion of other provisions herein; provided, however, that this clause (i) will not apply to any such amendment, alteration, repeal, addition or insertion (A) as to which the laws of the State of Delaware, as then in effect, do not require the consent of this Corporation's stockholders, or (B) that at least 75% of the members of the Board of Directors then in office have approved;

(ii) the adoption, amendment or repeal of any provision of the Bylaws of the Corporation; provided, however, that this clause (ii) will not apply to, and no vote of the stockholders of the Corporation will be required to authorize, the adoption, amendment or repeal of any provision of the Bylaws of the Corporation by the Board of Directors in accordance with the power conferred upon it pursuant to Section F of Article V of this Restated Certificate;

(iii) the merger or consolidation of this Corporation with or into any other corporation; provided, however, that this clause (iii) will not apply to any such merger or consolidation (A) as to which the laws of the State of Delaware, as then in effect, do not require the consent of this Corporation's stockholders, or (B) that at least 75% of the members of the Board of Directors then in office have approved;

(iv) the sale, lease or exchange of all, or substantially all, of the property or assets of the Corporation; provided, however, that this clause (iv) will not apply to any such sale, lease or exchange that at least 75% of the members of the Board of Directors then in office have approved; or

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(v) the dissolution of the Corporation; provided, however, that this clause (v) will not apply to such dissolution if at least 75% of the members of the Board of Directors then in office have approved such dissolution.

Subject to the foregoing provisions of this Article IX, the Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision contained in this Restated Certificate, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other Persons whomsoever by and pursuant to this Restated Certificate in its present form or as hereafter amended are granted subject to the rights reserved in this Article IX.

ARTICLE X

CERTAIN BUSINESS OPPORTUNITIES

1. Certain Acknowledgements: Definitions.

In recognition and anticipation that:

(a) directors and officers of the Corporation may serve as directors, officers, employees and agents of any other corporation, company, partnership, association, firm or other entity, including, without limitation, Subsidiaries and Affiliates of the Corporation ("Other Entity"),

(b) the Corporation, directly or indirectly, may engage in the same, similar or related lines of business as those engaged in by any Other Entity and other business activities that overlap with or compete with those in which such Other Entity may engage,

(c) the Corporation may have an interest in the same areas of business opportunity as any Other Entity, and

(d) the Corporation may engage in material business transactions with any Other Entity and its Affiliates, including, without limitation, receiving services from, providing services to or being a significant customer or supplier to such Other Entity and its Affiliates, and that the Corporation and such Other Entity or one or more of their respective Subsidiaries or Affiliates may benefit from such transactions, and as a consequence of the foregoing, it is in the best interests of the Corporation that the rights of the Corporation, and the duties of any directors or officers of the Corporation (including any such persons who are also directors, officers or employees of any Other Entity), be determined and delineated, as set forth herein, in respect of (x) any transactions between the Corporation and its Subsidiaries or Affiliates, on the one hand, and such Other Entity and its Subsidiaries or Affiliates, on the other hand, and (y) any potential transactions or matters that may be presented to officers or directors of the Corporation, or of which such officers or directors may otherwise become aware, which potential transactions or matters may constitute business opportunities of the Corporation or any of its Subsidiaries or Affiliates.

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In recognition of the benefits to be derived by the Corporation through its continued contractual, corporate and business relations with any Other Entity and of the benefits to be derived by the Corporation by the possible service as directors or officers of the Corporation and its Subsidiaries of persons who may also serve from time to time as directors, officers or employees of any Other Entity, the provisions of this Article X will, to the fullest extent permitted by law, regulate and define the conduct of the business and affairs of the Corporation in relation to such Other Entity and its Affiliates, and as such conduct and affairs may involve such Other Entity's respective directors, officers or employees, and the powers, rights, duties and liabilities of the Corporation and its officers and directors in connection therewith and in connection with any potential business opportunities of the Corporation.

Any Person purchasing, receiving or otherwise becoming the owner of any shares of capital stock of the Corporation, or any interest therein, will be deemed to have notice of and to have consented to the provisions of this Article X. References in this Article X to "directors," "officers" or "employees" of any Person will be deemed to include those Persons who hold similar positions or exercise similar powers and authority with respect to any Other Entity that is a limited liability company, partnership, joint venture or other non-corporate entity.

2. Duties of Directors and Officers Regarding Potential Business Opportunities; No Liability for Certain Acts or Omissions.

If a director or officer of the Corporation is offered, or otherwise acquires knowledge of, a potential transaction or matter that may constitute or present a business opportunity for the Corporation or any of its Subsidiaries or Affiliates, in which the Corporation could, but for the provisions of this Article X, have an interest or expectancy (any such transaction or matter, and any such actual or potential business opportunity, a "Potential Business Opportunity"):

(a) such director or officer will, to the fullest extent permitted by law, have no duty or obligation to refer such Potential Business Opportunity to the Corporation, or to refrain from referring such Potential Business Opportunity to any Other Entity, or to give any notice to the Corporation regarding such Potential Business Opportunity (or any matter related thereto),

(b) such director or officer will not be liable to the Corporation or any of its Subsidiaries or any of its stockholders, as a director, officer, stockholder or otherwise, for any failure to refer such Potential Business Opportunity to the Corporation or any of its Subsidiaries, or for referring such Potential Business Opportunity to any Other Entity, or for any failure to give any notice to or otherwise inform the Corporation or any of its Subsidiaries regarding such Potential Business Opportunity or any matter relating thereto,

(c) any Other Entity may engage or invest in, independently or with others, any such Potential Business Opportunity,

(d) the Corporation shall not have any right in or to such Potential Business Opportunity or to receive any income or proceeds derived therefrom, and

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(e) the Corporation shall have no interest or expectancy, and hereby specifically renounces any interest or expectancy, in any such Potential Business Opportunity,

unless both the following conditions are satisfied: (A) such Potential Business Opportunity was expressly offered to a director or officer of the Corporation solely in his or her capacity as a director or officer of the Corporation or as a director or officer of any Subsidiary of the Corporation and (B) such opportunity relates to a line of business in which the Corporation or any of its Subsidiaries is then directly engaged.

3. Amendment of Article X.

No alteration, amendment or repeal, or adoption of any provision inconsistent with, any provision of this Article X will have any effect upon

(a) any agreement between the Corporation or an Affiliate thereof and any Other Entity or an Affiliate thereof, that was entered into before the time of such alteration, amendment or repeal or adoption of any such inconsistent provision (the "Amendment Time"), or any transaction entered into in connection with the performance of any such agreement, whether such transaction is entered into before or after the Amendment Time,

(b) any transaction entered into between the Corporation or an Affiliate thereof and any Other Entity or an Affiliate thereof, before the Amendment Time,

(c) the allocation of any business opportunity between the Corporation or any Subsidiary or Affiliate thereof and any Other Entity before the Amendment Time,
or

(d) any duty or obligation owed by any director or officer of the Corporation or any Subsidiary of the Corporation (or the absence of any such duty or obligation) with respect to any Potential Business Opportunity which such director or officer was offered, or of which such director or officer otherwise became aware, before the Amendment Time (regardless of whether any proceeding relating to any of the above is commenced before or after the Amendment Time).

4. Definitions for Article X

For purposes of this Article X, the following terms have the meanings set forth below:

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such Person.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by agreement, or otherwise. The terms "Controls", "Controlled" and "Controlling" will have corresponding meanings.

“Subsidiary” when used with respect to any Person, means any other Person (1) of which (x) in the case of a corporation, at least (A) 50% of the equity or (B) 50% of the voting interests

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are owned or Controlled, directly or indirectly, by such first Person, by any one or more of its Subsidiaries, or by such first Person and one or more of its Subsidiaries or (y) in the case of any Person other than a corporation, such first Person, one or more of its Subsidiaries, or such first Person and one or more of its Subsidiaries (A) owns at least 50% of the equity interests thereof or (B) has the power to elect or direct the election of at least 50% of the members of the governing body thereof or otherwise has Control over such organization or entity; or (2) that is required to be consolidated with such first Person for financial reporting purposes under U.S. Generally Accepted Accounting Principles, as in effect from to time.

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IN WITNESS WHEREOF, the undersigned has executed this Restated Certificate of Incorporation this [] day of [], 201[].

LIBERTY TRIPADVISOR HOLDINGS, INC.

By:
Name:
Title:

LIBERTY TRIPADVISOR HOLDINGS, INC.
A Delaware Corporation
FORM OF BYLAWS

ARTICLE I
STOCKHOLDERS

Section 1.1 Annual Meeting.

An annual meeting of stockholders for the purpose of electing directors and of transacting any other business properly brought before the meeting pursuant to these Bylaws shall be held each year at such date, time and place, either within or without the State of Delaware or, if so determined by the Board of Directors in its sole discretion, at no place (but rather by means of remote communication), as may be specified by the Board of Directors in the notice of meeting.

Section 1.2 Special Meetings.

Except as otherwise provided in the terms of any series of preferred stock or unless otherwise provided by law or by the Certificate of Incorporation, special meetings of stockholders of the Corporation, for the transaction of such business as may properly come before the meeting, may be called by the Secretary of the Corporation (the “**Secretary**”) only (i) upon written request received by the Secretary at the principal executive offices of the Corporation by or on behalf of the holder or holders of record of outstanding shares of capital stock of the Corporation, representing collectively not less than 66 ²/₃% of the total voting power of the outstanding capital stock of the Corporation entitled to vote at such meeting or (ii) at the request of not less than 75% of the members of the Board of Directors then in office. Only such business may be transacted as is specified in the notice of the special meeting. The Board of Directors shall have the sole power to determine the time, date and place, either within or without the State of Delaware, or, if so determined by the Board of Directors in its sole discretion, at no place (but rather by means of remote communication), for any special meeting of stockholders (including those properly called by the Secretary in accordance with Section 1.2(i) hereof). Following such determination, it shall be the duty of the Secretary to cause notice to be given to the stockholders entitled to vote at such meeting that a meeting will be held at the time, date and place, if any, and in accordance with the record date determined by the Board of Directors.

Section 1.3 Record Date.

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than

sixty (60) calendar days nor less than ten (10) calendar days before the date of such meeting. If the Board of Directors so fixes a record date for determining the stockholders entitled to notice of any meeting of stockholders, such date shall be the record date for determining the stockholders entitled to vote at such meeting, unless the Board of Directors determines, at the time it fixes the record date for determining the stockholders entitled to notice of such meeting, that a later date on or before the date of the meeting shall be the record date for determining stockholders entitled to vote at such meeting. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) calendar days prior to such action. If no record date is fixed by the Board of Directors: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting in accordance with this Section 1.3.

Section 1.4 Notice of Meetings.

Notice of all stockholders meetings, stating the place, if any, date and hour thereof, as well as the record date for determining stockholders entitled to vote at such meeting (if such record date is different from the record date for determining stockholders entitled to notice of the meeting); the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting; and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Corporation in accordance with Section 5.4 of these Bylaws, applicable law and applicable stock exchange rules and regulations by the Chairman of the Board, the President, any Vice President, the Secretary or an Assistant Secretary, to each stockholder entitled to notice of such meeting, unless otherwise provided by applicable law or the Certificate of Incorporation, at least ten (10) calendar days but not more than sixty (60) calendar days before the date of the meeting.

Section 1.5 Notice of Stockholder Business.

(a) Annual Meetings of Stockholders.

(1) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, nominations for persons for election to the Board of Directors and the proposal of business to be considered by the stockholders must be (i) specified in the notice of

meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (iii) otherwise properly be requested to be brought before the meeting by a stockholder (x) who complies with the procedures set forth in this Section 1.5 and (y) who was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such business is proposed or such nomination or nominations made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time the notice provided for in Section 1.5(a)(2) is delivered to the Secretary and on the record date for the determination of stockholders entitled to vote at the meeting, and (z) who is entitled to vote at the meeting upon such election of directors or upon such business, as the case may be.

(2) In addition to any other requirements under applicable law and the Corporation's Certificate of Incorporation, for a nomination for election to the Board of Directors or the proposal of business to be properly requested to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary and any such proposed business, other than the nominations of persons for election to the Board of Directors, must constitute a proper matter for stockholder action pursuant to the Certificate of Incorporation, these Bylaws, and applicable law. To be timely, a stockholder's notice must be received at the principal executive offices of the Corporation (x) in the case of an annual meeting that is called for a date that is within thirty (30) calendar days before or after the anniversary date of the immediately preceding annual meeting of stockholders, not less than sixty (60) calendar days nor more than ninety (90) calendar days prior to the meeting and (y) in the case of an annual meeting that is called for a date that is not within thirty (30) calendar days before or after the anniversary date of the immediately preceding annual meeting, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the meeting was communicated to stockholders or public announcement (as defined below) of the date of the meeting was made, whichever occurs first. In no event shall the public announcement of an adjournment or postponement of a meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder notice as described herein.

To be in proper written form, such stockholder's notice to the Secretary must be submitted by a holder of record of stock entitled to vote on the nomination of directors of the Corporation and shall set forth in writing and describe in fair, accurate, and material detail (A) as to each person whom the stockholder proposes to nominate for election as a director (a "nominee") (i) all information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (ii) such nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the annual meeting, (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of

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the proposed amendment), and (iii) any material interest of the stockholder and beneficial owner, if any, on whose behalf the proposal is made, in such business; and (C) as to such stockholder giving notice and the beneficial owner or owners, if different, on whose behalf the nomination or proposal is made, and any affiliates or associates (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or beneficial owner (each a "Proposing Person") (i) the name and address, as they appear on the Corporation's books, of such Proposing Person, (ii) the class or series and number of shares of the capital stock of the Corporation that are owned beneficially and of record by such Proposing Person, (iii) a description of all arrangements or understandings between such Proposing Person and any other person or persons (including their names) pursuant to which the proposals are to be made by such stockholder, (iv) a representation by each Proposing Person who is a holder of record of stock of the Corporation (A) that the notice the Proposing Person is giving to the Secretary is being given on behalf of (x) such holder of record and/or (y) if different than such holder of record, one or more beneficial owners of stock of the Corporation held of record by such holder of record, (B) as to each such beneficial owner, the number of shares held of record by such holder of record that are beneficially owned by such beneficial owner, with documentary evidence of such beneficial ownership, and (C) that such holder of record is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination set forth in its notice, (v) a representation (I) whether any such Proposing Person or nominee has received any financial assistance, funding or other consideration from any other person in respect of the nomination (and the details thereof) (a "Stockholder Associated Person") and (II) whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to the Corporation within the past six (6) months by, or is in effect with respect to, such stockholder, any person to be nominated by such stockholder or any Stockholder Associated Person, the effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder, nominee or any such Stockholder Associated Person, and (vi) a representation whether any Proposing Person intends or is part of a group that intends to (I) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding voting power required to approve or adopt the proposal or elect the nominee and/or (II) otherwise solicit proxies from stockholders in support of such proposal, and (vii) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies in support of such proposal pursuant to Section 14 of the Exchange Act, and any rules and regulations promulgated thereunder. The foregoing notice requirements of this Section 1.5 shall not apply to any proposal made pursuant to Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act. A proposal to be made pursuant to Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act shall be deemed satisfied if the stockholder making such proposal complies with the provisions of Rule 14a-8 and has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine (x) the eligibility of such proposed nominee to serve as a director of the Corporation and (y) whether the nominee would qualify as an "independent director" or "audit committee financial expert" under applicable law,

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securities exchange rule or regulation, or any publicly disclosed corporate governance guideline or committee charter of the Corporation.

(3) Notwithstanding anything in paragraph (a)(2) of this Section 1.5 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) calendar days prior to the first anniversary date of the immediately preceding annual meeting, a stockholder's notice required by this Section 1.5 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation. For purposes of the first annual meeting of stockholders of the Corporation, the first anniversary date shall be [], 2014.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote at such meeting who was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time the notice provided for in paragraph (a)(2) of this Section 1.5 is delivered to the Secretary and on the record date for the determination of stockholders entitled to vote at the special meeting may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice meeting the requirements of paragraph (a)(2) of this Section 1.5 (substituting special meeting for annual meeting as applicable) shall be received by the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the ninetieth (90th) day prior to such special meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting; provided, however, that a stockholder may nominate persons for election at a special meeting only to such directorship(s) as specified in the Corporation's notice of the meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) Updating and Supplementing of Stockholder Information. A stockholder providing notice of nominations of persons for election to the Board of Directors at an annual or special meeting of stockholders or notice of business proposed to be brought before an annual meeting of stockholders shall further update and supplement such notice so that the information provided or required to be provided in such notice pursuant to paragraph (a)(2) of this Section 1.5 shall be true and correct both as of the record date for the determination of stockholders entitled to notice of the meeting and as of the date that is ten (10) business days before the meeting or any adjournment or postponement thereof, and such updated and supplemental

information shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation (a) in the case of information that is required to be updated and supplemented to be true and correct as of the record date for the determination of stockholders entitled to notice of the meeting, not later than the later of five (5) business days after such record date or five (5) business days after the public announcement of such record date, and (b) in the case of information that is required to be updated and supplemented to be true and correct as of ten (10) business days before the meeting or any adjournment or postponement thereof, not later than eight (8) business days before the meeting or any adjournment or postponement thereof (or if not practicable to provide such updated and supplemental information not later than eight (8) business days before any adjournment or postponement, on the first practicable date before any such adjournment or postponement).

(d) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.5 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.5. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (i) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.5 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(2)(C)(vi) of this Section 1.5) and (ii) if any proposed nomination or proposed business was not made or proposed in compliance with this Section 1.5, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.5, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present the nomination to the Board of Directors or to present the proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.5, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 1.5, (i) "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act, and (ii) "business day" shall mean any day, other than Saturday, Sunday and any day on which banks located in the State of New York are authorized or obligated by applicable law to close.

(3) Notwithstanding the foregoing provisions of this Section 1.5, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.5. Nothing in this Section 1.5 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Corporation's Certificate of Incorporation.

Section 1.6 Quorum.

Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law or in the Certificate of Incorporation or these Bylaws, at any meeting of stockholders, the holders of a majority in total voting power of the outstanding shares of stock entitled to vote at the meeting shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. The chairman of the meeting shall have the power and duty to determine whether a quorum is present at any meeting of the stockholders. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including, but not limited to, its own stock, held by it in a fiduciary capacity. In the absence of a quorum, the chairman of the meeting may adjourn the meeting from time to time in the manner provided in Section 1.7 hereof until a quorum shall be present.

Section 1.7 Adjournment.

Any meeting of stockholders, annual or special, may be adjourned from time to time solely by the chairman of the meeting because of the absence of a quorum or for any other reason and to reconvene at the same or some other time, date and place, if any, or by means of remote communication. Notice need not be given of any such adjourned meeting if the time, date and place, if any, and the means of remote communications, if any, thereof are announced at the meeting at which the adjournment is taken. The chairman of the meeting shall have full power and authority to adjourn a stockholder meeting in his sole discretion even over stockholder opposition to such adjournment. The stockholders present at a meeting shall not have the authority to adjourn the meeting. If the time, date and place, if any, thereof, and the means of remote communication, if any, by which the stockholders and the proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken and the adjournment is for less than thirty (30) calendar days, no notice need be given of any such adjourned meeting. If the adjournment is for more than thirty (30) calendar days or if after the adjournment a new record date for determining stockholders entitled to vote at the adjourned meeting is fixed for the adjourned meeting, then notice shall be given to each stockholder entitled to vote at the meeting. At the adjourned meeting, the stockholders may transact any business that might have been transacted at the original meeting.

Section 1.8 Organization.

The Chairman of the Board, or in his absence the President, or in their absence any Vice President, shall call to order meetings of stockholders and preside over and act as chairman of such meetings. The Board of Directors or, if the Board fails to act, the stockholders, may appoint any stockholder, director or officer of the Corporation to act as chairman of any meeting in the absence of the Chairman of the Board, the President and all Vice Presidents. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the chairman of the meeting and announced at the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Unless otherwise determined by the Board of Directors, the chairman of the meeting shall have the exclusive right to determine the order of business and to prescribe other such rules, regulations and procedures and shall have the authority in his discretion to regulate the conduct of any such meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) rules and procedures for maintaining order at the meeting and the safety of those present; (ii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iii) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (iv) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

The Secretary shall act as secretary of all meetings of stockholders, but, in the absence of the Secretary, the chairman of the meeting may appoint any other person to act as secretary of the meeting.

Section 1.9 Postponement or Cancellation of Meeting.

Any previously scheduled annual or special meeting of the stockholders may be postponed or canceled by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

Section 1.10 Voting.

Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law, the Certificate of Incorporation or these Bylaws and except for the election of directors, at any meeting duly called and held at which a quorum is present, the affirmative vote of a majority of the combined voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Subject to the rights of the holders of any series of preferred stock, at any meeting duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the combined voting power of the outstanding shares

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present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Section 1.11 List of Stockholders.

It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of the stock ledger to prepare and make, at least ten (10) calendar days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the stockholder's name; provided, however, if the record date for determining the stockholders entitled to vote at the meeting is fewer than ten (10) calendar days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) calendar day before the meeting date. Nothing contained in this Section 1.11 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) calendar days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. If the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence of the identity of the stockholders entitled to examine such list.

Section 1.12 Remote Communications.

For purposes of these Bylaws, if authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrent with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of

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remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Number and Term of Office.

(a) Subject to any limitations set forth in the Certificate of Incorporation and to any provision of the Delaware General Corporation Law relating to the powers or rights conferred upon or reserved to the stockholders or the holders of any class or series of the issued and outstanding stock of the Corporation, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors. Subject to any rights of the holders of any series of preferred stock to elect additional directors, the Board of Directors shall be comprised of not less than three (3) members and the exact number will be fixed from time to time by the Board of Directors by resolution adopted by the affirmative vote of not less than 75% of the members of the Board of Directors then in office. Directors need not be stockholders of the Corporation. The Corporation shall nominate the persons holding the offices of Chairman of the Board and President for election as directors at any meeting at which such persons are subject to election as directors.

(b) Except as otherwise fixed by the Certificate of Incorporation relating to the rights of the holders of any series of preferred stock to separately elect additional directors, which additional directors are not required to be classified pursuant to the terms of such series of preferred stock (the "Preferred Stock Directors"), commencing with the election of directors at the 2015 annual meeting of stockholders, pursuant to Section 141(d) of the DGCL, the Board of Directors shall be divided into three (3) classes: Class I, Class II and Class III. Each class shall consist, as nearly as possible, of a number of directors equal to one-third (1/3) of the then authorized number of members of the Board of Directors (other than the Preferred Stock Directors). The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 2016; the term of office of the initial Class II directors shall expire at the annual meeting of stockholders in 2017; and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 2018. Commencing with the election of directors at the 2016 annual meeting of stockholders and at each annual meeting of stockholders thereafter the successors of the class of directors whose term expires at that meeting shall be elected to hold office in accordance with Section B of Article V of the Certificate of Incorporation for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. The directors of each class will hold office until the expiration of the term of such class and until their respective successors are elected and qualified or until such director's earlier death, resignation or removal.

Section 2.2 Resignations.

Any director of the Corporation, or any member of any committee, may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors, the Chairman of the Board or the President or Secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified therein, then upon receipt thereof. The acceptance of such resignation shall not be necessary to make it effective unless otherwise stated therein.

Section 2.3 Removal of Directors.

Subject to the rights of the holders of any series of preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of not less than a majority of the total voting power of the then outstanding shares entitled to vote at an election of directors voting together as a single class.

Section 2.4 Newly Created Directorships and Vacancies.

Subject to the rights of the holders of any series of preferred stock, vacancies on the Board of Directors resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on the Board of Directors, shall be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is apportioned, and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director, except as may be provided in the terms of any series of preferred stock with respect to any additional director elected by the holders of such series of preferred stock. If at any time, by reason of death or resignation or other cause, the Corporation should have no directors in office, then any officer or any stockholder may call a special meeting of stockholders in the same manner that the Board of Directors may call such a meeting, and directors for the unexpired terms may be elected at such special meeting.

Section 2.5 Meetings.

Regular meetings of the Board of Directors shall be held on such dates and at such times and places, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors, such determination to constitute the only notice of such regular meetings to which any director shall be entitled. In the absence of any such determination, such meeting shall be held, upon notice to each director in accordance with Section 2.6 of this Article II, at such times and places, within or without the State of Delaware, as shall be designated in the notice of meeting.

Special meetings of the Board of Directors shall be held at such times and places, if any, within or without the State of Delaware, as shall be designated in the notice of the meeting in accordance with Section 2.6 hereof. Special meetings of the Board of Directors may

be called by the Chairman of the Board, and shall be called by the President or Secretary upon the written request of not less than 75% of the members of the Board of Directors then in office.

Section 2.6 Notice of Meetings.

The Secretary, or in his absence any other officer of the Corporation, shall give each director notice of the time and place of holding of any regular meetings (if required) or special meetings of the Board of Directors, in accordance with Section 5.4 of these Bylaws, by mail at least ten (10) calendar days before the meeting, or by courier service at least three (3) calendar days before the meeting, or by facsimile transmission, electronic mail or other electronic transmission, or personal service, in each case, at least twenty-four (24) hours before the meeting, unless notice is waived in accordance with Section 5.4 of these Bylaws. Unless otherwise stated in the notice thereof, any and all business may be transacted at any meeting without specification of such business in the notice.

Section 2.7 Meetings by Conference Telephone or Other Communications.

Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of telephone conference or other communications equipment by means of which all persons participating in the meeting can hear each other and communicate with each other, and such participation in a meeting by such means shall constitute presence in person at such meeting.

Section 2.8 Quorum and Organization of Meetings.

A majority of the total number of members of the Board of Directors as constituted from time to time shall constitute a quorum for the transaction of business, but, if at any meeting of the Board of Directors (whether or not adjourned from a previous meeting) there shall be less than a quorum present, a majority of those present may adjourn the meeting to another time, date and place, and the meeting may be held as adjourned without further notice or waiver. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, a majority of the directors present at any meeting at which a quorum is present may decide any question brought before such meeting. Meetings shall be presided over by the Chairman of the Board or in his absence by such other person as the directors may select. The Board of Directors shall keep written minutes of its meetings. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more Directors as alternate members of any committee to replace absent or disqualified members at any meeting of such committee. If a member of a committee shall be absent from any meeting, or disqualified from voting thereat, the remaining member or members present and not disqualified from voting, whether or not such member or members constitute a quorum, may, by a unanimous vote, appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the

Board of Directors passed as aforesaid, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be impressed on all papers that may require it, but no such committee shall have the power or authority of the Board of Directors in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the laws of the State of Delaware to be submitted to the stockholders for approval or (ii) adopting, amending or repealing any Bylaw of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Unless otherwise specified in the resolution of the Board of Directors designating a committee, at all meetings of such committee a majority of the total number of members of the committee shall constitute a quorum for the transaction of

business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

Section 2.9 Indemnification.

The Corporation shall indemnify members of the Board of Directors and officers of the Corporation and their respective heirs, personal representatives and successors in interest for or on account of any action performed on behalf of the Corporation, to the fullest extent permitted by the laws of the State of Delaware and the Corporation's Certificate of Incorporation, as now or hereafter in effect.

Section 2.10 Indemnity Undertaking.

To the extent not prohibited by law, the Corporation shall indemnify any person who is or was made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (a "**Proceeding**"), whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the Corporation to procure a judgment in its favor, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of the Corporation, or is or was serving in any capacity at the request of the Corporation for any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprises (an "**Other Entity**"), against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees). Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of service to the Corporation or to an Other Entity at the request of the Corporation to the extent the Board of Directors at any time specifies that such persons are entitled to the benefits of this Section 2.10. Except as otherwise provided in Section 2.12 hereof, the Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by the person was authorized by the Board of Directors.

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Section 2.11 Advancement of Expenses.

The Corporation shall, from time to time, reimburse or advance to any director or officer or other person entitled to indemnification hereunder the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any Proceeding in advance of the final disposition of such Proceeding; provided, however, that, such expenses incurred by or on behalf of any director or officer or other person may be paid in advance of the final disposition of a Proceeding only upon receipt by the Corporation of an undertaking, by or on behalf of such director or officer or such person, to repay all amounts advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such director, officer or other person is not entitled to be indemnified for such expenses. Except as otherwise provided in Section 2.12 hereof, the Corporation shall be required to reimburse or advance expenses incurred by a person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by the person was authorized by the Board of Directors.

Section 2.12 Claims.

If a claim for indemnification or advancement of expenses under this Article II is not paid in full within sixty (60) calendar days after a written claim therefor by the person seeking indemnification or reimbursement or advancement of expenses has been received by the Corporation, the person may file suit to recover the unpaid amount of such claim and, if successful, in whole or in part, shall be entitled to be paid the expense (including attorneys' fees) of prosecuting such claim to the fullest extent permitted by Delaware law. In any such action the Corporation shall have the burden of proving that the person seeking indemnification or reimbursement or advancement of expenses is not entitled to the requested indemnification, reimbursement or advancement of expenses under applicable law.

Section 2.13 Amendment, Modification or Repeal.

Any amendment, modification or repeal of the foregoing provisions of this Article II shall not adversely affect any right or protection hereunder of any person entitled to indemnification under Section 2.9 hereof in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 2.14 Executive Committee of the Board of Directors.

The Board of Directors, by the affirmative vote of not less than 75% of the members of the Board of Directors then in office, may designate an executive committee, all of whose members shall be directors, to manage and operate the affairs of the Corporation or particular properties or enterprises of the Corporation. Subject to the limitations of the law of the State of Delaware and the Certificate of Incorporation, such executive committee shall exercise all powers and authority of the Board of Directors in the management of the business and affairs of the Corporation including, but not limited to, the power and authority to authorize the issuance of shares of common or preferred stock. The executive committee shall keep minutes of its meetings and report to the Board of Directors not less often than quarterly on its activities and

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shall be responsible to the Board of Directors for the conduct of the enterprises and affairs entrusted to it. Regular meetings of the executive committee, of which no notice shall be necessary, shall be held at such time, dates and places, if any, as shall be fixed by resolution adopted by the executive committee. Special meetings of the executive committee shall be called at the request of the President or of any member of the executive committee, and shall be held upon such notice as is required by these Bylaws for special meetings of the Board of Directors, provided that oral notice by telephone or otherwise, or notice by electronic transmission shall be sufficient if received not later than the day immediately preceding the day of the meeting.

Section 2.15 Other Committees of the Board of Directors.

The Board of Directors may by resolution establish committees other than an executive committee and shall specify with particularity the powers and duties of any such committee. Subject to the limitations of the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall exercise all powers and authority specifically granted to it by the Board of Directors, which powers may include the authority to authorize the issuance of shares of common or preferred stock. Such committees shall serve at the pleasure of the Board of Directors, keep minutes of their meetings and have such names as the Board of Directors by resolution may determine and shall be responsible to the Board of Directors for the conduct of the enterprises and affairs entrusted to them.

Section 2.16 Directors' Compensation.

Directors shall receive such compensation for attendance at any meetings of the Board and any expenses incidental to the performance of their duties as the Board of Directors shall determine by resolution. Such compensation may be in addition to any compensation received by the members of the Board of Directors in any other capacity.

Section 2.17 Action Without Meeting.

Nothing contained in these Bylaws shall be deemed to restrict the power of members of the Board of Directors or any committee designated by the Board of Directors to take any action required or permitted to be taken by them without a meeting; provided, however, that if such action is taken without a meeting by consent by electronic transmission or transmissions, such electronic transmission or transmissions must either set forth or be submitted with information from which it can be determined that the electronic transmission or transmissions were authorized by the director.

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ARTICLE III

OFFICERS

Section 3.1 Executive Officers.

The Board of Directors shall elect from its own number, a Chairman of the Board and a President. The Board of Directors may also elect such Vice Presidents as in the opinion of the Board of Directors the business of the Corporation requires, a Treasurer and a Secretary, any of whom may or may not be directors. The Board of Directors may also elect, from time to time, such other or additional officers as in its opinion are desirable for the conduct of business of the Corporation and such officers shall hold office at the pleasure of the Board of Directors; provided, however, that the President shall not hold any other office except that of Chairman of the Board.

Section 3.2 Powers and Duties of Officers.

The Chairman of the Board shall have overall responsibility for the management and direction of the business and affairs of the Corporation and shall exercise such duties as customarily pertain to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board of Directors. He shall be the senior officer of the Corporation and in case of the inability or failure of the President to perform his duties, he shall perform the duties of the President. He may appoint and terminate the appointment or election of officers, agents or employees other than those appointed or elected by the Board of Directors. He may sign, execute and deliver, in the name of the Corporation, powers of attorney, contracts, bonds and other obligations. The Chairman of the Board shall preside at all meetings of stockholders and of the Board of Directors at which he is present, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or these Bylaws.

The President of the Corporation shall have such powers and perform such duties as customarily pertain to a chief executive officer and the office of a president, including, without limitation, being responsible for the active direction of the daily business of the Corporation, and shall exercise such other duties as may be prescribed from time to time by the Board of Directors. The President may sign, execute and deliver, in the name of the Corporation, powers of attorney, contracts, bonds and other obligations. In the absence or disability of the Chairman of the Board, the President shall perform the duties and exercise the powers of the Chairman of the Board.

Vice Presidents shall have such powers and perform such duties as may be assigned to them by the Chairman of the Board, the President, the executive committee, if any, or the Board of Directors. A Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties which implement policies established by the Board of Directors.

The Treasurer shall be the chief financial officer of the Corporation. Unless the Board of Directors otherwise declares by resolution, the Treasurer shall have general custody of

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all the funds and securities of the Corporation and general supervision of the collection and disbursement of funds of the Corporation. He shall endorse for collection on behalf of the Corporation checks, notes and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depository as the Board of Directors may designate. He may sign, with the Chairman of the Board, President or such other person or persons as may be designated for the purpose by the Board of Directors, all bills of exchange or promissory notes of the Corporation. He shall enter or cause to be entered regularly in the books of the Corporation a full and accurate account of all moneys received and paid by him on account of the Corporation, shall at all reasonable times exhibit his books and accounts to any director of the Corporation upon application at the office of the Corporation during business hours and, whenever required by the Board of Directors or the President, shall render a statement of his accounts. He shall perform such other duties as may be prescribed from time to time by the Board of Directors or by these Bylaws. He may be required to give bond for the faithful performance of his duties in such sum and with such surety as shall be approved by the Board of Directors. Any Assistant Treasurer shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Secretary shall keep the minutes of all meetings of the stockholders and of the Board of Directors. The Secretary shall cause notice to be given of meetings of stockholders, of the Board of Directors, and of any committee appointed by the Board of Directors. He shall have custody of the corporate seal, minutes and records relating to the conduct and acts of the stockholders and Board of Directors, which shall, at all reasonable times, be open to the examination of any director. The Secretary or any Assistant Secretary may certify the record of proceedings of the meetings of the stockholders or of the Board of Directors or resolutions adopted at such meetings, may sign or attest certificates, statements or reports required to be filed with governmental bodies or officials, may sign acknowledgments of instruments, may give notices of meetings and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 3.3 Bank Accounts.

In addition to such bank accounts as may be authorized in the usual manner by resolution of the Board of Directors, the Treasurer, with approval of the Chairman of the Board or the President, may authorize such bank accounts to be opened or maintained in the name and on behalf of the Corporation as he may deem necessary or appropriate, provided payments from such bank accounts are to be made upon and according to the check of the Corporation, which may be signed jointly or singularly by either the manual or facsimile signature or signatures of such officers or bonded employees of the Corporation as shall be specified in the written instructions of the Treasurer or Assistant Treasurer of the Corporation with the approval of the Chairman of the Board or the President of the Corporation.

Section 3.4 Proxies; Stock Transfers.

Unless otherwise provided in the Certificate of Incorporation or directed by the Board of Directors, the Chairman of the Board or the President or any Vice President or their

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designees shall have full power and authority on behalf of the Corporation to attend and to vote upon all matters and resolutions at any meeting of stockholders of any corporation in which this Corporation may hold stock, and may exercise on behalf of this Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, whether regular or special, and at all adjournments thereof, and shall have power and authority to execute and deliver proxies and consents on

behalf of this Corporation in connection with the exercise by this Corporation of the rights and powers incident to the ownership of such stock, with full power of substitution or revocation. Unless otherwise provided in the Certificate of Incorporation or directed by the Board of Directors, the Chairman of the Board or the President or any Vice President or their designees shall have full power and authority on behalf of the Corporation to transfer, sell or dispose of stock of any corporation in which this Corporation may hold stock.

ARTICLE IV

CAPITAL STOCK

Section 4.1 Shares.

The shares of the Corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by the Chairman of the Board of Directors or the President and by the Secretary or the Treasurer, and sealed with the seal of the Corporation. Such seal may be a facsimile, engraved or printed. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the Delaware General Corporation Law or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights.

Any of or all the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such an officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar had not ceased to hold such position at the time of its issuance.

Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 4.2 Transfer of Shares.

(a) Upon surrender to the Corporation or the transfer agent of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of

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proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be cancelled, and the issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

(b) The person in whose name shares of stock stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 4.3 Lost Certificates.

The Board of Directors or any transfer agent of the Corporation may direct a new certificate or certificates or uncertificated shares representing stock of the Corporation to be issued in place of any certificate or certificates theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors) may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as the Board of Directors (or any transfer agent so authorized) shall direct to indemnify the Corporation and the transfer agent against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificates or uncertificated shares, and such requirement may be general or confined to specific instances.

Section 4.4 Transfer Agent and Registrar.

The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates for shares to bear the manual or facsimile signature or signatures of any of them.

Section 4.5 Regulations.

The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, registration, cancellation and replacement of certificates representing stock of the Corporation or uncertificated shares, which rules and regulations shall comply in all respects with the rules and regulations of the transfer agent.

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ARTICLE V

GENERAL PROVISIONS

Section 5.1 Offices.

The Corporation shall maintain a registered office in the State of Delaware as required by the laws of the State of Delaware. The Corporation may also have offices in such other places, either within or without the State of Delaware, as the Board of Directors may from time to time designate or as the business of the Corporation may require.

Section 5.2 Corporate Seal.

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal" and "Delaware."

Section 5.3 Fiscal Year.

The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 5.4 Notices and Waivers Thereof.

Whenever any notice is required by the laws of the State of Delaware, the Certificate of Incorporation or these Bylaws to be given by the Corporation to any stockholder, director or officer, such notice, except as otherwise provided by law, may be given personally, or by mail, or, in the case of directors or officers, or stockholders who consent thereto, by electronic transmission in accordance with applicable law. Any notice given by electronic transmission shall be deemed to have been given when it shall have been transmitted and any notice given by mail shall be deemed to have been given when deposited in the United States mail with postage thereon prepaid directed to such stockholder, director, or officer, as the case may be, at such stockholder's, director's, or officer's, as the case may be, address as it appears in the records of the Corporation. An affidavit of the Secretary or Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Whenever any notice is required to be given by law, the Certificate of Incorporation, or these Bylaws to the person entitled to such notice, a waiver thereof, in writing signed by the person, or by electronic transmission, whether before or after the meeting or the time stated therein, shall be deemed equivalent in all respects to such notice to the full extent permitted by law. If such waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the person waiving notice. In addition, notice of any meeting of the Board of Directors, or any committee thereof, need not be given to any director if such director shall sign the minutes of such meeting or attend the meeting, except that if such

director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened, then such director shall not be deemed to have waived notice of such meeting.

Section 5.5 Saving Clause.

These Bylaws are subject to the provisions of the Certificate of Incorporation and applicable law. In the event any provision of these Bylaws is inconsistent with the Certificate of Incorporation or the corporate laws of the State of Delaware, such provision shall be invalid to the extent only of such conflict, and such conflict shall not affect the validity of any other provision of these Bylaws.

Section 5.6 Amendments.

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors, by action taken by the affirmative vote of not less than 75% of the members of the Board of Directors then in office, is hereby expressly authorized and empowered to adopt, amend or repeal any provision of the Bylaws of this Corporation.

Subject to the rights of the holders of any series of preferred stock, these Bylaws may be adopted, amended or repealed by the affirmative vote of the holders of not less than 66 ²/₃% of the total voting power of the then outstanding capital stock of the Corporation entitled to vote thereon; provided, however, that this paragraph shall not apply to, and no vote of the stockholders of the Corporation shall be required to authorize, the adoption, amendment or repeal of any provision of the Bylaws by the Board of Directors in accordance with the preceding paragraph.

Section 5.7 Gender/Number.

As used in these Bylaws, the masculine, feminine, or neuter gender, and the singular and plural number, shall include the other whenever the context so indicates.

Section 5.8 Electronic Transmission.

For purposes of these Bylaws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process.

**FORM OF LIBERTY TRIPADVISOR HOLDINGS, INC.
2014 OMNIBUS INCENTIVE PLAN**

ARTICLE I

PURPOSE OF PLAN; EFFECTIVE DATE

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

1.2 *Effective Date.* The Plan shall be effective as of _____, 2014 (the "Effective Date").

ARTICLE II

DEFINITIONS

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

"Account" has the meaning ascribed thereto in Section 8.2

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

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

"Approved Transaction" means any transaction in which the Board (or, if approval of the Board is not required as a matter of law, the stockholders of the Company) shall approve (i) any consolidation or merger of the Company, or binding share exchange, pursuant to which shares of Common Stock of the Company would be

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changed or converted into or exchanged for cash, securities, or other property, other than any such transaction in which the common stockholders of the Company immediately prior to such transaction have the same proportionate ownership of the Common Stock of, and voting power with respect to, the surviving corporation immediately after such transaction, (ii) any merger, consolidation or binding share exchange to which the Company is a party as a result of which the Persons who are common stockholders of the Company immediately prior thereto have less than a majority of the combined voting power of the outstanding capital stock of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors immediately following such merger, consolidation or binding share exchange, (iii) the adoption of any plan or proposal for the liquidation or dissolution of the Company, or (iv) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company

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

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

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

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

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

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

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

"Company" means Liberty TripAdvisor Holdings, Inc., a Delaware corporation.

"Control Purchase" means any transaction (or series of related transactions) in which any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, any Subsidiary of the Company or any employee benefit plan sponsored by the Company or any Subsidiary of the Company or any Exempt Person (as defined below)) shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined

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voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), other than in a transaction (or series of related transactions) approved by the Board. For purposes of this definition, "Exempt Person" means each of (a) the Chairman of the Board,

the President and each of the directors of the Company as of the Effective Date, and (b) the respective family members, estates and heirs of each of the Persons referred to in clause (a) above and any trust or other investment vehicle for the primary benefit of any of such Persons or their respective family members or heirs. As used with respect to any Person, the term “family member” means the spouse, siblings and lineal descendants of such Person.

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

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

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

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

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

“Fair Market Value” of a share of any series of Common Stock on any day means (i) for Option and SAR exercise transactions effected on any third-party incentive award administration system provided by the Company, the current high bid price of a share of any series of Common Stock as reported on the consolidated transaction reporting system on the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by Pink OTC Markets Inc., or (ii) for all other purposes under the Plan, the last sale price (or, if no last sale price is reported, the average of the high bid and low asked prices) for a share of such series of Common Stock

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

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

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

“Nonemployee Director” means an individual who is a member of the Board and who is not an employee of the Company or any Subsidiary.

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

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

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

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

“Plan” means this Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan.

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

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

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

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

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

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

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

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

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

ARTICLE III
ADMINISTRATION

3.1 *Committee.* The Plan shall be administered by the Compensation Committee of the Board unless a different committee is appointed by the Board. The Committee shall be comprised of not less than two Persons. The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed, may fill vacancies in the Committee and may remove members of the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum and all determinations shall be made by a majority of such quorum. Any determination reduced to writing and signed by all of the members shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held.

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

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the Company and its Subsidiaries, and such other factors as the Committee in its discretion deems relevant.

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

3.4 *Awards to Nonemployee Directors.* The Board shall have the same powers as the Committee with respect to awards to Nonemployee Directors.

ARTICLE IV
SHARES SUBJECT TO THE PLAN

4.1 *Number of Shares.* Subject to the provisions of this Article IV, the maximum number of shares of Common Stock with respect to which Awards may be granted during the term of the Plan shall be _____ million shares. Shares of Common Stock will be made available from the authorized but unissued shares of the Company or from shares reacquired by the Company, including shares purchased in the open market. The shares of Common Stock subject to (i) any Award granted under the Plan that shall expire, terminate or be cancelled or annulled for any reason without having been exercised (or considered to have been exercised as provided in Section 7.2), (ii) any Award of any SARs granted under the Plan the terms of which provide for settlement in cash, and (iii) any Award of Restricted Shares or Restricted Stock Units that shall be forfeited prior to becoming vested (provided that the Holder received no benefits of ownership of such Restricted Shares or Restricted Stock Units other than voting rights and the accumulation of Retained Distributions and unpaid Dividend Equivalents that are likewise forfeited) shall again be available for purposes of the Plan. Notwithstanding the foregoing, the following shares of Common Stock may not again be made available for issuance as Awards under the Plan: (a) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding Option or SAR, (b) shares of Common Stock used to pay the purchase price or withholding taxes related to an outstanding Award, or (c) shares of Common Stock repurchased on the open market with the proceeds of an Option purchase price. Except for Awards described in Section 10.1, no Person may be granted in any calendar year Awards covering more than _____ million shares of Common Stock (as such amount may be adjusted from time to time as provided in Section 4.2). No Person shall receive payment for Cash Awards during any calendar year aggregating in excess of \$10 million. No Nonemployee Director may be granted during any calendar year Awards having a value determined on the date of grant in excess of \$[3 million].

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4.2 *Adjustments.*

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

(b) Notwithstanding any provision of the Plan to the contrary, in the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee shall be authorized, in its discretion, (i) to provide, prior to the transaction, for the acceleration of the vesting and exercisability of, or lapse of restrictions with respect to, the Award and, if the transaction is a cash merger, provide for the termination of any portion of the Award that remains unexercised at the time of such transaction, or (ii) to cancel any such Awards and to deliver to the Holders cash in an amount that the Committee shall determine in its sole discretion is equal to the fair market value of such Awards on the date of such event, which in the case of Options or SARs shall be the excess of the Fair Market Value (as determined in sub-section (ii) of the definition of such term) of Common Stock on such date over the purchase price of the Options or the base price of the SARs, as applicable.

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

ARTICLE V

ELIGIBILITY

5.1 *General.* The Persons who shall be eligible to participate in the Plan and to receive Awards under the Plan shall be such Persons who are employees (including officers and

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directors) of, or directors, independent contractors or employees of Liberty Media Corporation or Liberty Interactive Corporation providing services to, the Company or its Subsidiaries as the Committee shall select. Awards may be made to employees, directors or independent contractors who hold or have held Awards under the Plan or any similar or other awards under any other plan of the Company or any of its Affiliates.

ARTICLE VI STOCK OPTIONS

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

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

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

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

6.5 *Manner of Exercise.*

(a) *Form of Payment.* An Option shall be exercised by written notice to the Company upon such terms and conditions as the Agreement may provide and in accordance with such other procedures for the exercise of Options as the Committee may establish from time to time. The method or methods of payment of the purchase price for the shares to be purchased upon exercise of an Option and of any amounts required by Section 10.9 shall be determined by the Committee and may consist of (i) cash, (ii) check, (iii) promissory note (subject to applicable law), (iv) whole shares of any series of Common Stock, (v) the withholding of shares of the applicable series of Common Stock issuable upon such exercise of the Option, (vi) the delivery, together with

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a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price, or (vii) any combination of the foregoing methods of payment, or such other consideration and method of payment as may be permitted for the issuance of shares under the Delaware General Corporation Law. The permitted method or methods of payment of the amounts payable upon exercise of an Option, if other than in cash, shall be set forth in the applicable Agreement and may be subject to such conditions as the Committee deems appropriate.

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

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

ARTICLE VII SARS

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

7.2 *Tandem SARs.* A Tandem SAR may be granted either concurrently with the grant of the related Option or at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such related Option. Tandem SARs shall be exercisable only at the time and to the extent that the related Option is exercisable (and may be subject to such additional limitations on exercisability as the Agreement may provide) and in no event after the complete termination or full exercise of the related Option. Upon the exercise or termination of the related Option, the Tandem SARs with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the related Option was so

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exercised or terminated. Subject to the limitations of the Plan, upon the exercise of a Tandem SAR and unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the

Tandem SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Tandem SAR was granted on the date of exercise over the related Option purchase price per share, and (ii) the related Option with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the Tandem SAR was so exercised.

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

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

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

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exercise SARs granted prior to the adoption or amendment of such rules and regulations as well as SARs granted thereafter.

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

ARTICLE VIII

RESTRICTED SHARES AND RESTRICTED STOCK UNITS

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

8.2 *Issuance of Restricted Shares.* An Award of Restricted Shares shall be registered in a book entry account (the "Account") in the name of the Holder to whom such Restricted Shares shall have been awarded. During the Restriction Period, the Account, any certificates (or other statement of ownership) representing the Restricted Shares that may be issued during the Restriction Period and any securities constituting Retained Distributions shall bear a restrictive legend to the effect that ownership of the Restricted Shares (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms and conditions provided in the Plan and the applicable Agreement. Any such certificates shall remain in the custody of the Company or its designee, and the Holder shall deposit with the custodian stock powers or other instruments of assignment, each endorsed in blank, so as to permit retransfer to the Company of all or any portion of the Restricted Shares and any securities constituting Retained Distributions that shall be forfeited or otherwise not become vested in accordance with the Plan and the applicable Agreement.

8.3 *Restrictions with Respect to Restricted Shares.* During the Restriction Period, Restricted Shares shall constitute issued and outstanding shares of the applicable series of Common Stock for all corporate purposes. The Holder will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions, as the Committee may designate, paid or distributed on such Restricted Shares, and to exercise all other rights, powers and privileges of a Holder of shares of the applicable series of Common Stock with respect to such Restricted Shares; except, that, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder will not be entitled to delivery of the stock certificate or certificates (or other statement of ownership) representing such Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect

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thereto shall have been fulfilled or waived; (ii) the Company or its designee will retain custody of the stock certificate or certificates (or other statements of ownership) representing the Restricted Shares during the Restriction Period as provided in Section 8.2; (iii) other than such dividends and distributions as the Committee may designate, the Company or its designee will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Shares (and such Retained Distributions will be subject to the same restrictions, terms and vesting, and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account; (iv) the Holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Shares or any Retained Distributions or such Holder's interest in any of them during the Restriction Period; and (v) a breach of any restrictions, terms or conditions provided in the Plan or established by the Committee with respect to any Restricted Shares or Retained Distributions will cause a forfeiture of such Restricted Shares and any Retained Distributions with respect thereto.

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

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

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

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(ii) in accordance with the rules applicable to Retained Distributions, as the Committee may specify in the Agreement.

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

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

ARTICLE IX

CASH AWARDS AND PERFORMANCE AWARDS

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

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

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

9.4 *Section 162(m) of the Code.* Notwithstanding the foregoing provisions, if the Committee intends for a Performance Award to be granted and administered in a manner designed to preserve the deductibility of the compensation resulting from such Award in accordance with Section 162(m) of the Code, then the Performance Objectives for such particular Performance Award relative to the particular period of service to which the Performance Objectives relate shall be established by the Committee in writing (i) no later than 90 days after the beginning of such period and (ii) prior to the completion of 25% of such period.

9.5 *Waiver of Performance Objectives.* The Committee shall have no discretion to modify or waive the Performance Objectives or conditions to the grant or vesting of a Performance Award unless such Award is not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code and the relevant Agreement provides for such discretion.

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ARTICLE X

GENERAL PROVISIONS

10.1 *Acceleration of Awards.*

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

(b) *Approved Transactions; Board Change; Control Purchase.* In the event of any Approved Transaction, Board Change or Control Purchase, notwithstanding any contrary waiting period, installment period, vesting schedule or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each such outstanding Option or SAR granted under the Plan shall become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares and any related Retained Distributions shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement; and (iii) in the case of Restricted Stock Units, the Restriction Period applicable to each such Award of Restricted Stock Units shall be deemed to have expired and all such Restricted Stock Units and any unpaid Dividend Equivalents shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement, in each case effective upon the Board Change or Control Purchase or immediately prior to consummation of the Approved Transaction. The effect, if any, on a Cash Award of an Approved Transaction, Board Change or Control Purchase shall be prescribed in the applicable Agreement. Notwithstanding the foregoing, unless otherwise provided in the applicable Agreement, the Committee may, in its discretion, determine that any or all outstanding Awards of any or all types granted pursuant to the Plan will

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not vest or become exercisable on an accelerated basis in connection with an Approved Transaction if effective provision has been made for the taking of such action which, in the opinion of the Committee, is equitable and appropriate to substitute a new Award for such Award or to assume such Award and to make such new or assumed Award, as nearly as may be practicable, equivalent to the old Award (before giving effect to any acceleration of the vesting or exercisability thereof), taking into account, to the extent applicable, the kind and amount of securities, cash or other assets into or for which the applicable series of Common Stock may be changed, converted or exchanged in connection with the Approved Transaction.

10.2 *Termination of Employment or Service.*

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

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

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

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

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

10.5 *Written Agreement.* Each Award under the Plan shall be evidenced by a written agreement, in such form as the Committee shall approve from time to time in its discretion, specifying the terms and provisions of such Award which may not be inconsistent with the provisions of the Plan; provided, however, that if more than one

type of Award is made to the same Holder, such Awards may be evidenced by a single Agreement with such Holder. Each grantee of an Option, SAR, Restricted Shares, Restricted Stock Units or Performance Award (including a Cash Award) shall be notified promptly of such grant, and a written Agreement shall be promptly delivered by the Company. Any such written Agreement may contain (but shall not be required to contain) such provisions as the Committee deems appropriate to insure that the penalty provisions of Section 4999 of the Code will not apply to any stock or cash received by the Holder from the Company. Any such Agreement may be supplemented or amended from time to time as approved by the Committee as contemplated by Section 10.7(b).

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

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and distribution, as may be the case. Any person to whom Awards are transferred in accordance with the provisions of the preceding sentence shall take such Awards subject to all of the terms and conditions of the Plan and any applicable Agreement.

10.7 *Termination and Amendment.*

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

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

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

10.9 *Withholding.* The Company's obligation to deliver shares of Common Stock or pay cash in respect of any Award under the Plan shall be subject to applicable federal, state and local tax withholding requirements. Federal, state and local withholding tax due at the time of an Award, upon the exercise of any Option or SAR or upon the vesting of, or expiration of

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restrictions with respect to, Restricted Shares or Restricted Stock Units or the satisfaction of the Performance Objectives applicable to a Performance Award, as appropriate, may, in the discretion of the Committee, be paid in shares of Common Stock already owned by the Holder or through the withholding of shares otherwise issuable to such Holder, upon such terms and conditions (including the conditions referenced in Section 6.5) as the Committee shall determine. If the Holder shall fail to pay, or make arrangements satisfactory to the Committee for the payment to the Company of, all such federal, state and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Holder an amount equal to any federal, state or local taxes of any kind required to be withheld by the Company with respect to such Award.

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

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

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

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

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

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

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

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

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

FORM OF SERVICES AGREEMENT

SERVICES AGREEMENT (this “Agreement”), dated as of [], 2014, by and between Liberty Media Corporation, a Delaware corporation (the “Provider”), and Liberty TripAdvisor Holdings, Inc., a Delaware corporation (“TripCo”).

RECITALS

WHEREAS, on the date hereof TripCo is a wholly owned subsidiary of Liberty Interactive Corporation, a Delaware corporation (“LIC”), and holds, among other things, LIC’s ownership interest in TripAdvisor, Inc. and LIC’s ownership interest in BuySeasons, Inc. as a result of the consummation of the transactions described in the plan of restructuring set forth in Schedule 1.1 to the Reorganization Agreement, dated as of [], 2014 (the “Reorganization Agreement”), to which LIC and TripCo are each parties;

WHEREAS, in accordance with the Reorganization Agreement, 100% of the issued and outstanding shares of common stock of TripCo will be distributed as *pro rata* dividend to the holders of LIC’s Liberty Ventures common stock, with the effect that TripCo will be spun-off (the “Spin-Off”) from LIC, and LIC will cease to have an equity interest in TripCo;

WHEREAS, Provider currently provides services to LIC pursuant to an existing services agreement, and LIC has requested that Provider provide similar services directly to TripCo following the Spin-Off, and that TripCo compensate the Provider for the performance of such services, in each case, on the terms and condition set forth herein; and

WHEREAS, on the date hereof a subsidiary of the Provider is also entering into a facilities sharing agreement with TripCo with respect to 12300 Liberty Boulevard, Englewood, Colorado (the “Facilities Sharing Agreement”).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be bound legally, agree as follows:

ARTICLE I

ENGAGEMENT AND SERVICES

Section 1.1 Engagement. TripCo engages the Provider to provide to TripCo, commencing on the date of the Spin-Off (the “Spin-Off Effective Date”), the services set forth in Section 1.2 (collectively, the “Services”), and the Provider accepts such engagement, subject to and upon the terms and conditions of this Agreement. The parties acknowledge that certain of the Services will be performed by officers, employees or consultants of the Provider, who may also serve, from time to time, as officers, employees or consultants of other companies, including, without limitation, TripCo and LIC.

Section 1.2 Services.

(a) The Services will include the following, if and to the extent requested by TripCo during the Term of this Agreement:

- (i) insurance administration and risk management services;
- (ii) technical and information technology assistance (including management information systems, computer, data storage network and telecommunications services), computers, office supplies, postage, courier service and other office services;
- (iii) services performed by the Provider’s finance, accounting, payroll, treasury, cash management, legal, disclosure compliance, human resources, employee benefits, investor relations, tax and real estate management departments; and
- (iv) such other services as the Provider may obtain from its officers, employees and consultants in the management of its own operations that TripCo may from time to time request or require.

(b) The Services are intended to be those services and functions that are appropriate for the operation and management of TripCo as a publicly-traded company, and are not intended to be duplicative of services and functions for the operating subsidiaries of TripCo that are to be performed by officers, employees and consultants of those companies.

Section 1.3 Services Not to Interfere with the Provider’s Business. TripCo acknowledges and agrees that in providing Services hereunder the Provider will not be required to take any action that would disrupt, in any material respect, the orderly operation of the Provider’s business activities.

Section 1.4 Books and Records. The Provider will maintain books and records, in reasonable detail in accordance with the Provider’s standard business practices, with respect to its provision of Services to TripCo pursuant to this Agreement, including records supporting the determination of the Services Fee and other costs and expenses to TripCo pursuant to Article II (collectively, “Supporting Records”). The Provider will give TripCo and its duly authorized

representatives, agents, and attorneys reasonable access to all such Supporting Records during the Provider’s regular business hours upon TripCo’s request after reasonable advance notice.

ARTICLE II

COMPENSATION

Section 2.1 Services Fee. TripCo agrees to pay, and the Provider agrees to accept, a fee (the “Services Fee”) equal to \$[], payable monthly in arrears as set forth in Section 2.3. The initial Services Fee will be determined by the Provider, in consultation with LIC, on or prior to the Spin-Off Effective Date. Provider and TripCo will review and evaluate the Services Fee for reasonableness semiannually during the Term and will negotiate in good faith to reach agreement on any appropriate adjustments to

the Services Fee. Based on such review and evaluation, Provider and TripCo will agree on the appropriate effective date (which may be retroactive) of any such adjustment to the Services Fee. For the avoidance of doubt, the determination of the Services Fee and any future adjustment thereto does not and will not include charges included under the Annual Allocation Expense (as such term is defined in the Facilities Sharing Agreement) payable by TripCo under the Facilities Sharing Agreement.

Section 2.2 Cost Reimbursement. In addition to (and without duplication of) the Services Fee payable pursuant to Section 2.1, TripCo also will reimburse the Provider for all direct out-of-pocket costs, with no markup (“Out-of-Pocket Costs”), incurred by the Provider in performing the Services (e.g., postage and courier charges, travel, meals and entertainment expenses, and other miscellaneous expenses that are incurred by the Provider in the conduct of the Services).

Section 2.3 Payment Procedures.

(a) TripCo will pay the Provider, by wire or intrabank transfer of funds or in such other manner specified by the Provider to TripCo, in arrears on or before the last day of each calendar quarter beginning with [], 2014, the Services Fee then in effect, in quarterly installments.

(b) Any reimbursement to be made by TripCo to the Provider pursuant to Section 2.2 will be paid by TripCo to the Provider within 15 days after receipt by TripCo of an invoice therefor, by wire or intrabank transfer of funds or in such other manner specified by the Provider to TripCo. The Provider will invoice TripCo monthly for reimbursable expenses incurred by the Provider on behalf of TripCo during the preceding calendar month as contemplated in Section 2.2; *provided, however*, that the Provider may separately invoice TripCo at any time for any single reimbursable expense incurred by the Provider on behalf of TripCo in an amount equal to or greater than \$25,000. Any invoice or statement pursuant to this Section 2.3(b) will be accompanied by supporting documentation in reasonable detail consistent with Provider’s own expense reimbursement policy.

(c) Any payments not made when due under this Section 2.3 will bear interest at the rate of 1.5% per month on the outstanding amount from and including the due date to but excluding the date paid.

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Section 2.4 Survival. The terms and conditions of this Article II will survive the expiration or earlier termination of this Agreement.

ARTICLE III

TERM

Section 3.1 Term Generally. The term of this Agreement will commence on the Spin-Off Effective Date and will continue until the third anniversary of the Spin-Off Effective Date (the “Term”). This Agreement is subject to termination prior to the end of the Term in accordance with Section 3.3.

Section 3.2 Discontinuance of Select Services. At any time during the Term, on not less than 30 days’ prior notice by TripCo to the Provider, TripCo may elect to discontinue obtaining any of the Services from the Provider. In such event, the Provider’s obligation to provide Services that have been discontinued pursuant to this Section 3.2, and TripCo’s obligation to compensate the Provider for such Services, will cease as of the end of such 30-day period (or such later date as may be specified in the notice), and this Agreement will remain in effect for the remainder of the Term with respect to those Services that have not been so discontinued. The Provider and TripCo will promptly evaluate the Services Fee for reasonableness following the discontinuance of any Services and will negotiate in good faith to reach agreement on any appropriate adjustment to the Services Fee. Each party will remain liable to the other for any required payment or performance accrued prior to the effective date of discontinuance of any Service.

Section 3.3 Termination. This Agreement will be terminated prior to the expiration of the Term in the following events:

(a) at any time upon at least 30 days’ prior written notice by TripCo to the Provider;

(b) immediately upon written notice (or at any later time specified in such notice) by the Provider to TripCo if a Change in Control or Bankruptcy Event occurs with respect to TripCo; or

(c) immediately upon written notice (or at any later time specified in such notice) by TripCo to the Provider if a Change in Control or Bankruptcy Event occurs with respect to the Provider.

For purposes of this Section 3.3, a “Change in Control” will be deemed to have occurred with respect to a party if a merger, consolidation, binding share exchange, acquisition, or similar transaction (each, a “Transaction”), or series of related Transactions, involving such party occurs as a result of which the voting power of all voting securities of such party outstanding immediately prior thereto represent (either by remaining outstanding or being converted into voting securities of the surviving entity) less than 75% of the voting power of such party or the surviving entity of the Transaction outstanding immediately after such Transaction (or if such party or the surviving entity after giving effect to such Transaction is a subsidiary of the issuer of securities in such Transaction, then the voting power of all voting securities of such party

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outstanding immediately prior to such Transaction represent (by being converted into voting securities of such issuer) less than 75% of the voting power of the issuer outstanding immediately after such Transaction).

For purposes of this Section 3.3, a “Bankruptcy Event” will be deemed to have occurred with respect to a party upon such party’s insolvency, general assignment for the benefit of creditors, such party’s voluntary commencement of any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or consolidation of such party’s debts under any law relating to bankruptcy, insolvency, or reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for such party or for all or any substantial part of such party’s assets (each, a “Bankruptcy Proceeding”), or the involuntary filing against TripCo or the Provider, as applicable, of any Bankruptcy Proceeding that is not stayed within 60 days after such filing.

Each party will remain liable to the other for any required payment accrued prior to the termination of this Agreement.

ARTICLE IV

PERSONNEL AND EMPLOYEES

Section 4.1 Personnel to Provide Services

(a) The Provider will make available to TripCo, on a non-exclusive basis, the appropriate personnel (the “Personnel”) to perform the Services. The personnel made available to perform selected Services are expected to be substantially the same personnel who provide similar services in connection with the management and administration of the business and operations of the Provider.

(b) TripCo acknowledges that:

(i) certain of the Personnel also will be performing services for the Provider, LIC and/or other companies, from time to time, including certain Subsidiaries and Affiliates of each of the foregoing, in each case, while also potentially performing services directly for TripCo and certain of its Subsidiaries and Affiliates under a direct employment, consultancy or other service relationship between such Person and TripCo and irrespective of this Agreement; and

(ii) the Provider may elect, in its discretion, to utilize independent contractors rather than employees of the Provider to perform Services from time to time, and such independent contractors will be deemed included within the definition of "Personnel" for all purposes of this Agreement.

Section 4.2 Provider as Payer. The parties acknowledge and agree that the Provider, and not TripCo, will be solely responsible for the payment of salaries, wages, benefits (including health insurance, retirement, and other similar benefits, if any) and other compensation applicable to all Personnel; *provided, however*, that (a) TripCo is responsible for the payment of the Services Fee in accordance with Section 2.1, and (b) TripCo is responsible for the payment of

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(i) all compensation based on, comprised of or related to the equity securities of TripCo and (ii) any bonus amounts payable to any Personnel who holds the office of Vice President or higher of TripCo (each, a "TripCo Officer") with respect to services performed for the benefit of TripCo (together with (i), "Excluded Compensation"). The parties acknowledge that Personnel may provide services directly to TripCo in consideration for the receipt of Excluded Compensation pursuant to such Personnel's separate employment, consultancy or other service relationship with TripCo. All Personnel will be subject to the personnel policies of the Provider and will be eligible to participate in the Provider's employee benefit plans to the same extent as similarly situated employees of the Provider performing services in connection with the Provider's business. The Provider will be responsible for the payment of all federal, state, and local withholding taxes on the compensation of all Personnel (other than Excluded Compensation) and other such employment related taxes as are required by law, and TripCo will be responsible for the payment of all federal, state, and local withholding taxes on Excluded Compensation paid to any Personnel by TripCo and other such employment related taxes as are required by law. Each of TripCo and Provider will cooperate with the other to facilitate the other's compliance with applicable federal, state, and local laws, rules, regulations, and ordinances applicable to the employment or engagement of all Personnel by either party.

Section 4.3 Additional Employee Provisions. The Provider will have the right to terminate its employment of any Personnel at any time.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Provider. The Provider represents and warrants to TripCo as follows:

- (a) The Provider is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware.
- (b) The Provider has the power and authority to enter into this Agreement and to perform its obligations under this Agreement, including the Services.
- (c) The Provider is not subject to any contractual or other legal obligation that materially interferes with its full, prompt, and complete performance under this Agreement.
- (d) The individual executing this Agreement on behalf of the Provider has the authority to do so.

Section 5.2 Representations and Warranties of TripCo. TripCo represents and warrants to the Provider as follows:

- (a) TripCo is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware.
- (b) TripCo has the power and authority to enter into this Agreement and to perform its obligations under this Agreement.

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- (c) TripCo is not subject to any contractual or other legal obligation that materially interferes with its full, prompt, and complete performance under this Agreement.
- (d) The individual executing this Agreement on behalf of TripCo has the authority to do so.

ARTICLE VI

INDEMNIFICATION

Section 6.1 Indemnification by the Provider. The Provider will indemnify, defend, and hold harmless TripCo and each of its Subsidiaries, Affiliates, officers, directors, employees and agents, successors and assigns (collectively, the "TripCo Indemnitees"), from and against any and all Actions, judgments, Liabilities, losses, costs, damages, or expenses, including reasonable counsel fees, disbursements, and court costs (collectively, "Losses"), that any TripCo Indemnitee may suffer arising from or out of, or relating to, (a) any material breach by the Provider of its obligations under this Agreement, or (b) the gross negligence, willful misconduct, fraud, or bad faith of the Provider in connection with the performance of any provision of this Agreement except to the extent such Losses (i) are fully covered by insurance maintained by TripCo or such other TripCo Indemnitee or (ii) are payable by TripCo pursuant to Section 7.11.

Section 6.2 Indemnification by TripCo. TripCo will indemnify, defend, and hold harmless the Provider and its Subsidiaries, Affiliates, officers, directors, employees and agents, successors and assigns (collectively, the "Provider Indemnitees"), from and against any and all Losses that any Provider Indemnitee may suffer arising from or out of, or relating to (a) any material breach by TripCo of its obligations under this Agreement, or (b) any acts or omissions of the Provider in providing the Services pursuant to this Agreement (except to the extent such Losses (i) arise from or relate to any material breach by the Provider of its obligations under this Agreement, (ii) are attributable to the gross negligence, willful misconduct, fraud, or bad faith of the Provider or any other Provider Indemnitee seeking indemnification under this Section 6.2, (iii) are fully covered by insurance maintained by the Provider or such other Provider Indemnitee, or (iv) are payable by the Provider pursuant to Section 7.11).

Section 6.3 Indemnification Procedures.

(a) (i) In connection with any indemnification provided for in Section 6.1 or 6.2, the party seeking indemnification (the "Indemnitee") will give the party from which indemnification is sought (the "Indemnitor") prompt notice whenever it comes to the attention of the Indemnitee that the Indemnitee has suffered or incurred, or may suffer or incur, any Losses for which it is entitled to indemnification under Section 6.1 or 6.2, and, if and when known, the facts constituting the basis for such claim and

the projected amount of such Losses (which shall not be conclusive as to the amount of such Losses), in each case in reasonable detail. Without limiting the generality of the foregoing, in the case of any Action commenced by a third party for which indemnification is being sought (a “Third-Party Claim”), such notice will be given no later than ten business days following receipt by the Indemnitee of written notice of such Third-Party Claim. Failure by any Indemnitee to so notify the Indemnitor will not affect the rights of such Indemnitee hereunder except to the extent that such failure has a material prejudicial effect on

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the defenses or other rights available to the Indemnitor with respect to such Third Party Claim. The Indemnitee will deliver to the Indemnitor as promptly as practicable, and in any event within five business days after Indemnitee’s receipt, copies of all notices, court papers and other documents received by the Indemnitee relating to any Third-Party Claim.

(ii) After receipt of a notice pursuant to Section 6.3(a)(i) with respect to any Third-Party Claim, the Indemnitor will be entitled, if it so elects, to take control of the defense and investigation with respect to such Third-Party Claim and to employ and engage attorneys reasonably satisfactory to the Indemnitee to handle and defend such claim, at the Indemnitor’s cost, risk and expense, upon written notice to the Indemnitee of such election, which notice acknowledges the Indemnitor’s obligation to provide indemnification under this Agreement with respect to any Losses arising out of or relating to such Third-Party Claim. The Indemnitor will not settle any Third-Party Claim that is the subject of indemnification without the written consent of the Indemnitee, which consent will not be unreasonably withheld, conditioned or delayed; *provided, however*, that, after reasonable notice, the Indemnitor may settle a claim without the Indemnitee’s consent if such settlement (A) makes no admission or acknowledgment of Liability or culpability with respect to the Indemnitee, (B) includes a complete release of the Indemnitee and (C) does not seek any relief against the Indemnitee other than the payment of money damages to be borne by the Indemnitor. The Indemnitee will cooperate in all reasonable respects with the Indemnitor and its attorneys in the investigation, trial and defense of any lawsuit or action with respect to such claim and any appeal arising therefrom (including the filing in the Indemnitee’s name of appropriate cross-claims and counterclaims). The Indemnitee may, at its own cost, participate in any investigation, trial and defense of any Third-Party Claim controlled by the Indemnitor and any appeal arising therefrom, including participating in the process with respect to the potential settlement or compromise thereof. If the Indemnitee has been advised by its counsel that there may be one or more legal defenses available to the Indemnitee that conflict with those available to, or that are not available to, the Indemnitor (“Separate Legal Defenses”), or that there may be actual or potential differing or conflicting interests between the Indemnitor and the Indemnitee in the conduct of the defense of such Third-Party Claim, the Indemnitee will have the right, at the expense of the Indemnitor, to engage separate counsel reasonably acceptable to the Indemnitor to handle and defend such Third-Party Claim, *provided*, that, if such Third-Party Claim can be reasonably separated between those portion(s) for which Separate Legal Defenses are available (“Separable Claims”) and those for which no Separate Legal Defenses are available, the Indemnitee will instead have the right, at the expense of the Indemnitor, to engage separate counsel reasonably acceptable to the Indemnitor to handle and defend the Separable Claims, and the Indemnitor will not have the right to control the defense or investigation of such Third-Party Claim or such Separable Claims, as the case may be (and, in which latter case, the Indemnitor will have the right to control the defense or investigation of the remaining portion(s) of such Third-Party Claim).

(iii) If, after receipt of a notice pursuant to Section 6.3(a)(i) with respect to any Third-Party Claim as to which indemnification is available hereunder, the Indemnitor does not undertake to defend the Indemnitee against such Third-Party Claim, whether by not giving the Indemnitee timely notice of its election to so defend or otherwise, the Indemnitee may, but will have no obligation to, assume its own defense, at the expense of the Indemnitor (including attorneys fees and costs), it being understood that the Indemnitee’s right to indemnification for such Third Party Claim shall not be adversely affected by its assuming the defense of such Third

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Party Claim. The Indemnitor will be bound by the result obtained with respect thereto by the Indemnitee; *provided*, that the Indemnitee may not settle any lawsuit or action with respect to which the Indemnitee is entitled to indemnification hereunder without the consent of the Indemnitor, which consent will not be unreasonably withheld, conditioned or delayed; *provided further*, that such consent shall not be required if (i) the Indemnitor had the right under this Section 6.3 to undertake control of the defense of such Third-Party Claim and, after notice, failed to do so within thirty days of receipt of such notice (or such lesser period as may be required by court proceedings in the event of a litigated matter), or (ii) (x) the Indemnitor does not have the right to control the defense of the entirety of such Third-Party Claim pursuant to Section 6.3(a)(ii) or (y) the Indemnitor does not have the right to control the defense of any Separable Claim pursuant to Section 6.3(a)(ii) (in which case such settlement may only apply to such Separable Claims), the Indemnitee provides reasonable notice to Indemnitor of the settlement, and such settlement (A) makes no admission or acknowledgment of Liability or culpability with respect to the Indemnitor, (B) does not seek any relief against the Indemnitor and (C) does not seek any relief against the Indemnitee for which the Indemnitor is responsible other than the payment of money damages.

(b) In no event will the Indemnitor be liable to any Indemnitee for any special, consequential, indirect, collateral, incidental or punitive damages, however caused and on any theory of liability arising in any way out of this Agreement, whether or not such Indemnitor was advised of the possibility of any such damages; *provided*, that the foregoing limitations shall not limit a party’s indemnification obligations for any Losses incurred by an Indemnitee as a result of the assertion of a Third Party Claim.

(c) The Indemnitor and the Indemnitee shall use commercially reasonable efforts to avoid production of confidential information, and to cause all communications among employees, counsel and others representing any party with respect to a Third Party Claim to be made so as to preserve any applicable attorney-client or work-product privilege.

(d) The Indemnitor shall pay all amounts payable pursuant to this Section 6.3 by wire transfer of immediately available funds, promptly following receipt from an Indemnitee of a bill, together with all accompanying reasonably detailed backup documentation, for any Losses that are the subject of indemnification hereunder, unless the Indemnitor in good faith disputes the amount of such Losses or whether such Losses are covered by the Indemnitor’s indemnification obligation in which event the Indemnitor shall promptly so notify the Indemnitee. In any event, the Indemnitor shall pay to the Indemnitee, by wire transfer of immediately available funds, the amount of any Losses for which it is liable hereunder no later than three (3) days following any final determination of the amount of such Losses and the Indemnitor’s liability therefor. A “final determination” shall exist when (a) the parties to the dispute have reached an agreement in writing or (b) a court of competent jurisdiction shall have entered a final and non-appealable order or judgment.

(e) If the indemnification provided for in this Section 6.3 shall, for any reason, be unavailable or insufficient to hold harmless an Indemnitee in respect of any Losses for which it is entitled to indemnification hereunder, then the Indemnitor shall contribute to the amount paid or payable by such Indemnitee as a result of such Losses, in such proportion as shall be appropriate

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to reflect the relative benefits received by and the relative fault of the Indemnitor on the one hand and the Indemnitee on the other hand with respect to the matter giving rise to such Losses.

(f) The remedies provided in this Section 6.3 shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against an Indemnitor, subject to Section 6.3(b).

(g) For the avoidance of doubt, the provisions of this Article VI are not intended to, and shall not, apply to any Loss, claim or Liability to which the provisions

of the Tax Sharing Agreement are applicable.

(h) To the fullest extent permitted by applicable law, the Indemnitor will indemnify the Indemnitee against any and all reasonable fees, costs and expenses (including attorneys' fees), incurred in connection with the enforcement of his, her or its rights under this Article VI.

Section 6.4 Survival. The terms and conditions of this Article VI will survive the expiration or termination of this Agreement.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Defined Terms.

(a) The following terms will have the following meanings for all purposes of this Agreement:

“Action” means any demand, action, claim, suit, countersuit, litigation, arbitration, prosecution, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court, grand jury or other governmental authority or any arbitrator or arbitration panel.

“Affiliate” means, with respect to any Person, any other Person controlled by such first Person, with “control” for such purpose meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or voting interests, by contract, or otherwise. Notwithstanding the foregoing, for purposes of this Agreement, none of the Persons listed in clause (i), (ii), (iii) or (iv) shall be deemed to be Affiliates of any Person listed in any other such clause: (i) Provider taken together with its Subsidiaries, (ii) TripCo taken together with its Subsidiaries, (iii) LIC taken together with its Subsidiaries or (iv) Starz (formerly named Liberty Media Corporation) taken together with any of its Subsidiaries.

“Confidential Information” means any information marked, noticed, or treated as confidential by a party which such party holds in confidence, including all trade secrets, technical, business, or other information, including customer or client information, however communicated or disclosed, relating to past, present and future research, development and business activities.

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“Liabilities” means any and all debts, liabilities, commitments and obligations, whether or not fixed, contingent or absolute, matured or unmatured, direct or indirect, liquidated or unliquidated, accrued or unaccrued, known or unknown, and whether or not required by GAAP to be reflected in financial statements or disclosed in the notes thereto (other than taxes).

“Person” means any natural person, corporation, limited liability corporation, partnership, trust, unincorporated organization, association, governmental authority, or other entity.

“Subsidiary” when used with respect to any Person, means (i)(A) a corporation a majority in voting power of whose share capital or capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person, whether or not such power is subject to a voting agreement or similar encumbrance, (B) a partnership or limited liability company in which such Person or a Subsidiary of such Person is, at the date of determination, (1) in the case of a partnership, a general partner of such partnership with the power affirmatively to direct the policies and management of such partnership or (2) in the case of a limited liability company, the managing member or, in the absence of a managing member, a member with the power affirmatively to direct the policies and management of such limited liability company, or (C) any other Person (other than a corporation) in which such Person, one or more Subsidiaries of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof, has or have (1) the power to elect or direct the election of a majority of the members of the governing body of such Person, whether or not such power is subject to a voting agreement or similar encumbrance, or (2) in the absence of such a governing body, at least a majority ownership interest or (ii) any other Person of which an aggregate of 50% or more of the equity interests are, at the time, directly or indirectly, owned by such Person and/or one or more Subsidiaries of such Person. Notwithstanding the foregoing, for purposes of this Agreement, none of the Subsidiaries of the Provider will be deemed to be Subsidiaries of TripCo or any of its Subsidiaries, nor will any of TripCo's Subsidiaries be deemed to be Subsidiaries of the Provider or any of its Subsidiaries.

“Tax Sharing Agreement” means the Tax Sharing Agreement, dated [], 2014, by and between LIC and TripCo.

(b) The following terms will have the meanings for all purposes of this Agreement set forth in the Section reference provided next to such term:

<u>Definition</u>	<u>Section Reference</u>
Agreement	Preamble
Personnel	Section 2.1
Bankruptcy Event	Section 3.3
Bankruptcy Proceeding	Section 3.3
Change in Control	Section 3.3
Excluded Compensation	Section 4.2
Facilities Sharing Agreement	Recitals
Indemnitee	Section 6.3(a)(i)
Indemnitor	Section 6.3(a)(i)

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<u>Definition</u>	<u>Section Reference</u>
LIC	Recitals
Losses	Section 6.1
Out-of-Pocket Costs	Section 2.2
Personnel	4.1
Provider	Preamble
Provider Indemnitees	Section 6.2
Reorganization Agreement	Recitals
Separable Claim	Section 6.3(a)(ii)
Separate Legal Defenses	Section 6.3(a)(ii)
Services	Section 1.1

Services Fee	Section 2.1
Spin-Off	Recitals
Spin-Off Effective Date	Section 1.1
Supporting Records	Section 1.4
Term	Section 3.1
Third- Party Claim	Section 6.3(a)(i)
Transaction	Section 3.3
TripCo	Preamble
TripCo Indemnitees	Section 6.1
TripCo Officer	Section 4.2

Section 7.2 Entire Agreement; Severability. This Agreement, the Facilities Sharing Agreement, the Tax Sharing Agreement and the Reorganization Agreement constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings, oral and written, among the parties hereto with respect to such subject matter. It is the intention of the parties hereto that the provisions of this Agreement will be enforced to the fullest extent permissible under all applicable laws and public policies, but that the unenforceability of any provision hereof (or the modification of any provision hereof to conform with such laws or public policies, as provided in the next sentence) will not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision is determined to be invalid or unenforceable either in whole or in part, this Agreement will be deemed amended to delete or modify, as necessary, the invalid or unenforceable provisions and to alter the balance of this Agreement in order to render the same valid and enforceable, consistent (to the fullest extent possible) with the intent and purposes hereof. If the provisions of this Agreement conflict with any provisions of the Facilities Sharing Agreement, the provisions of this Agreement shall control, and, if the provisions of this Agreement conflict with any provisions of the Tax Sharing Agreement, the provisions of the Tax Sharing Agreement shall control.

Section 7.3 Notices. All notices and communications hereunder will be in writing and will be deemed to have been duly given if delivered personally or mailed, certified or registered mail with postage prepaid, or sent by confirmed facsimile, addressed as follows:

If to the Provider: Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attention: General Counsel
Facsimile: (720) 875-5401

If to TripCo: Liberty TripAdvisor Holdings, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112
Attention: General Counsel
Facsimile: (720) 875-[-]

or to such other address (or to the attention of such other person) as the parties may hereafter designate in writing. All such notices and communications will be deemed to have been given on the date of delivery if sent by facsimile or personal delivery, or the third day after the mailing thereof, except that any notice of a change of address will be deemed to have been given only when actually received.

Section 7.4 Governing Law. This Agreement and the legal relations among the parties hereto will be governed in all respects, including validity, interpretation and effect, by the laws of the State of Colorado applicable to contracts made and performed wholly therein, without giving effect to any choice or conflict of laws provisions or rules that would cause the application of the laws of any other jurisdiction.

Section 7.5 Rules of Construction. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. Words used in this Agreement, regardless of the gender and number specifically used, will be deemed and construed to include any other gender, masculine, feminine, or neuter, and any other number, singular or plural, as the context requires. As used in this Agreement, the word "including" or any variation thereof is not limiting, and the word "or" is not exclusive. The word day means a calendar day. If the last day for giving any notice or taking any other action is a Saturday, Sunday, or a day on which banks in New York, New York or Denver, Colorado are closed, the time for giving such notice or taking such action will be extended to the next day that is not such a day.

Section 7.6 No Third-Party Rights. Nothing expressed or referred to in this Agreement is intended or will be construed to give any Person other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, remedy or claim under or with respect to this Agreement, or any provision hereof, it being the intention of the parties hereto that this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their respective successors and assigns.

Section 7.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument.

Section 7.8 Payment of Expenses. From and after the Spin-Off Effective Date, and except as otherwise expressly provided in this Agreement, each of the parties to this Agreement will bear its own expenses, including the fees of any attorneys and accountants engaged by such party, in connection with this Agreement.

Section 7.9 Binding Effect; Assignment.

(a) This Agreement will inure to the benefit of and be binding on the parties to this Agreement and their respective legal representatives, successors and permitted assigns.

(b) Except as expressly contemplated hereby (including by Section 4.1), this Agreement, and the obligations arising hereunder, may not be assigned by either party to this Agreement, *provided, however*, that TripCo and Provider may assign their respective rights, interests, duties, liabilities and obligations under this Agreement to any of their respective wholly-owned Subsidiaries, but such assignment shall not relieve TripCo or the Provider, as the assignor, of its obligations hereunder.

Section 7.10 Amendment, Modification, Extension or Waiver. Any amendment, modification or supplement of or to any term or condition of this Agreement will be effective only if in writing and signed by both parties hereto. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party to this Agreement, or (b) waive compliance by the other party with any of the agreements or conditions contained herein or any breach thereof.

Any agreement on the part of either party to any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party. No waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise, in any one or more instance, will be deemed or construed as a further or continuing waiver of any such term, provision or condition or of any other term, provision or condition, but any party hereto may waive its rights in any particular instance by written instrument of waiver.

Section 7.11 Legal Fees; Costs. If either party to this Agreement institutes any action or proceeding to enforce any provision of this Agreement, the prevailing party will be entitled to receive from the other party reasonable attorneys' fees, disbursements and costs incurred in such action or proceeding, whether or not such action or proceeding is prosecuted to judgment.

Section 7.12 Force Majeure. Neither party will be liable to the other party with respect to any nonperformance or delay in performance of its obligations under this Agreement to the extent such failure or delay is due to any action or claims by any third party, labor dispute, labor strike, weather conditions or any cause beyond a party's reasonable control. Each party agrees that it will use all commercially reasonable efforts to continue to perform its obligations under this Agreement, to resume performance of its obligations under this Agreement, and to minimize

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any delay in performance of its obligations under this Agreement notwithstanding the occurrence of any such event beyond such party's reasonable control.

Section 7.13 Specific Performance. Each party agrees that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each of the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 7.14 Further Actions. The parties will execute and deliver all documents, provide all information, and take or forbear from all actions that may be necessary or appropriate to achieve the purposes of this Agreement.

Section 7.15 Confidentiality.

(a) Except with the prior consent of the disclosing party, each party will:

(i) limit access to the Confidential Information of the other party disclosed to such party hereunder to its employees, agents, representatives, and consultants on a need-to-know basis;

(ii) advise its employees, agents, representatives, and consultants having access to such Confidential Information of the proprietary nature thereof and of the obligations set forth in this Agreement; and

(iii) safeguard such Confidential Information by using a reasonable degree of care to prevent disclosure of the Confidential Information to third parties, but not less than that degree of care used by that party in safeguarding its own similar information or material.

(b) A party's obligations respecting confidentiality under Section 7.15(a) will not apply to any of the Confidential Information of the other party that a party can demonstrate: (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without being subject to any obligation of confidentiality; (iv) was received after disclosure to it from a third party who, to its knowledge, had a lawful right to disclose such information to it; (v) was independently developed by the receiving party without reference to the Confidential Information; (vi) was required to be disclosed to any regulatory body having jurisdiction over a party or any of their respective clients; or (vii) was required to be disclosed by reason of legal, accounting, or regulatory requirements beyond the reasonable control of the receiving party. In the case of any disclosure pursuant to clauses (vi) or (vii) of this paragraph (b), to the extent practical, the receiving party will give prior notice to the disclosing party of the required disclosure and will use commercially reasonable efforts to obtain a protective order covering such disclosure.

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(c) The provisions of this Section 7.15 will survive the expiration or termination of this Agreement.

[Signature Page Follows]

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IN WITNESS WHEREOF, each of the parties has signed this Agreement, or has caused this Agreement to be signed by its duly authorized officer, as of the date first above written.

PROVIDER:

LIBERTY MEDIA CORPORATION

By: _____
Name:
Title:

TRIPCO:

LIBERTY TRIPADVISOR HOLDINGS, INC.

By: _____
Name:
Title:



FORM OF FACILITIES SHARING AGREEMENT

LIBERTY PROPERTY HOLDINGS, INC.
12300 LIBERTY BOULEVARD
ENGLEWOOD, CO 80112

[], 2014

Liberty TripAdvisor Holdings, Inc.
12300 Liberty Boulevard
Englewood, CO 80112
Attention: Legal Department

Re: Facilities Sharing Agreement.

Ladies and Gentlemen:

Liberty Interactive Corporation, a Delaware corporation (“LIC”), has, or will shortly, effect the spin-off (the “Spin-off”) of Liberty TripAdvisor Holdings, Inc., a Delaware corporation (“TripCo”), by means of a stock dividend to the holders of LIC’s Liberty Ventures common stock. To that end, LIC and TripCo have entered into a Reorganization Agreement, dated as of [], 2014 (the “Reorganization Agreement”), pursuant to which various assets and businesses of LIC and its subsidiaries have been, or will be, transferred to TripCo and its subsidiaries.

As you are aware, Liberty Property Holdings, Inc., a Delaware corporation (“LPH”), which is the owner of 12300 Liberty Boulevard, Englewood, Colorado (the “Premises”) and a wholly-owned subsidiary of Liberty Media Corporation (“Liberty Media” or “Provider”), permits LIC to occupy and use certain office and parking facilities within the Premises for a fee. In connection with the Spin-off, LIC has requested that Liberty Media permit TripCo directly to occupy and use a portion of such office and parking facilities within the Premises following the Spin-off, and TripCo desires to so occupy and use such facilities. Liberty Media and LPH are amenable to such a sharing arrangement, on the terms and subject to the conditions set forth in this Agreement.

As you are also aware, Liberty Media provides services to LIC pursuant to an existing services agreement, and LIC has requested that Liberty Media provide similar services directly to TripCo following the Spin-off. Accordingly, Liberty Media and TripCo have entered into a services agreement, dated [], 2014 (the “Services Agreement”), pursuant to which Liberty Media will provide to TripCo the services described therein on the terms set forth therein from and after the date of the Spin-off (the “Spin-off Effective Date”).

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Based on the premises and the mutual agreements of the parties, and for other good and valuable consideration the receipt of which is hereby acknowledged, TripCo and LPH hereby agree as follows:

Section 1. Use of Facilities. The Shared Facilities consist of 40,115 square feet, in the aggregate, of fully-furnished executive offices, working stations for secretarial and other support staff and common areas, including the main reception area, conference facilities, hallways, stairways, restrooms, kitchenettes, the employee cafeteria, the fitness area and parking facilities (collectively, the “Shared Facilities Space”), located within the Premises.

Section 2. Sharing Fee. TripCo will pay to LPH a monthly fee (the “Sharing Fee”), by wire or intrabank transfer of funds or in such other manner as may be agreed upon by the parties, in arrears on or before the last day of each calendar month beginning with the first full calendar month following the date of the Spin-off, equal to one-twelfth of the sum of (A) the product of (i) an agreed-upon Facilities Percentage (as defined below) multiplied by (ii) the product of the total square footage of space within the Shared Facilities Space and the Square Foot Rate (as defined below), plus (B) the Annual Allocation Expense (as defined below). For this purpose, TripCo and LPH agree that, until December 31, 2014, the fair market “fully loaded” rental rate per square foot, including parking facilities, for space comparable to the Shared Facilities in Englewood, Colorado will be \$[] per square foot (the “Square Foot Rate”). The Square Foot Rate will be automatically increased on the first day of the first month of each calendar year thereafter in an amount equal to the percentage increase in the U.S. Department of Labor Consumer Price Index All Items, All Urban Consumers Denver-Boulder-Greeley for the same period. The Square Foot Rate does not include charges for expenses related to the use of the Shared Facilities, including, but not limited to, utilities, security and janitorial services, office equipment rent, office supplies, use of the cafeteria facilities onsite at the Shared Facilities, maintenance and repairs, telephone, satellite, video and information technology (including network maintenance and data storage, computer and telephone support and maintenance, and management and information systems (servers, hardware and related software)) (“Allocations”). With respect to each calendar year during the term of this facilities sharing agreement (this “Agreement”), TripCo shall reimburse LPH in an amount (the “Annual Allocation Expense”) equal to the product of (x) the aggregate amount of the estimated Allocations for such year, as determined in good faith by LPH and notified to TripCo prior to the commencement of such calendar year, and (y) the Facilities Percentage applicable to such calendar year; *provided that*, if the Facilities Percentage changes during any calendar year, the Annual Allocation Expense applicable to such calendar year shall be adjusted accordingly.

The “Facilities Percentage” is the percentage of the Shared Facilities that Provider estimates, in good faith, will be used to provide services to TripCo under the Services Agreement. The initial Facilities Percentage will be determined by the Provider, in consultation with LIC, on or prior to the distribution date of the Spin-off, and Provider and TripCo will review and evaluate the Facilities Percentage for reasonableness semiannually during the Term and will negotiate in good faith to reach agreement on any appropriate adjustments to the Facilities Percentage. Based on such review and evaluation, Provider and TripCo will agree on the appropriate effective date (which may be retroactive) of any such adjustment to the Facilities Percentages.

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Provider and TripCo will also review and evaluate the Annual Allocation Expense for reasonableness semi-annually during the term of this Agreement, and will negotiate in good faith to reach agreement on any appropriate adjustments to the Annual Allocation Expense based on such review and evaluation.

The terms and conditions of this Section 2 will survive the expiration or earlier termination of this Agreement.

Section 3. Term.

(i) The term of this Agreement will commence on the Spin-off Effective Date and will continue until the third anniversary of the Spin-off Effective Date (the “Term”). This Agreement is subject to termination prior to the end of the Term in accordance with Section 3(ii).

(ii) This Agreement will be terminated prior to the expiration of the Term in the following events:

- by TripCo or LPH at any time upon at least 30 days' prior written notice to LPH or TripCo, respectively (provided the Services Agreement is not then still in effect);
- concurrently with the termination of the Services Agreement;
- immediately upon written notice (or any time specified in such notice) by LPH to TripCo if TripCo shall default in the performance of any of its material obligations hereunder and such default shall remain unremedied for a period of 30 days after written notice thereof is given by LPH to TripCo;
- immediately upon written notice (or at any time specified in such notice) by LPH to TripCo if a Change in Control or Bankruptcy Event occurs with respect to TripCo; or
- immediately upon written notice (or at any time specified in such notice) by TripCo to LPH if a Change in Control or Bankruptcy Event occurs with respect to Liberty Media.

For purposes of this Section 3(ii), a "Change in Control" will be deemed to have occurred with respect to any natural person, corporation, limited liability corporation, partnership, trust, unincorporated organization, association, governmental authority, or other entity (a "Person") if a merger, consolidation, binding share exchange, acquisition, or similar transaction (each, a "Transaction"), or series of related Transactions, involving such Person occurs as a result of which the voting power of all voting securities of such Person outstanding immediately prior thereto represent (either by remaining outstanding or being converted into voting securities of the surviving entity) less than 75% of the voting power of such Person or the surviving entity of the Transaction outstanding immediately after such Transaction (or if such Person or the surviving entity after giving effect to such Transaction is a subsidiary of the issuer of securities in such Transaction, then the voting power of all voting securities of such Person outstanding immediately prior to such Transaction represent (by being converted into voting securities of such issuer) less than 75% of the voting power of the issuer outstanding immediately after such Transaction).

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For purposes of this Section 3(ii), a "Bankruptcy Event" will be deemed to have occurred with respect to a Person upon such Person's insolvency, general assignment for the benefit of creditors, such Person's voluntary commencement of any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or consolidation of such Person's debts under any law relating to bankruptcy, insolvency, or reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for such Person or for all or any substantial part of such Person's assets (each, a "Bankruptcy Proceeding"), or the involuntary filing against such Person of any Bankruptcy Proceeding that is not stayed within 60 days after such filing.

Section 4. Miscellaneous.

(i) Entire Agreement; Severability. This Agreement, the Services Agreement, the Reorganization Agreement and the Tax Sharing Agreement by and among LIC and TripCo, dated as of [], 2014, constitute the entire agreement among the parties hereto and thereto, as applicable with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings, oral and written, among the parties hereto with respect to such subject matter. It is the intention of the parties hereto that the provisions of this Agreement will be enforced to the fullest extent permissible under all applicable laws and public policies, but that the unenforceability of any provision hereof (or the modification of any provision hereof to conform with such laws or public policies, as provided in the next sentence) will not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision is determined to be invalid or unenforceable either in whole or in part, this Agreement will be deemed amended to delete or modify, as necessary, the invalid or unenforceable provisions and to alter the balance of this Agreement in order to render the same valid and enforceable, consistent (to the fullest extent possible) with the intent and purposes hereof. If the cost of any service to be provided to TripCo under the Services Agreement is included in the Annual Allocation Expense payable hereunder, then the cost of such service shall not also be payable by TripCo under the Services Agreement.

(ii) Notices. All notices and communications hereunder will be in writing and will be deemed to have been duly given if delivered personally or mailed, certified or registered mail with postage prepaid, or sent by confirmed facsimile, addressed as follows:

If to LPH:

Liberty Property Holdings, Inc.
c/o Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attention: General Counsel
Facsimile: (720) 875-[-]

If to TripCo:

Liberty TripAdvisor Holdings, Inc.
12300 Liberty Boulevard

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Englewood, Colorado 80112
Attention: General Counsel
Facsimile: (720) 875-[-]

or to such other address (or to the attention of such other person) as the parties may hereafter designate in writing. All such notices and communications will be deemed to have been given on the date of delivery if sent by facsimile or personal delivery, or the third day after the mailing thereof, except that any notice of a change of address will be deemed to have been given only when actually received.

(iii) Governing Law. This Agreement and the legal relations among the parties hereto will be governed in all respects, including validity, interpretation and effect, by the laws of the State of Colorado applicable to contracts made and performed wholly therein, without giving effect to any choice or conflict of laws provisions or rules that would cause the application of the laws of any other jurisdiction.

(iv) No Third-Party Rights. Nothing expressed or referred to in this Agreement is intended or will be construed to give any person other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, remedy or claim under or with respect to this Agreement, or any provision hereof, it being the intention of the parties hereto that this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their respective successors and assigns.

(v) Assignment. This Agreement will inure to the benefit of and be binding on the parties to this Agreement and their respective legal representatives, successors and permitted assigns. Except as expressly contemplated hereby, this Agreement, and the obligations arising hereunder, may not be assigned by either party to this Agreement, *provided, however*, that LPH and TripCo may assign their respective rights, interests, duties, liabilities and obligations under this Agreement to any of their respective wholly-owned Subsidiaries, but such assignment shall not relieve the assignor of its obligations hereunder.

(vi) Amendment. Any amendment, modification or supplement of or to any term or condition of this Agreement will be effective only if in writing and signed by both parties hereto.

(vii) Further Actions. The parties will execute and deliver all documents, provide all information, and take or forbear from all actions that may be necessary or appropriate to achieve the purposes of this Agreement.

(viii) Force Majeure. Neither party will be liable to the other party with respect to any nonperformance or delay in performance of its obligations under this Agreement to the extent such failure or delay is due to any action or claims by any third party, labor dispute, labor strike, weather conditions or any cause beyond a party's reasonable control. Each party agrees that it will use all commercially reasonable efforts to continue to perform its obligations under this Agreement, to resume performance of its obligations under this Agreement, and to minimize any delay in performance of its obligations under this Agreement notwithstanding the occurrence of any such event beyond such party's reasonable control.

If the foregoing meets with your approval, kindly execute below and return a copy to the undersigned.

Very truly yours,

LIBERTY PROPERTY HOLDINGS, INC.

By: _____
Name:
Title:

Accepted and agreed this [] day of [], 2014:

LIBERTY TRIPADVISOR HOLDINGS, INC.

By: _____
Name:
Title:

FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into as of this [] day of [], by and between Liberty TripAdvisor Holdings, Inc., a Delaware corporation (the "Company"), and [] (the "Indemnitee").

WHEREAS, it is essential to the Company and its mission to retain and attract as officers and directors the most capable persons available;

WHEREAS, the Company has asked Indemnitee to serve as a(n) [officer]/[director] of the Company;

WHEREAS, both the Company and Indemnitee recognize the omnipresent risk of litigation and other claims that are routinely asserted against officers and directors of companies operating in the public arena in the current environment, and the attendant costs of defending even wholly frivolous claims;

WHEREAS, it has become increasingly difficult to obtain insurance against the risk of personal liability of officers and directors on terms providing reasonable protection to the individual at reasonable cost to the companies;

WHEREAS, the certificate of incorporation and Bylaws of the Company provide certain indemnification rights to the officers and directors of the Company, as provided by Delaware law;

WHEREAS, to induce Indemnitee to become a(n) [officer]/[director] of the Company, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, the increasing difficulty in obtaining and maintaining satisfactory insurance coverage, and Indemnitee's reliance on assurance of indemnification, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent permitted by law (whether partial or complete) and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies;

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and Indemnitee's continuing to serve as an officer of the Company, the parties hereto agree as follows:

1. Certain Definitions:

(a) **Change in Control:** shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under such Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by

the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (66-2/3%) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all the Company's assets.

(b) **Claim:** any threatened, pending or completed action, suit or proceeding, whether instituted by the Company or any other party, or any inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit or proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative, investigative or other.

(c) **Expenses:** include attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any Claim relating to any Indemnifiable Event.

(d) **Indemnifiable Event:** any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

(e) **Independent Legal Counsel:** an attorney or firm of attorneys, selected in accordance with the provisions of Section 3, who shall not have otherwise performed services for the Company or Indemnitee within the last five years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements).

(f) **Reviewing Party:** any appropriate person or body consisting of a member or members of the Company's Board of Directors or any other person or body appointed by the Company's Board of Directors who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.

(g) **Voting Securities:** shares of any series or class of common stock or preferred stock of the Company, in each case, entitled to vote generally upon all matters that may be submitted to a vote of stockholders of the Company at any annual or special meeting thereof.

2. Basic Indemnification Arrangement.

(a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than thirty days after written demand is presented to the Company, against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim. If so requested by Indemnitee, the Company shall advance (within two business days of such request) any and all Expenses to Indemnitee as incurred (an "Expense Advance").

(b) Notwithstanding the foregoing, (i) the obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the Independent Legal Counsel referred to in Section 3 hereof is involved) that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(a) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), the Reviewing Party shall be the Independent Legal Counsel referred to in Section 3 hereof. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in Delaware having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and agrees to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

3. Change in Control. The Company agrees that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control) then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or Company Bylaw or charter

provision now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. Indemnification for Additional Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within two business days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee (whether pursuant to Section 17 of this Agreement or otherwise) for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or Company Bylaw or charter provision now or hereafter in effect relating to Claims for Indemnifiable Events or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, to the fullest extent permitted by law, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

5. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

6. Burden of Proof. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

7. No Presumptions. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief.

8. Nonexclusivity; Subsequent Change in Law. The rights of the Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Bylaws or certificate of incorporation, under Delaware law or otherwise. To the extent that a change in Delaware law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Bylaws and certificate of incorporation and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Amendments; Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

11. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

12. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, Bylaw or otherwise) of the amounts otherwise indemnifiable hereunder.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, officer, employee, agent or fiduciary of the Company or of any other enterprise at the Company's request.

14. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired and shall remain enforceable to the fullest extent permitted by law.

15. Effective Date. This Agreement shall be effective as of the date hereof and shall apply to any claim for indemnification by the Indemnitee on or after such date.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

17. Injunctive Relief. The parties hereto agree that Indemnitee may enforce this Agreement by seeking specific performance hereof, without any necessity of showing irreparable harm or posting a bond, which requirements are hereby waived, and that by seeking specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

LIBERTY TRIPADVISOR HOLDINGS, INC.

By: _____
Name:
Title:

INDEMNITEE

Name:

FORM OF AIRCRAFT TIME SHARING AGREEMENT

This Aircraft Time Sharing Agreement ("Agreement") is entered into as of the _____ day of _____, 2014 ("Effective Date"), by and between Liberty Media Corporation, with an address of 12300 Liberty Boulevard, Englewood, Colorado 80112 ("Lessor"), and Liberty TripAdvisor Holdings, Inc., with an address of 12300 Liberty Boulevard, Englewood, Colorado 80112 ("Lessee").

RECITALS

WHEREAS, Lessor is the owner of that certain Dassault Falcon 900EX aircraft, bearing manufacturer's serial number [____], currently registered with the Federal Aviation Administration ("FAA") as [____] (the "Aircraft");

WHEREAS, Lessor employs a fully qualified flight crew to operate the Aircraft;

WHEREAS, Lessor desires to lease the Aircraft to Lessee and to provide a fully qualified flight crew for all operations on a periodic, non-exclusive time sharing basis, as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("FAR"); and

WHEREAS, the use of the Aircraft by Lessee shall at all times be pursuant to and in full compliance with the requirements of FAR Sections 91.501(b)(6), 91.501(c)(1) and 91.501(d).

NOW, THEREFORE, in consideration of the mutual promises and considerations contained in this Agreement, the parties agree as follows:

1. Lessor agrees to lease the Aircraft to Lessee on a periodic, non-exclusive basis, and to provide a fully qualified flight crew for all operations, pursuant and subject to the provisions of FAR Section 91.501(c)(1) and the terms of this Agreement. The parties expressly acknowledge and agree that, regardless of any employment, contractual or other relationship of any kind or nature, at all times that the Aircraft is operated under this Agreement, Lessor, as the party furnishing the Aircraft and flight crew and exercising complete control over all phases of aircraft operation, shall be deemed to have operational control of the Aircraft as such term is defined in 14 C.F.R. Section 1.1. This Agreement will commence on the Effective Date and continue until the first anniversary of the Effective Date. Thereafter, this Agreement shall be automatically renewed on a month-to-month basis, unless sooner terminated by either party as hereinafter provided. Either party may at any time terminate this Agreement (including during the initial term) upon 30 days' prior written notice to the other party.

2. Lessee shall pay Lessor an amount equal to 200% of the actual expenses for fuel for each flight conducted under this Agreement, as permitted by FAR Section 91.501(d) (the "Time Sharing Charge"). For clarification, in no event shall the Time Sharing Charge paid by Lessee exceed those charges specifically permitted in FAR Section 91.501(d), which are as follows:

-
- (a) Fuel, oil, lubricants, and other additives;
 - (b) Travel expenses of the crew, including food, lodging and ground transportation;
 - (c) Hangar and tie down costs away from the Aircraft's base of operation;
 - (d) Insurance obtained for the specific flight;
 - (e) Landing fees, airport taxes and similar assessments;
 - (f) Customs, foreign permit, and similar fees directly related to the flight;
 - (g) In-flight food and beverages;
 - (h) Passenger ground transportation;
 - (i) Flight planning and weather contract services; and
 - (j) An additional charge equal to 100% of the expenses listed in subparagraph (a) of this paragraph.

3. Lessor will pay all expenses related to the operation of the Aircraft when incurred, and will bill Lessee on a monthly basis as soon as practicable after the last day of each calendar month for the Time Sharing Charge for any and all flights for the account of Lessee pursuant to this Agreement during the preceding month. Lessee shall pay Lessor for all flights for the account of Lessee pursuant to this Agreement within 30 days of receipt of the invoice therefor. If requested by Lessee, Lessor will provide Lessee with a detailed accounting of the expenses composing the Time Sharing Charge for each flight for the account of Lessee pursuant to this Agreement. Without limiting the foregoing, amounts payable by Lessee to Lessor under this Agreement may include any federal excise tax that may be imposed under Internal Revenue Code Section 4261 or any similar excise taxes, if any.

4. Lessee will provide Lessor with requests for flight time and proposed flight schedules as far in advance of any given flight as possible, and in any case, at least 24 hours in advance of Lessee's planned departure unless Lessor otherwise agrees. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by Lessor or Lessor's flight crew:

- (a) proposed departure point;
- (b) destinations;
- (c) date and time of flight;
- (d) the number of anticipated passengers;
- (e) the identity of each anticipated passenger;
- (f) the nature and extent of luggage and/or cargo to be carried;
- (g) the date and time of return flight, if any; and
- (h) any other information concerning the proposed flight that may be pertinent or required by Lessor or Lessor's flight crew.

5. Lessor shall have sole and exclusive authority over the scheduling of the Aircraft, including any limitations on the number of passengers on any flight; provided, however, that Lessor will use commercially reasonable efforts to accommodate Lessee's needs and to avoid conflicts in scheduling.

6. As between Lessor and Lessee, Lessor shall be solely responsible for securing maintenance, preventive maintenance and required or otherwise necessary inspections on the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to cancel any flight for any reason or condition that in his judgment would compromise the safety of the flight.

7. Lessor shall employ, pay for and provide to Lessee a qualified flight crew for each flight undertaken under this Agreement.

8. In accordance with applicable FARs, the qualified flight crew provided by Lessor will exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. Lessee specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage or delay to Lessee or any other person. The parties further agree that Lessor shall not be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God or any other event or circumstance beyond the reasonable control of Lessor.

9. (a) At all times during the term of this Agreement, Lessor shall cause to be carried and maintained, at Lessor's cost and expense, physical damage insurance with respect to the Aircraft, third party aircraft liability insurance, passenger legal liability insurance, property damage liability insurance, and medical expense insurance in such amounts and on such terms and conditions as Lessor shall determine in its sole discretion. Lessor shall also bear the cost of paying any deductible amount on any policy of insurance in the event of a claim or loss.

(b) Any policies of insurance carried in accordance with this Agreement: (i) shall name Lessee as an additional insured; (ii) shall contain a waiver by the underwriter thereof of any right of subrogation against Lessee; and (iii) shall require the insurers to provide at least 30 days' prior written notice (or at least seven days' in the case of any war-risk insurance) to Lessee if the insurers cancel insurance for any reason whatsoever; provided, however, that the insurers shall provide at least ten days' prior written notice if the same is allowed to lapse for non-payment of premium. Each liability policy shall be primary without right of contribution from any other insurance that is carried by Lessee or Lessor and shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

(c) Lessor shall obtain the approval of this Agreement by the insurance carrier for each policy of insurance on the Aircraft. If requested by Lessee, Lessor shall arrange for a Certificate of Insurance evidencing the insurance coverage with respect to the Aircraft carried and maintained by Lessor to be given by its insurance carriers to Lessee or will provide Lessee

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with a copy of such insurance policies. Lessor will give Lessee reasonable advance notice of any material modifications to insurance coverage relating to the Aircraft.

10. (a) Lessee agrees that the proceeds of insurance will be Lessee's sole recourse against Lessor with respect to any claims that Lessee may have under this Agreement, except in the event of gross negligence or willful misconduct by Lessor.

(b) THE PROVISIONS OF THIS SECTION 10 SHALL SURVIVE INDEFINITELY THE TERMINATION OR EXPIRATION OF THE AGREEMENT.

11. Lessee warrants that:

(a) It will not use the Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire, for any illegal purpose, or in violation of any insurance policies with respect to the Aircraft;

(b) It will refrain from incurring any mechanics, international interest, prospective international interest or other lien and shall not attempt to convey, mortgage, assign, lease or grant or obtain an international interest or prospective international interest or in any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

(c) It will comply with all applicable laws, governmental and airport orders, rules and regulations, as shall from time to time be in effect relating in any way to the operation and use of the Aircraft under this Agreement.

12. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be Centennial Airport, Englewood, Colorado.

13. A copy of this Agreement shall be carried in the Aircraft and available for review upon the request of the Federal Aviation Administration on all flights conducted pursuant to this Agreement.

14. Lessee shall not assign this Agreement or its interest herein to any other person or entity without the prior written consent of Lessor, which may be granted or denied in Lessor's sole discretion. Subject to the preceding sentence, this Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective heirs, representatives, successors and assigns, and does not confer any rights on any other person.

15. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes any prior understandings and agreements between the parties respecting such subject matter. This Agreement may be amended or supplemented and any provision hereof waived only by a written instrument signed by all parties. The failure or delay on the part of any party to insist on strict performance of any of the terms and conditions of this Agreement or to exercise any rights or remedies hereunder shall not constitute a waiver of any such provisions, rights or remedies. This Agreement may be executed in counterparts, which shall, singly or in the aggregate, constitute a fully executed and binding Agreement. Words of gender used in this Agreement may be read as masculine, feminine or

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neuter as required by the context. Words of number may be read as singular or plural, as required by the context. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than a limiting sense. The word "or" is not exclusive and shall be interpreted as meaning "and/or." The words "shall" and "will" are used interchangeably and are intended to have the same meaning. Where applicable, this Agreement may be referred to as "this Lease."

16. Except as otherwise set forth in Section 4, all communications and notices provided for herein shall be in writing and shall become effective when delivered by facsimile transmission or by personal delivery, Federal Express or other overnight courier or four days following deposit in the United States mail, with correct postage for first-class mail prepaid, addressed to Lessor or Lessee at their respective addresses set forth above, or else as otherwise directed by the other party from time to time in writing.

17. If any one or more provisions of this Agreement shall be held invalid, illegal or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provisions shall be replaced by a mutually acceptable provision, which, being valid, legal and enforceable, comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision. To the extent permitted by applicable law, the parties hereby waive any provision of law, that renders any provision of this Agreement prohibited or unenforceable in any respect.

18. This Agreement is entered into under, and is to be construed in accordance with, the laws of the State of Colorado, without reference to conflicts of laws.

19. TRUTH IN LEASING STATEMENT UNDER FAR SECTION 91.23

THE AIRCRAFT, A DASSAULT FALCON 900EX, MANUFACTURER'S SERIAL NO. [], CURRENTLY REGISTERED WITH THE FEDERAL AVIATION ADMINISTRATION AS [], HAS BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91 DURING THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS LEASE.

THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. DURING THE DURATION OF THIS LEASE, LIBERTY MEDIA CORPORATION, 12300 LIBERTY BOULEVARD, ENGLEWOOD, COLORADO 80112 IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS LEASE.

AN EXPLANATION OF THE FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE "INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS" ATTACHED HERETO ARE INCORPORATED HEREIN BY REFERENCE.

LIBERTY MEDIA CORPORATION, LOCATED AT 12300 LIBERTY BOULEVARD, ENGLEWOOD, COLORADO 80112, THROUGH ITS UNDERSIGNED AUTHORIZED SIGNATORY BELOW, CERTIFIES THAT LESSOR IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

LESSOR

LIBERTY MEDIA CORPORATION

By: _____
Name: _____
Title: _____

LESSEE

LIBERTY TRIPADVISOR HOLDINGS, INC.

By: _____
Name: _____
Title: _____

INSTRUCTIONS FOR COMPLIANCE WITH "TRUTH IN LEASING" REQUIREMENTS

1. Mail a copy of the lease to the following address via certified mail, return receipt requested, immediately upon execution of the lease (14 C.F.R. 91.23 requires that the copy be sent within 24 hours after it is signed):

Federal Aviation Administration
Aircraft Registration Branch
ATTN: Technical Section
P.O. Box 25724
Oklahoma City, Oklahoma 73125
2. Telephone the nearest Flight Standards District Office at least 48 hours prior to the first flight under this lease.
3. Carry a copy of the lease in the aircraft at all times.

FORM OF AIRCRAFT TIME SHARING AGREEMENT

This Aircraft Time Sharing Agreement ("Agreement") is effective as of the day of , 2014 ("Effective Date"), by and among Liberty Citation, Inc., with an address of 12300 Liberty Boulevard, Englewood, Colorado 80112 ("Owner"), Liberty Denver Arena, LLC, with an address of 12300 Liberty Boulevard, Englewood, Colorado 80112 (the "Sublessor"), and Liberty TripAdvisor Holdings, Inc., with an address of 12300 Liberty Boulevard, Englewood, Colorado 80112 ("Lessee").

RECITALS

WHEREAS, Owner is the owner of an undivided 18.75% interest in that certain 2012 Bombardier Inc. BD-700-1A10 (Global 6000) aircraft, bearing manufacturer's serial number 9475 (the "Aircraft"), currently registered with the Federal Aviation Administration ("FAA") as N160QS;

WHEREAS, Owner has dry leased the Aircraft to Sublessor pursuant to an Aircraft Dry Lease dated November 29, 2012 (the "Dry Lease"); and

WHEREAS, Owner is a party to a NetJets Fractional Program Agreement dated November 29, 2012 (the "Program Agreement"), with NetJets Sales, Inc. ("Sales"), NetJets Aviation, Inc. ("NJA") and NetJets Services, Inc. ("NJS," and collectively with NJA and Sales, "NetJets");

WHEREAS, Owner has assigned Exhibit B (the "Management Terms") and Exhibit C (the "Exchange Terms") of the Program Agreement to Sublessor (with the consent of NetJets); and

WHEREAS, Sublessor has signed an "Acknowledgement of Fractional Owner Lessee's Operational Control Responsibilities" with NetJets and exercises operational control over the Aircraft when Sublessor is operating the Aircraft in accordance with 14 C.F.R. Sections ("FAR") 91.1003 through 91.1013; and

WHEREAS, pursuant to the Management Terms, the Sublessor (as assignee of Owner) has contracted with NJA to manage the use, maintenance and other matters pertaining to the operation of the Aircraft, including providing a fully qualified flight crew to operate the Aircraft; and

WHEREAS, pursuant to the Exchange Terms, the Sublessor (as assignee of Owner) has contracted with NJS with respect to matters related to the joint ownership and operation of the Aircraft and the inclusion of the Aircraft in the aircraft exchange program operated by NetJets, and the term "Aircraft," when used in this Agreement, shall include the Aircraft and any other aircraft made available by NetJets to Sublessor (through the Dry Lease with Owner) under the Management Terms and the Exchange Terms; and

WHEREAS, Sublessor desires to lease the Aircraft, including the flight crew provided to Sublessor pursuant to the Management Terms, to Lessee on a time sharing basis as defined in Section 91.501(c)(1) of the FAR; and

WHEREAS, the use of the Aircraft by Lessee shall at all times be pursuant to and in full compliance with the requirements of FAR Sections 91.501(b)(6), 91.501(c)(1) and 91.501(d).

NOW, THEREFORE, in consideration of the mutual promises and considerations contained in this Agreement, the parties agree as follows:

1. Sublessor agrees to lease the Aircraft to Lessee on a periodic, non-exclusive basis, and to arrange with NJS through the Management Terms to provide a fully qualified flight crew for all operations of the Aircraft, pursuant and subject to the provisions of FAR Section 91.501(c)(1) and the terms of this Agreement, the Management Terms and the Exchange Terms. The parties expressly acknowledge and agree that, regardless of any employment, contractual or other relationship of any kind or nature, at all times that the Aircraft is operated under this Agreement, Sublessor, as the party furnishing the Aircraft and flight crew and exercising complete control over all phases of aircraft operation through the Management Terms, shall be deemed to have operational control of the Aircraft as such term is defined in FAR Section 1.1 and 91.1003 through 91.1013. This Agreement will commence on the Effective Date and continue until the first anniversary of the Effective Date. Thereafter, this Agreement shall be automatically renewed on a month-to-month basis, unless sooner terminated by either party as hereinafter provided. Any party may at any time terminate this Agreement (including during the initial term) upon 30 days' prior written notice to the other parties.

2. Lessee shall pay Sublessor an amount equal to 200% of the actual expenses for fuel for each flight conducted under this Agreement, as permitted by FAR Section 91.501(d) (the "Time Sharing Charge"). For clarification, in no event shall the Time Sharing Charge paid by Lessee exceed those charges specifically permitted in FAR Section 91.501(d), which are as follows:

- (a) Fuel, oil, lubricants, and other additives;
- (b) Travel expenses of the crew, including food, lodging and ground transportation;
- (c) Hangar and tie down costs away from the Aircraft's base of operation;
- (d) Insurance obtained for the specific flight;
- (e) Landing fees, airport taxes and similar assessments;
- (f) Customs, foreign permit, and similar fees directly related to the flight;
- (g) In-flight food and beverages;
- (h) Passenger ground transportation;
- (i) Flight planning and weather contract services; and
- (j) An additional charge equal to 100% of the expenses listed in subparagraph (a) of this paragraph.

3. Sublessor will pay (directly or through the Owner) all expenses related to the operation of the Aircraft when incurred, and will bill Lessee on a monthly basis as soon as practicable after the last day of each calendar month for the Time Sharing Charge for any and all

flights for the account of Lessee pursuant to this Agreement during the preceding month. Lessee shall pay Sublessor for all flights for the account of Lessee pursuant to this Agreement within 30 days of receipt of the invoice therefor. If requested by Lessee, Sublessor will provide Lessee with a detailed accounting of the expenses composing the Time Sharing Charge for each flight for the account of Lessee pursuant to this Agreement. Without limiting the foregoing, amounts payable by Lessee to Sublessor under this Agreement may include any federal excise tax that may be imposed under Internal Revenue Code Section 4261 or any similar excise taxes, if any.

4. Lessee will provide Sublessor with requests for flight time and proposed flight schedules as far in advance of any given flight as possible, and in any case, at least 24 hours in advance of Lessee's planned departure unless Sublessor agrees otherwise. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by the Sublessor or the flight crew:

- (a) proposed departure point;
- (b) destinations;
- (c) date and time of flight;
- (d) the number of anticipated passengers;
- (e) the identity of each anticipated passenger;
- (f) the nature and extent of luggage and/or cargo to be carried;
- (g) the date and time of return flight, if any; and
- (h) any other information concerning the proposed flight that may be pertinent or required by the Sublessor or the flight crew.

5. Sublessor shall have sole and exclusive authority over the scheduling of the Aircraft, including any limitations on the number of passengers on any flight; provided, however, that Sublessor will use commercially reasonable efforts to accommodate Lessee's needs and to avoid conflicts in scheduling between Sublessor and Lessee.

6. As between Sublessor and Lessee, Sublessor shall be solely responsible for causing NetJets to secure maintenance, preventive maintenance and required or otherwise necessary inspections on the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventive maintenance or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to cancel any flight for any reason or condition that in his judgment would compromise the safety of the flight.

7. In accordance with applicable FARs, the qualified flight crew provided pursuant to this Agreement will exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. Lessee specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage

or delay to Lessee or any other person. The parties further agree that neither Owner nor the Sublessor shall be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement when such failure is caused by NetJets, government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God or any other event or circumstance beyond the reasonable control of Owner or the Sublessor.

8. At all times during the term of this Agreement, Owner or the Sublessor shall cause to be carried and maintained through NetJets, at the cost and expense of Owner or Sublessor, physical damage insurance with respect to the Aircraft, third party aircraft liability insurance, passenger legal liability insurance, property damage liability insurance, and medical expense insurance in such amounts and on such terms and conditions as Owner or the Sublessor shall determine in its sole discretion in amounts no less than those required under the Program Agreement. Owner or the Sublessor shall also bear the cost of paying any deductible amount on any policy of insurance in the event of a claim or loss.

9. (a) **Except for the gross negligence or willful misconduct of Owner or Sublessor, Lessee agrees that the proceeds of insurance will be Lessee's sole recourse against Owner and the Sublessor with respect to any claims that Lessee may have under this Agreement.**

(b) **THE PROVISIONS OF THIS SECTION 9 SHALL SURVIVE INDEFINITELY THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

10. Lessee warrants that:

(a) It will not use the Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire, for any illegal purpose, or in violation of any insurance policies with respect to the Aircraft;

(b) It will refrain from incurring any mechanics, international interest, prospective international interest or other lien and shall not attempt to convey, mortgage, assign, lease or grant or obtain an international interest or prospective international interest or in any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien;

(c) It will comply with all applicable laws, governmental and airport orders, rules and regulations, as shall from time-to-time be in effect relating in any way to the operation and use of the Aircraft under this Agreement; and

(d) It will not use the Aircraft in any manner that would result in a violation of any of the requirements of the Management Terms or the Exchange Terms, as the same may be amended and in effect from time-to-time, to the extent notified of such requirements from time-to-time.

11. Lessee shall not assign this Agreement or its interest herein to any other person or entity without the prior written consent of Owner and the Sublessor, which may be granted or denied in their sole discretion. Subject to the preceding sentence, this Agreement shall inure to

the benefit of and be binding upon the parties hereto, and their respective heirs, representatives, successors and assigns, and does not confer any rights on any other person.

12. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes any prior understandings and agreements between the parties respecting such subject matter. This Agreement may be amended or supplemented and any provision hereof waived only by a written instrument signed by all parties. The failure or delay on the part of any party to insist on strict performance of any of the terms and conditions of this Agreement or to exercise any rights or remedies hereunder shall not constitute a waiver of any such provisions, rights or remedies. This Agreement may be executed in counterparts, which shall, singly or in the aggregate, constitute a fully executed and binding Agreement. Words of gender used in this Agreement may be read as masculine, feminine or neuter as required by the context. Words of number may be read as singular or plural, as required by the context. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than a limiting sense. The word "or" is not exclusive and shall be interpreted as meaning "and/or." The words "shall" and "will" are used interchangeably and are intended to have the same meaning. Where applicable, this Agreement may be referred to as "this Lease."

13. Except as otherwise set forth in Section 4, all communications and notices provided for herein shall be in writing and shall become effective when delivered by facsimile transmission or by personal delivery, Federal Express or other overnight courier or four days following deposit in the United States mail, with correct postage for first-class mail prepaid, addressed to the parties at their respective addresses set forth above, or else as otherwise directed by any party from time-to-time in writing.

14. If any one or more provisions of this Agreement shall be held invalid, illegal or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provisions shall be replaced by a mutually acceptable provision, which, being valid, legal and enforceable, comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision. To the extent permitted by applicable law, the parties hereby waive any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

15. This Agreement is entered into under, and is to be construed in accordance with, the laws of the State of Colorado, without reference to conflicts of laws.

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16. TRUTH IN LEASING STATEMENT UNDER FAR SECTION 91.23

THE AIRCRAFT, A 2012 BOMBARDIER BD-700-1A10 (GLOBAL 6000), MANUFACTURER'S SERIAL NO. 9475, CURRENTLY REGISTERED WITH THE FEDERAL AVIATION ADMINISTRATION AS N160QS, EITHER HAS BEEN DELIVERED FROM ITS MANUFACTURER OR HAS BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91 SUBPART K DURING THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS LEASE, BASED ON REQUIREMENTS UNDER THE MANAGEMENT TERMS.

THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91 SUBPART K FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE, BASED ON REQUIREMENTS UNDER THE MANAGEMENT TERMS. DURING THE DURATION OF THIS LEASE, LIBERTY DENVER ARENA, LLC, 12300 LIBERTY BOULEVARD, ENGLEWOOD, COLORADO 80112 IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS LEASE.

AN EXPLANATION OF THE FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE

OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE "INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS" ATTACHED HERETO ARE INCORPORATED HEREIN BY REFERENCE.

LIBERTY DENVER ARENA, LLC, LOCATED AT 12300 LIBERTY BOULEVARD, ENGLEWOOD, COLORADO 80112, THROUGH ITS UNDERSIGNED AUTHORIZED SIGNATORY BELOW, CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

OWNER	SUBLESSOR	LESSEE
LIBERTY CITATION, INC.	LIBERTY DENVER ARENA, LLC	LIBERTY TRIPADVISOR HOLDINGS, INC.
By: _____	By: _____	By: _____
Name: _____	Name: _____	Name: _____
Title: _____	Title: _____	Title: _____

INSTRUCTIONS FOR COMPLIANCE WITH "TRUTH IN LEASING" REQUIREMENTS

- Mail a copy of the lease to the following address via certified mail, return receipt requested, immediately upon execution of the lease (14 C.F.R. 91.23 requires that the copy be sent within 24 hours after it is signed):

Federal Aviation Administration
Aircraft Registration Branch
ATTN: Technical Section
P.O. Box 25724
Oklahoma City, Oklahoma 73125
- Telephone the nearest Flight Standards District Office at least 48 hours prior to the first flight under this lease.
- Carry a copy of the lease in the aircraft at all times.

List of Subsidiaries

A table of subsidiaries of Liberty TripAdvisor Holdings, Inc. following the Spin-Off is set forth below, indicating as to each the state or jurisdiction of organization and the names under which such subsidiaries do business.

Subsidiary	Jurisdiction of Formation
BuySeasons, Inc.	Delaware
Liberty TripAdvisor, LLC	Delaware
TripAdvisor, Inc. (consolidated for accounting purposes)	Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Liberty Interactive Corporation:

We consent to the use of our report dated May 5, 2014, with respect to the combined balance sheets of Liberty TripAdvisor Holdings, Inc. as of December 31, 2013 and 2012, and the related combined statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2013, included herein and to the reference to our firm under the heading "Experts" in the Prospectus.

/s/ KPMG LLP

Denver, Colorado
July 25, 2014

Consent of Independent Registered Public Accounting Firm

We consent to the reference of our firm under the caption "Experts" and to the use of our report dated February 11, 2014, with respect to the consolidated financial statements of TripAdvisor, Inc. included in the Amendment No. 2 to the Registration Statement (Form S-1 No 333-195705) and related Prospectus of Liberty TripAdvisor Holdings, Inc. for the registration of shares of its common stock.

Boston, Massachusetts
July 25, 2014

/s/ Ernst & Young LLP

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 99.1

Executive and Director Compensation Information

The following sets forth information concerning the compensation of the named executive officers and directors of Liberty Media Corporation and Liberty Interactive Corporation for the year ended December 31, 2013.

Liberty Media Corporation

The following information concerning the compensation of the named executive officers and directors of Liberty Media Corporation for the year ended December 31, 2013 is substantially the same as that which appears in Liberty Media Corporation's definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on June 23, 2014 relating to its 2014 annual meeting of stockholders (the "LMC proxy statement"). References such as "we," "us" and "our" refer to Liberty Media Corporation and not Liberty TripAdvisor Holdings, Inc. Terms used below but not defined have the meanings assigned to the them in the LMC proxy statement.

EXECUTIVE COMPENSATION

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

- John C. Malone, our Chairman of the Board;
- Gregory B. Maffei, our Chief Executive Officer and President;
- Christopher W. Shean, our Chief Financial Officer; and
- Richard N. Baer and Albert E. Rosenthaler, our other two most highly compensated executive officers at the end of 2013.

Compensation Discussion and Analysis

Compensation Overview; Philosophy

The compensation committee of our board of directors has responsibility for establishing, implementing and regularly monitoring adherence to our compensation philosophy. That philosophy seeks to align the interests of the named executive officers with those of our stockholders, with the ultimate goal of appropriately motivating and rewarding our executives in an effort to increase stockholder value. To that end, the compensation packages provided to the named executive officers (other than Mr. Malone) include both cash and stock-based incentive compensation, with an emphasis placed on performance-based compensation.

The compensation committee seeks to approve a compensation package for each named executive officer that is commensurate with the responsibilities and proven performance of that executive and that is competitive relative to the compensation packages paid to similarly situated executives in other companies. The compensation committee does not engage in any regular benchmarking analysis; rather, it is familiar with the range of total compensation paid by other companies and uses this range as a guide to ensure that the named executive officers receive attractive compensation packages. The compensation committee believes that our compensation packages should assist our company in attracting and retaining key executives critical to our long-term success.

In the case of all our named executive officers (other than Mr. Malone), the compensation committee believes that performance-based bonuses and equity incentive awards should represent a substantial portion of each named executive officer's compensation package. At the 2012 annual stockholders meeting of our former parent company (**Old LMC**), stockholders representing 97.25% of the aggregate voting power of Old LMC present and entitled to vote on its say-on-pay proposal approved, on an advisory basis, Old LMC's executive compensation, as disclosed in its proxy statement for the 2012 annual meeting of stockholders. No material changes were implemented to our executive compensation program as a result of this vote. In connection with our spin-off from Starz in January 2013 (the **LMC Spin-Off**), we assumed the existing compensation packages applicable to each named executive officer, as well as the say-on-pay and say-on-frequency votes that were held at the Old LMC 2012 annual meeting.

Services Agreements

Liberty Interactive Corporation. In September 2011, our former parent company Old LMC was split-off (the **Old LMC Split-Off**) from its former parent company, Liberty Interactive. In January 2013, Old LMC completed the LMC Spin-Off. In connection with the Old LMC Split-Off, Old LMC entered into a services agreement with Liberty Interactive, which we assumed in the LMC Spin-Off. Pursuant to the services agreement, in 2013, Liberty Interactive compensated us for the portion of the salary and certain other compensation we paid to our employees, including the named executive officers, that was

allocable to Liberty Interactive for time spent by each such employee on matters related to that company. However, the 2013 performance-based bonuses earned by the named executive officers of our company and Liberty Interactive were paid directly by our company and Liberty Interactive, respectively, and no portion thereof was allocable under the services agreement. During 2013, the allocable percentages of time spent performing services for Liberty Interactive, on the one hand, and our company, on the other hand, were reviewed quarterly by our Audit Committee for reasonableness. The salaries and certain perquisite information included in the "Summary Compensation Table" below reflect the portion of the compensation paid by and allocable to Liberty Media and do not reflect the portion of the compensation allocable to Liberty Interactive and for which Liberty Interactive reimbursed Liberty Media under the services agreement. During the year ended December 31, 2013, the weighted average percentage of each such named executive officer's time that was allocated to our company was: Mr. Malone—34%; Mr. Maffei—50%; Mr. Baer—52%; Mr. Rosenthaler—56%; and Mr. Shean—50%.

Starz. In January 2013, we separated from Starz in the LMC Spin-Off. In connection with the LMC Spin-Off, we entered into a services agreement with Starz, pursuant to which Starz will compensate us for the portion of the salary and other cash compensation we pay to our employees, including our named executive officers (other than Mr. Maffei) for 2013, that is allocable to Starz for time spent by each such employee on matters related to that company. The services agreement provides that Mr. Maffei's base salary will be allocable to Starz for time spent on matters related to Starz and provides that none of Mr. Maffei's performance-based bonus will be allocable to Starz.

Role of Chief Executive Officer in Compensation Decisions

Recommendations with respect to our executive compensation are obtained from our Chief Executive Officer as to all elements of each other named executive officer's compensation package (other than Mr. Malone's). In taking these actions, our Chief Executive Officer evaluates the performance and contributions of each such other named executive officer, given his respective areas of responsibility, and, in doing so, considers various qualitative factors such as:

- the named executive officer's experience and overall effectiveness;
- the named executive officer's performance against individual performance goals;
- the responsibilities of the named executive officer, including any changes to those responsibilities over the year;
- the named executive officer's demonstrated leadership and management ability;
- the named executive officer's compensation relative to other executives at our company with similar, greater or lesser responsibilities;
- the named executive officer's compensation relative to compensation paid to similarly situated executives at companies within our industry;
- the named executive officer's years of service with us; and
- the performance of any group for which the named executive officer is primarily responsible.

Setting Executive Compensation

In making its compensation decision for each named executive officer (other than Mr. Malone), our compensation committee considers the following:

- each element of the named executive officer's historical compensation, including salary, bonus, equity compensation, perquisites and other personal benefits;

- the financial performance of our company compared to internal forecasts and budgets;
- the scope of the named executive officer's responsibilities;
- the performance of the group reporting to the named executive officer; and
- the performance evaluations and compensation recommendations given by our Chief Executive Officer as to each other named executive officer.

Our compensation committee also considers the total compensation paid by companies that operate in the same industries as our company and our subsidiaries and uses this industry knowledge as a guide to determine whether our named executive officers receive attractive compensation packages. Companies in our and our subsidiaries' industries consist of media, telecommunications and entertainment companies, and include companies with which we may compete for executive talent and stockholder investment and also include companies in those industries that are similar to our company in size, geographic location or complexity of operations. Our compensation committee did not re-assess the compensation data in 2013 that it had compiled in prior years with respect to these industries. Rather, it relied on prior year assessments in determining not to make any substantive changes to our executive compensation structure, other than revising the performance-based bonus program to give effect to the impact of the LMC Spin-Off.

For 2013, the named executive officers' compensation packages (other than that of Mr. Malone) were comprised primarily of a base salary and a performance-based bonus. No new equity awards were granted to any of the named executive officers in 2013, as they all (other than Mr. Malone) received grants of equity incentive awards in prior years that were intended to cover a multi-year period.

With respect to all named executive officers (other than Mr. Malone), the compensation committee believes in weighing equity incentive compensation more heavily than cash compensation, which is a practice that may not be consistently followed by other companies that operate in the same industry as our company. Mr. Malone's compensation is governed by the terms of his employment agreement with our company. See "—Executive Compensation Arrangements—John C. Malone."

Elements of 2013 Executive Compensation

For 2013 the principal components of compensation for the named executive officers (other than Mr. Malone) were:

- base salary;
- a performance-based bonus, payable in cash;
- equity incentive awards granted in prior years;
- perquisites and other limited personal benefits; and
- deferred compensation arrangements.

Base Salary

The base salaries of the named executive officers are reviewed on an annual basis (other than Messrs. Malone and Maffei, whose salaries are governed by their respective employment agreements), as well as at the time of any change in responsibilities. Typically, after establishing a named executive officer's base salary, salary increases are limited to cost-of-living adjustments and adjustments based on an evaluation of a named executive officer's job performance, any changes in the scope of the named executive officer's responsibilities, and the named executive officer's salary level compared to other named executive officers. Our compensation committee believes base salary should be a relatively smaller portion of each named executive officer's overall compensation package, thereby aligning the

interests of our executives more closely with those of our stockholders. Our compensation committee considered similar factors when setting the base salary and annual increases to be paid to Mr. Maffei and Mr. Baer under their respective employment agreements, which were assumed by our company. Similarly, in accordance with the terms of his employment agreement, Mr. Malone's cash compensation is limited. After completion of the annual review described above, the base salaries of Mr. Rosenthaler and Mr. Shean were increased by 3%, reflecting a cost-of-living adjustment. Mr. Maffei received the increase prescribed by his employment agreement and Mr. Baer's base salary for 2013, the first year of employment under his employment agreement, was established pursuant to his employment agreement. Mr. Malone received no increase under the terms of his employment agreement.

2013 Performance-based Bonuses

For 2013, our compensation committee adopted an annual, performance-based bonus program for each of the named executive officers (other than Mr. Malone), which was structured to comply with Section 162(m) of the Internal Revenue Code (the **Code**). The 2013 bonus program was comprised of two components: a bonus amount payable based on each participant's individual performance (the **Individual Performance Bonus**) and a bonus amount payable based on the corporate performance of our company (the **Corporate Performance Bonus**). No amounts would be payable under our 2013 bonus program unless a minimum corporate performance was achieved: the combined Adjusted OIBDA of TruePosition, Inc. (**TruePosition**), the Atlanta National League Baseball Club, Inc. (**ANLBC**), certain of our other consolidated subsidiaries, and a proportionate share of the equivalent measure of Adjusted OIBDA of Sirius XM and Live Nation, for the year ended December 31, 2013 was required to exceed \$370 million (the **Threshold**). If the Threshold was met, the notional bonus pool for our company would be funded with 6% of the amount by which such combined Adjusted OIBDA exceeded \$370 million (the **bonus pool**). If the bonus pool was insufficient to cover the aggregate maximum bonus amounts of all participants (as described in more detail below), each participant's maximum bonus amount would be reduced pro rata, for all purposes under the program, based upon his respective maximum bonus amount.

For purposes of the bonus program, Adjusted OIBDA is defined as revenue less cost of sales, operating expense and SG&A (excluding stock compensation). Neither Sirius XM nor Live Nation reports Adjusted OIBDA information. As a result, we used the most similar non-GAAP measure reported by Sirius XM, Adjusted EBITDA. For a definition of Adjusted EBITDA as defined by Sirius XM, please see Sirius XM's Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 4, 2014. In addition, we used Adjusted Operating Income to determine Live Nation results. Adjusted Operating Income or AOI is a non-GAAP financial measure. For a definition of AOI as defined by Live Nation, please see Live Nation's Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 24, 2014.

Each participant was assigned a maximum bonus amount, expressed as a multiple of his base salary (without giving effect to the allocation of such salary between our company and Liberty Interactive). The maximum bonus amounts were 400%, 200%, 150% and 150% for Messrs. Maffei, Baer, Rosenthaler and Shean, respectively (each participant's **Ultimate Maximum Bonus**), consistent with the percentages applied to our named executive officers with respect to our previous performance-based bonus programs. Although Liberty Interactive adopted a corollary performance-based bonus program for 2013 with the same maximum bonus amounts achievable by the overlapping named executive officers, our compensation committee and Liberty Interactive's compensation committee agreed that it was the intention of both committees that each overlapping named executive officer would not receive, in the aggregate from the two companies, more than his applicable Ultimate Maximum Bonus.

Assuming the Threshold was met (and after taking into account any reductions associated with a shortfall in the bonus pool), each participant was entitled to receive from our company an amount (the **LMC Maximum Individual Bonus**) equal to the LMC Allocable Time Percentage (as defined below)

multiplied by 60% of his Ultimate Maximum Bonus (the **Ultimate Maximum Individual Bonus**), subject to reduction based on a subjective determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of our company. The **LMC Allocable Time Percentage** for each participant is equal to the percentage of such participant's time that was spent performing services for our company under the services agreement, as determined by our compensation committee for purposes of the payment of bonuses: 50% as to Mr. Maffei; 60% as to Mr. Baer; 58% as to Mr. Rosenthaler; and 50% as to Mr. Shean. Under Liberty Interactive's corollary program, each participant was entitled to receive from Liberty Interactive an amount (the **LIC Maximum Individual Bonus**) equal to the remaining portion of the Ultimate Maximum Individual Bonus, subject to reduction based on a subjective determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of Liberty Interactive. Our compensation committee believes this construct was appropriate in light of the services agreement and the fact that each participant splits his professional time and duties.

Also, assuming the Threshold was met (and after taking into account any reductions associated with a shortfall in the bonus pool), each participant was entitled to receive from our company an amount (the **LMC Maximum Corporate Bonus**) equal to the LMC Corporate Percentage (as defined below) multiplied by 40% of his Ultimate Maximum Bonus (the **Ultimate Maximum Corporate Bonus**), subject to reduction based on a subjective determination of the corporate performance of our company. The **LMC Corporate Percentage** was determined by reference to the historical relative market capitalizations of our company and Liberty Interactive. Under Liberty Interactive's corollary program, each participant was entitled to receive from Liberty Interactive an amount (the **LIC Maximum Corporate Bonus**) equal to the remaining portion of the Ultimate Maximum Corporate Bonus, subject to reduction based on a subjective determination of the corporate performance of Liberty Interactive.

In December 2013, our compensation committee and the Liberty Interactive compensation committee collaborated in their review of our respective named executive officers' individual performance criteria and their review of each company's corporate performance metrics and ensured that the Ultimate Maximum Bonus payable to each overlapping named executive officer was not exceeded. Notwithstanding this collaborative effort, our compensation committee retained sole and exclusive discretion with respect to the approval of award terms and amounts payable under our bonus program.

Also, in December 2013, our compensation committee determined that the combined Adjusted OIBDA for TruePosition, ANLBC, certain of our other consolidated subsidiaries, and a proportionate share of the equivalent measure of Adjusted OIBDA of Sirius XM and Live Nation, was approximately \$787 million using the formula described above, exceeding the Threshold by approximately \$417 million, thereby creating a notional bonus pool of approximately \$25 million, which exceeded the amount necessary to cover the aggregate maximum bonus amounts of all the participants and enabling each participant to receive a bonus of up to his maximum bonus amount.

Individual Performance Bonus. Our compensation committee then reviewed the individual performance of each participant to determine the reductions that would apply to each participant's LMC Maximum Individual Bonus. The compensation committee took into account a variety of factors, without assigning a numerical weight to any single performance measure. This determination was based on reports of our board, the observations of committee members throughout the year, executive self-evaluations and, with respect to the participants other than Mr. Maffei, the observations and input of Mr. Maffei. In evaluating the performance of each of the participants for determining the reduction that would apply to the LMC Maximum Individual Bonus, our compensation committee considered the

various performance objectives related to our company which had been assigned to each participant for 2013, including:

<u>Individual</u>	<u>Performance Objectives</u>
Gregory B. Maffei	<ul style="list-style-type: none">• Outperform peer and stock market indices by 5%• Invest excess capital• Oversee Sirius XM investment, including increasing ownership• Complete spin-off from Starz• Oversee Barnes & Noble, ANLBC and Live Nation investments• Reorganize personnel to balance management of investments
Richard N. Baer	<ul style="list-style-type: none">• Provide sound and timely advice to senior management and board• Provide effective legal support in mergers and acquisitions and other transactional matters• Provide legal support to subsidiaries• Achieve positive results in litigation• Assess compliance programs• Reduce compliance and discovery costs
Albert E. Rosenthaler	<ul style="list-style-type: none">• Continue legislative efforts• Provide effective tax support on strategic initiatives and transactional activity• Lead fast-track mediation with IRS for unresolved tax issues; obtain full or partial acceptance letters from IRS for 2013 Compliance Assurance Process
Christopher W. Shean	<ul style="list-style-type: none">• Oversee purchase accounting and financial consolidation process of Sirius XM• Assist in mergers and acquisition activities; assist in capital analysis and strategic analysis at subsidiaries• Lead Treasury, Accounting and HR teams in achieving goals• Implement process improvements and expense reductions• Oversee timely and accurate filings with SEC

Following a review of the participants' performance, our compensation committee determined to pay each participant the following portion of his LMC Maximum Individual Bonus:

Name	LMC Maximum Individual Bonus	Percentage Payable	Aggregate Dollar Amount
Gregory B. Maffei	\$ 2,083,725	62.5%	\$ 1,302,329
Richard N. Baer	\$ 594,000	81.3%	\$ 482,625
Albert E. Rosenthaler	\$ 370,770	87.5%	\$ 324,424
Christopher W. Shean	\$ 356,895	50%	\$ 178,448

Corporate Performance Bonus Our compensation committee then made a subjective determination as to the reductions that would apply to each participant's LMC Maximum Corporate Bonus. In making this determination, our compensation committee reviewed forecasts of 2013 Adjusted OIBDA, revenue and free cash flow (as defined below) for TruePosition, ANLBC, certain of our other consolidated subsidiaries, and a proportionate share of Sirius XM and Live Nation, all of which forecasts were prepared in December 2013 and are set forth in the table below. Also set forth in the table below are the corresponding actual financial measures achieved for 2013, which were all slightly higher than our forecasted results for our company. In determining whether any reductions would be made to the LMC Maximum Corporate Bonus payable to each participant, our compensation committee weighted the corporate performance metrics as follows: 25% attributable to revenue growth, 50% attributable to Adjusted OIBDA growth and 25% attributable to growth in free cash flow.

(dollar amounts in millions)	2013 Forecast	2013 Actual	Actual / Forecast
Revenue(1)	\$ 3,953	\$ 4,028.7	101.9%
Adjusted OIBDA(1)	\$ 787	\$ 790.7	100.5%
Free Cash Flow(1)(2)	\$ 567	\$ 571.7	100.8%

- (1) Revenue, Adjusted OIBDA and Free Cash Flow information represents the summation for TruePosition, ANLBC, certain of our other consolidated subsidiaries, and a proportionate share of Sirius XM and Live Nation.
- (2) Defined for purposes of the bonus program as Adjusted OIBDA less all other operating and investing items.

Based on a review of these forecasts, our compensation committee determined that the growth metrics were achieved to the extent described below:

Growth Factor	Liberty Media Corporation
Revenue	25% of a possible 25%
Adjusted OIBDA	50% of a possible 50%
Free Cash Flow	25% of a possible 25%

Our compensation committee then used its subjective discretion to translate the achievement of these growth metrics into a percentage payable to each participant of his LMC Maximum Corporate Bonus, as follows:

Name	LMC Maximum Corporate Bonus	Percentage Payable	Aggregate Dollar Amount
Gregory B. Maffei	\$ 1,111,320	100%	\$ 1,111,320
Richard N. Baer	\$ 264,000	100%	\$ 264,000
Albert E. Rosenthaler	\$ 170,469	100%	\$ 170,469
Christopher W. Shean	\$ 190,344	100%	\$ 190,344

Aggregate Results. The following table presents information concerning the aggregate 2013 performance-based bonus amounts payable to each named executive officer by our company (other than Mr. Malone), after giving effect to the determinations described above.

<u>Name</u>	<u>Individual Performance Bonus</u>	<u>Corporate Performance Bonus</u>	<u>Total Bonus</u>
Gregory B. Maffei	\$ 1,302,329	\$ 1,111,320	\$ 2,413,649
Richard N. Baer	\$ 482,625	\$ 264,000	\$ 746,625
Albert E. Rosenthaler	\$ 324,424	\$ 170,469	\$ 494,893
Christopher W. Shean	\$ 178,448	\$ 190,344	\$ 368,792

Our compensation committee then noted that, when combined with the total 2013 performance-based bonus amounts paid by Liberty Interactive to the overlapping named executive officers, each of our named executive officers received the following portion of his respective Ultimate Bonus Amount:

<u>Name</u>	<u>Ultimate Maximum Bonus</u>	<u>Combined Percentage Paid</u>
Gregory B. Maffei	\$ 6,945,752	58.3%
Richard N. Baer	\$ 1,650,000	69.6%
Albert E. Rosenthaler	\$ 1,065,432	73.3%
Christopher W. Shean	\$ 1,189,650	50.8%

For more information regarding these bonus awards, please see the "Grants of Plan-Based Awards" table below.

Equity Incentive Compensation

Consistent with our compensation philosophy, our compensation committee believes in aligning the interests of the named executive officers with those of our stockholders through awards of stock-based incentive compensation. This ensures that our executives have a continuing stake in our long-term success. Our compensation committee believes that stock-based compensation should be weighed more heavily than cash compensation in determining each named executive officer's overall compensation mix.

The Liberty Media Corporation 2013 Incentive Plan, as amended (the **incentive plan**), provides for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units, stock appreciation rights and performance awards. Our compensation committee has a preference for grants of stock options and awards of restricted stock (as compared with other types of available awards under the incentive plan) based on the belief that they better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee that stock options be awarded with an exercise price equal to fair market value on the date of grant, measured by reference to the closing sale price on the grant date.

Recently, our compensation committee (and, prior to the Old LMC Split-Off, the Liberty Interactive compensation committee) determined to make larger grants (equaling approximately four to five years' value of the annual grants made in years prior to 2009) that vest between four and five and three-quarters years after grant, rather than making annual grants over the same period. These multi-year grants provide for back-end weighted vesting and generally expire 10 years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders. In that regard, multi-year awards were granted to our named executive officers prior to 2013, and, accordingly, no new equity incentive awards were granted to the named executive officers during the 2013 calendar year.

Perquisites and Other Personal Benefits. The perquisites and other personal benefits available to our executives (that are not otherwise available to all of our salaried employees, such as matching contributions to the Liberty Media 401(k) Savings Plan and the payment of life insurance premiums) consist of:

- limited personal use of corporate aircraft;
- occasional, personal use of an apartment in New York City owned by a subsidiary of our company, which is primarily used for business purposes, and occasional, personal use of a company car and driver;
- a deferred compensation plan that provides above-market preferential returns; and
- in the case of Mr. Malone, an annual allowance of \$1 million for personal expenses provided pursuant to the terms of his employment agreement (see "—Executive Compensation Arrangements—John C. Malone").

Taxable income may be incurred by our executives in connection with their receipt of perquisites and personal benefits. Other than as contemplated by Mr. Malone's employment agreement, we have not provided gross-up payments to our executives in connection with any such taxable income incurred during the past three years.

Aircraft Usage. On occasion, and with the approval of our Chairman or Chief Executive Officer, executives may have family members and other guests accompany them on our corporate aircraft when traveling on business. Under the terms of the employment arrangements with our Chairman and Chief Executive Officer, those individuals and their guests may use corporate aircraft for non-business purposes subject to specified limitations.

Pursuant to a February 2013 letter agreement between us and Mr. Maffei, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. The February 2013 letter agreement replaced in its entirety, on substantially the same terms, a letter agreement originally entered into by Mr. Maffei and Liberty Interactive that was assumed by Old LMC in the Old LMC Split-Off and later by Liberty Media in the LMC Spin-Off). Under Mr. Maffei's employment agreement, if Mr. Maffei's employment terminates due to disability, for good reason or without cause, Mr. Maffei will be entitled to continued use of the company's aircraft for 18 months after termination of his employment. Mr. Maffei incurs taxable income, calculated in accordance with the Standard Industry Fare Level (**SIFL**) rates, for all personal use of our corporate aircraft. Flights where there are no passengers on company-owned aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company owned aircraft.

The cost of Mr. Malone's personal use of our corporate aircraft, calculated in accordance with SIFL, counts toward his \$1 million personal expense allowance (described above).

For disclosure purposes, we determine incremental cost using a method that takes into account:

- landing and parking expenses;
- crew travel expenses;
- supplies and catering;

- aircraft fuel and oil expenses per hour of flight;
- any customs, foreign permit and similar fees; and
- passenger ground transportation.

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

Pursuant to our aircraft time sharing agreements with Liberty Interactive, Liberty Interactive pays us for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Malone using our corporate aircraft that are allocable to Liberty Interactive. Pursuant to aircraft time sharing agreements with Liberty Interactive and Starz, Liberty Interactive and Starz pay us for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using our corporate aircraft that are allocable to Liberty Interactive or Starz, as the case may be. Starz reimburses us only for Mr. Maffei's use of our corporate aircraft for Starz business.

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

Deferred Compensation

To help accommodate the tax and estate planning objectives of the named executive officers, as well as other executives with the title of Vice President and above, our board of directors assumed the previously established Liberty Media Corporation 2006 Deferred Compensation Plan (as amended and restated) in connection with the LMC Spin-Off. Under that plan, participants may elect to defer up to 50% of the portion of their base salaries and their cash performance bonuses that are allocable to our company. Compensation deferred under the plan that otherwise would have been received in 2013 will earn interest income at the rate of 9% per annum, compounded quarterly, for the period of the deferral. In the LMC Spin-Off, we assumed the plan and all outstanding obligations thereunder. Since the LMC Spin-Off, the named executive officers may not participate in the plan with respect to any portion of their cash performance bonuses paid by Liberty Interactive. In addition, Mr. Shean had a deferral election in place for his 2011 performance-based bonus, with respect to which Liberty Interactive will remain responsible for the payment of such deferred amount and all deferred interest thereon going forward. For more information on this plan, see "—Executive Compensation Arrangements—2006 Deferred Compensation Plan" and the "—Nonqualified Deferred Compensation Plans" table below.

We provide Mr. Malone with certain deferred compensation arrangements that were entered into by our predecessors and assumed by us in connection with the various restructurings that we have undergone. Beginning in February 2009, Mr. Malone began receiving accelerated payments under those deferred compensation arrangements. For more information on these arrangements, see "—Executive Compensation Arrangements—John C. Malone" below.

Deductibility of Executive Compensation

In developing the compensation packages for the named executive officers, the deductibility of executive compensation under Section 162(m) of the Code is considered. That provision prohibits the

deduction of compensation of more than \$1 million paid to certain executives, subject to certain exceptions. One exception is for performance-based compensation, including stock options granted by our predecessors under their incentive plans (and assumed by us to the extent applicable under the Liberty Media Corporation Transitional Stock Adjustment Plan) or to be granted under the incentive plan. Our compensation committee has not adopted a policy requiring all compensation to be deductible under Section 162(m) of the Code, in order to maintain flexibility in making compensation decisions. Portions of the compensation we pay to certain of the named executive officers may not be deductible due to the application of Section 162(m) of the Code.

Policy on Restatements

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

SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/13)	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)	Option Awards \$(2)(3)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation \$(5)(6)(7)	Total (\$)
							(\$)(4)		
John C. Malone Chairman of the Board	2013	884	—	—	—	—	252,176	539,176(8)	792,236
	2012	1,300	—	—	—	—	257,336	548,730(8)	807,366
	2011	455	—	—	—	—	65,489	469,863(8)	535,807
Gregory B. Maffei President and Chief Executive Officer	2013	868,219	—	—	—	2,413,619	9,366	277,561(9)	3,568,765
	2012	875,109	—	—	53,894,196	2,223,467	—	252,323(9)	57,245,095
	2011	275,625	—	—	—	2,853,900	—	64,018(9)	3,193,543
Richard N. Baer Senior Vice President and General Counsel	2013	419,100	—	—	—	746,625	—	2,549	1,168,274
Albert E. Rosenthaler Senior Vice President	2013	397,761	—	—	—	494,893	—	15,748	908,403
	2012	413,760	—	—	3,390,158	372,901	—	16,573	4,193,392
	2011	100,425	—	—	—	507,648	—	605	608,678
Christopher W. Shean Senior Vice President and Chief Financial Officer	2013	396,550	—	—	—	368,792	17,499	13,605	796,446
	2012	385,000	—	—	3,390,158	338,415	15,870	13,355	4,142,798
	2011	100,425	—	—	—	428,563	3,377	394	532,759

- (1) Represents only that portion of each named executive officer's salary that was allocated to Old LMC with respect to the years ended December 31, 2011 and 2012 and to our company with respect to the year ended December 31, 2013 under the services agreement. For a description of the allocation of compensation between Old LMC prior to and our company following the LMC Spin-Off and Liberty Interactive, see "—Compensation Discussion and Analysis—Services Agreements."
- (2) Reflects the incremental fair value of the equity incentive awards received in Old LMC's 2012 option modification program, which has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 15 to our consolidated financial statements for the year ended December 31, 2013 (which are included in our Annual Report on Form 10-K as filed with the SEC on February 28, 2014).
- (3) The Option Awards set forth in this column with respect to the year ended December 31, 2012 were received by our named executive officers (other than Mr. Malone and Mr. Baer) in connection with Old LMC's 2012 option modification program.
- (4) Reflects the above-market earnings credited during 2013 to the deferred compensation accounts of each applicable named executive officer. See "—Compensation Discussion and Analysis—Elements of 2013 Executive Compensation—Deferred Compensation," "—Executive Compensation Arrangements—John C. Malone," and "—Nonqualified Deferred Compensation Plans" below.
- (5) Included in this column are the following life insurance premiums paid on behalf of each of the named executive officers and allocated to our company under the services agreement:

Name	Amounts (\$)		
	2013	2012	2011
John C. Malone	3,082	4,532	1,586
Gregory B. Maffei	1,311	1,387	605
Richard N. Baer	2,549	—	—
Albert E. Rosenthaler	1,468	1,573	605
Christopher W. Shean	855	855	394

- (6) We make available to our personnel, including our named executive officers, tickets to various sporting events with no aggregate incremental cost attributable to any single person.
- (7) In connection with the Old LMC Split-Off, we assumed the sponsorship and administration of the Liberty Media 401(k) Savings Plan, which had previously been sponsored and administered by Liberty Interactive. This plan provides employees with an opportunity to save for retirement. The Liberty Media 401(k) Savings Plan participants may contribute up to 75% of their eligible compensation on a pre-tax basis to the plan and an additional 10% of their eligible compensation on an after-tax basis (subject to specified maximums and IRS limits), and we contribute a matching contribution based on the participants' own contributions up to the maximum matching contribution set forth in the plan. Participant contributions to the Liberty Media 401(k) Savings Plan are fully vested upon contribution. Prior to our assumption of the plan in the Old LMC Split-Off in 2011, the employer matching contributions to the plan had been made by Liberty Interactive up to the

annual maximum. Accordingly, no amounts with respect to plan contributions are reflected with respect to 2011. Generally, participants acquire a vested right in our matching contributions as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 1	0%
1 - 2	33%
2 - 3	66%
3 or more	100%

Included in this column, with respect to each named executive officer (other than Mr. Baer) are the following matching contributions made by our company to the Liberty Media 401(k) Savings Plan in 2013:

<u>Name</u>	<u>Amounts (\$)</u>
John C. Malone	8,670
Gregory B. Maffei	12,750
Albert E. Rosenthaler	14,280
Christopher W. Shean	12,750

With respect to these matching contributions, all of our named executive officers are fully vested.

- (8) Includes the following amounts which were allocated to our company under the services agreement:

	<u>Amounts (\$)</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Reimbursement for personal legal, accounting and tax services	124,954	193,061	87,891
Compensation related to personal use of corporate aircraft(a)	255,455	92,794	47,004
Tax payments made on behalf of Mr. Malone	143,833	236,243	328,129

- (a) Calculated based on aggregate incremental cost of such usage to our company.

Also includes miscellaneous personal expenses, such as courier charges.

- (9) Includes the following amounts which were allocated to our company under the services agreement:

	<u>Amounts (\$)</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Compensation related to personal use of corporate aircraft(a)	262,750	235,590	63,413

- (a) Calculated based on aggregate incremental cost of such usage to our company

Executive Compensation Arrangements

John C. Malone

In connection with the merger of TCI and AT&T in 1999, an employment agreement between John C. Malone and TCI was assigned to a predecessor of Liberty Interactive. Mr. Malone's employment agreement and his deferred compensation arrangements, as described below, were assigned to Old LMC in connection with the Old LMC Split-Off and later to our company in connection with the LMC Spin-Off. The term of Mr. Malone's employment agreement is extended daily so that the remainder of the employment term is five years. The employment agreement was amended in June 1999 to provide for, among other things, an annual salary of \$2,600, subject to increase with board approval. The employment agreement was amended in 2003 to provide for payment or reimbursement of personal expenses, including professional fees and other expenses incurred by Mr. Malone for estate, tax planning and other services, and for personal use of corporate aircraft and flight crew. The aggregate amount of such payments or reimbursements and the value of his personal use of corporate aircraft was originally limited to \$500,000 per year but increased to \$1 million effective January 1, 2007 by the Liberty Interactive compensation committee. Although the "Summary Compensation Table" table above reflects the portion of the aggregate incremental cost of Mr. Malone's personal use of our corporate aircraft attributable to our company, the value of his aircraft use for purposes of his employment agreement is determined in accordance with SIFL, which aggregated \$187,065 for use of the aircraft by our company and Liberty Interactive during the year ended December 31, 2013. Liberty Interactive is allocated, and reimburses us for, portions of the other components of the payments/reimbursements to Mr. Malone described above.

In December 2008, the Liberty Interactive compensation committee determined to modify Mr. Malone's employment arrangements to permit Mr. Malone to begin receiving fixed monthly payments in 2009, in advance of a termination event, in satisfaction of its obligations to him under a 1993 deferred compensation arrangement, a 1982 deferred compensation arrangement and an installment severance plan, in each case, entered into with him by Liberty Interactive's predecessors (and which had been assumed by Liberty Interactive). At the time of the amendment, the amounts owed to Mr. Malone under these arrangements aggregated approximately \$2.4 million, \$20 million and \$39 million, respectively. As a result of these modifications, Mr. Malone receives 240 equal monthly installments, which commenced February 2009, of: (1) approximately \$20,000 under the 1993 deferred compensation arrangement, (2) approximately \$237,000 under the 1982 deferred compensation arrangement and (3) approximately \$164,000 under the installment severance plan. Interest ceased to accrue under the installment severance plan once these payments began; however, interest continues to accrue on the 1993 deferred compensation arrangement at a rate of 8% per annum and on the 1982 deferred compensation arrangement at a rate of 13% per annum. In connection with the LMC Spin-Off, we assumed these payment obligations from Old LMC, who had in turn assumed them from Liberty Interactive in the Old LMC Split-Off.

Under the terms of Mr. Malone's employment agreement, he is entitled to receive upon the termination of his employment at our election for any reason (other than for death or "cause"), a lump sum equal to his salary for a period of 5 full years following termination (calculated on the basis of \$2,600 per annum, the **lump sum severance payment**). As described above, in connection with the LMC Spin-Off, we assumed Mr. Malone's employment agreement and all outstanding obligations thereunder from Old LMC (which were previously assumed by Old LMC in the Old LMC Split-Off), and Liberty Interactive will reimburse us for its allocated portion of any such lump sum severance payments made thereunder.

For a description of the effect of any termination event or a change in control of our company on his employment agreement, see "—Potential Payments Upon Termination or Change-in-Control" below.

Gregory B. Maffei

Employment Agreement. On December 17, 2009, the compensation committee of Liberty Interactive approved in principle a new compensation arrangement in favor of Mr. Maffei providing, among other things, for a five year employment term beginning January 1, 2010 and ending December 31, 2014, with an annual base salary of \$1.5 million, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 200% of the applicable year's annual base salary. On May 17, 2010, Liberty Interactive entered into a definitive employment agreement with Mr. Maffei, memorializing the compensation arrangement that was approved in principle by the Liberty Interactive compensation committee on December 17, 2009. The employment agreement also included terms related to Liberty Interactive equity awards held by Mr. Maffei, including the multi-year award of options that was granted to him on December 17, 2009.

Prior to our assumption of Mr. Maffei's employment agreement in connection with the LMC Spin-Off, Old LMC assumed Mr. Maffei's 2009 employment agreement in connection with the Old LMC Split-Off and in February 2012 the agreement was amended and restated effective as of September 23, 2011 to reflect the change in employer and to specify the equity awards covered by the agreement following the Old LMC Split-Off, which included Mr. Maffei's December 17, 2009 grant of options. After giving effect to the adjustments made to equity awards in connection with the Old LMC Split-Off, the elimination of Old LMC's tracking stock structure, the creation of the Liberty Ventures tracking stock at Liberty Interactive, the LMC Spin-Off and Old LMC's 2012 option modification program, as of March 31, 2014, the multi-year award granted to Mr. Maffei on December 17, 2009 has been converted into, exchanged for or adjusted to the following equity awards: options to acquire 5,933,101 shares of Liberty Interactive's Series A Liberty Interactive common stock at an exercise price

of \$19.255, options to acquire 278,831 shares of Liberty Interactive's Series A Liberty Ventures common stock at an exercise price of \$58.80, options to acquire 1,179,830 shares of our company's Series A common stock at an exercise price of \$94.92, options to acquire 1,184,017 shares of Starz's Series A common stock at an exercise price of \$13.32, 813,647 restricted shares of our company's Series A common stock, 813,647 restricted shares of Starz's Series A common stock, 2,591,584 restricted shares of Liberty Interactive's Series A Liberty Interactive common stock and 147,387 restricted shares of Liberty Interactive's Series A Liberty Ventures common stock (as related to our common stock, the **Multi-Year Award**). One-half of these options and restricted shares vested on December 17, 2013, with the remaining options and restricted shares vesting on December 17, 2014, in each case, subject to Mr. Maffei being employed by our company on the applicable vesting date and to the early vesting events described below. The options have a term of 10 years.

The amended and restated agreement provides that, in the event Mr. Maffei is terminated for cause (as defined in the agreement) he will be entitled only to his accrued base salary, unpaid expenses and any amounts due under applicable law, and he will forfeit all rights to his unvested restricted shares and unvested options. If Mr. Maffei terminates his employment without good reason (as defined in the agreement), he will be entitled only to his accrued base salary, accrued but unpaid bonus for the prior year, unpaid expenses and any amounts due under applicable law (**Standard Payments**), and he will forfeit all rights to his unvested restricted shares and unvested options. However, in both cases, his vested, unexercised options and similar rights as of his termination date will remain exercisable either (1) for 90 days after his termination or until the original expiration date of the applicable award, if sooner, or (2) if any such termination of his employment occurs following December 31, 2014 or following a change in control of Liberty Media (as defined in the agreement), until the original expiration date of the applicable award. If Mr. Maffei is terminated by Liberty Media without cause or if he terminates his employment for good reason, the agreement provides for him to receive the Standard Payments and a severance payment of \$7.8 million and provides for his unvested restricted shares and unvested options and similar rights (including his Multi-Year Award) to vest pro rata based on the portion of the term elapsed through the termination date plus 18 months and for all vested and accelerated options and similar rights to remain exercisable until their respective expiration dates; provided, that if Mr. Maffei continues to be employed by Liberty Interactive following such a termination from Liberty Media, without cause or for good reason, he may elect to have certain of his unvested equity awards continue to vest in accordance with the terms of the agreement based on his continued service with Liberty Interactive. If a termination without cause or for good reason occurs within 90 days before or 210 days after members of the Malone Group (as defined in the agreement) cease to meet certain ownership requirements with respect to Liberty Media as described in the agreement, then Mr. Maffei's unvested restricted shares and unvested options and similar rights granted by Liberty Media will instead vest in full and will remain exercisable until their respective expiration dates. In the case of Mr. Maffei's death or his disability, the agreement provides for the right to receive the Standard Payments and a severance payment of \$7.8 million, for his unvested restricted shares and unvested options and similar rights to fully vest and for his vested and accelerated options and similar rights to remain exercisable until their respective expiration dates. Further, in the event of certain change in control transactions, including spin-off or split-off transactions which exceed a specified threshold of Liberty Media's consolidated assets, Mr. Maffei's unvested restricted shares and unvested options and similar rights would vest in full unless Mr. Maffei is named the Chief Executive Officer of the spin-off or split-off entity and his equity awards are adjusted in the transaction in such a manner as to preserve the intrinsic value thereof. In addition, if Mr. Maffei is terminated without cause or due to disability, or terminates his employment for good reason, Mr. Maffei will be entitled to continuation of certain prerequisites for 18 months, including use of our corporate aircraft.

Also pursuant to the amended and restated employment agreement, Mr. Maffei is entitled to customary benefits and prerequisites provided to senior executive officers of Liberty Media and is entitled through the term of his amended and restated employment agreement (and in certain instances

described above, for a period of 18 months after the end of his employment) to use of our corporate aircraft as provided in the February 2013 letter agreement. See "—Aircraft Usage" below. The amended and restated employment agreement further provides that it is intended to meet the requirements of Section 409A of the Code and provides for certain reimbursements to Mr. Maffei in the event the agreement does not so comply. The agreement also contains customary provisions pertaining to confidentiality and limitations on outside activities.

As described above, in connection with the Old LMC Split-Off and subsequently the LMC Spin-Off, Old LMC and later our company assumed Mr. Maffei's employment agreement and all outstanding obligations thereunder (other than with respect to Liberty Interactive equity awards, which are now governed by a separate agreement between Mr. Maffei and Liberty Interactive). As a result, Liberty Interactive reimburses us for its allocated portion under the services agreement of customary benefits and perquisites to which Mr. Maffei is entitled pursuant to his employment agreement. Liberty Interactive will also reimburse us for its allocated portion of Mr. Maffei's \$7.8 million severance payment in the event of his termination as described above.

Aircraft Usage. We are party to a February 2013 letter agreement with Mr. Maffei (which replaced the 2008 letter agreement that was assumed by Old LMC in the Old LMC Split-Off and later by Liberty Media in the LMC Spin-Off), pursuant to which he is entitled to personal use of corporate aircraft not to exceed 120 hours of flight time per year through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. Mr. Maffei will continue to incur taxable income, calculated in accordance with SIFL, for all personal use of our corporate aircraft. Pursuant to our aircraft time sharing agreements with Liberty Interactive and Starz, Liberty Interactive and Starz pay us for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using our corporate aircraft that are allocable to Liberty Interactive or Starz, as the case may be. Starz reimburses us only for Mr. Maffei's use of our corporate aircraft for Starz business. Flights where there are no passengers on company-owned aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company owned aircraft.

Richard N. Baer

Employment Agreement. On November 7, 2012, Old LMC entered into an executive employment agreement (the **employment agreement**), effective October 31, 2012, with Richard Baer. Mr. Baer served as an independent contractor providing consulting services to Old LMC and Liberty Interactive from October 31, 2012 until the start of his employment as Senior Vice President and General Counsel with the companies on January 1, 2013. The employment agreement was assigned to Liberty Media in connection with the LMC Spin-Off. The agreement provides for, among other things, a four year term ending on December 31, 2016, with an annual base salary of \$825,000, subject to adjustments at Liberty Media's discretion, and an annual discretionary bonus beginning in the calendar year 2013. Pursuant to the terms of the agreement, Mr. Baer's target bonus for each year is 100% of his annual base salary for that year, and in no event will his bonus for any year be greater than two times his annual base salary. Mr. Baer is also entitled to certain benefits and perquisites available to Liberty Media's senior executives. Pursuant to the agreement, on November 8, 2012, as part of the consideration for his services under the employment agreement, Mr. Baer was granted a combination of options and restricted shares. One-half of these options vest on December 31, 2015, with the remaining options vesting on December 31, 2016, and one-half of these restricted shares vest on each of December 15,

2015 and December 15, 2016, in each case, subject to Mr. Baer being employed by our company on the applicable vesting date and to the early vesting events described below. The options have a term of 10 years. The other terms and conditions of Mr. Baer's options and restricted shares, including acceleration and extended exercisability in connection with certain terminations of employment, are described in the applicable award agreements.

The agreement provides that, in the event Mr. Baer is terminated for cause (as defined in the employment agreement), he will be entitled to his accrued but unpaid base salary through the date of termination and any unpaid expenses. If, however, Mr. Baer terminates his employment for good reason (as defined in the employment agreement) or if his employment is terminated without cause (as defined in the employment agreement), then he is entitled to receive his accrued but unpaid base salary, any unpaid expenses, any accrued but unpaid bonus from the prior year and a severance payment of two times his annual base salary at the time of termination. If Mr. Baer terminates his employment without good reason (as defined in the employment agreement) or for any reason, he is entitled to receive any accrued but unpaid base salary, any accrued but unpaid bonus from the prior year and any unpaid expenses. In the case of Mr. Baer's death or disability (as defined in the employment agreement), the employment agreement provides for the right for his estate or him, as applicable, to receive any accrued but unpaid base salary, any unpaid expenses, any accrued but unpaid bonus from the prior year and a severance payment of two times his annual base salary at the time of death or disability (as defined in the employment agreement). As a condition to Mr. Baer's receipt of any severance payments as a result of his termination, as well as any acceleration of vesting or extension of exercise periods described in the grant agreements for the equity grants, Mr. Baer must execute a severance agreement and release in favor of Liberty Media in accordance with the procedures set forth in the employment agreement.

Although not a party to Mr. Baer's employment agreement, Liberty Interactive is obligated to reimburse Liberty Media for its allocable portion of any payments made to Mr. Baer thereunder (other than payments relating to equity awards which are directly settled with the applicable issuer) pursuant to the services agreement.

Equity Incentive Plans

The incentive plan is administered by the compensation committee of our board of directors. The compensation committee has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The incentive plan is designed to provide additional remuneration to certain employees and independent contractors for exceptional service and to encourage their investment in our company. Our compensation committee may grant non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing under the incentive plan (collectively, **awards**).

The maximum number of shares of our common stock with respect to which awards may be issued under the incentive plan is 25,000,000, subject to anti-dilution and other adjustment provisions of the incentive plan. With limited exceptions, under the incentive plan, no person may be granted in any calendar year awards covering more than 8,000,000 shares of our common stock (subject to anti-dilution and other adjustment provisions of the incentive plan) nor may any person receive under the incentive plan payment for cash awards during any calendar year in excess of \$10 million. Shares of our common stock issuable pursuant to awards made under the incentive plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. The incentive plan has a 5 year term.

In connection with the LMC Spin-Off, our company's board of directors adopted the Liberty Media Corporation Transitional Stock Adjustment Plan (the **TSAP**), and together with the incentive

plan, the **existing plans**). The TSAP governs the terms and conditions of equity incentive awards with respect to our common stock issued in connection with adjustments made to equity incentive awards relating to Old LMC's common stock that were granted prior to the LMC Spin-Off. No further grants are permitted under the TSAP.

2006 Deferred Compensation Plan

In connection with the Old LMC Split-Off (pursuant to which employees of Liberty Interactive became employees of Old LMC), Old LMC assumed the Liberty Media Corporation 2006 Deferred Compensation Plan (as amended and restated, the **2006 deferred compensation plan**) and all obligations outstanding thereunder. In connection with the LMC Spin-Off (pursuant to which employees of Old LMC became employees of our company), we assumed the 2006 deferred compensation plan and all obligations outstanding thereunder. Under the 2006 deferred compensation plan, officers at the level of Vice President and above are eligible to elect to defer up to 50% of the portion of such officer's annual base salary and the portion of such officer's cash performance bonus, in each case, allocable to our company pursuant to the services agreement, with the exception of the application of the previously made deferral elections to the 2011 performance-based bonuses which were paid by Liberty Interactive. Mr. Shean had a deferral election in place for such bonus, and Liberty Interactive will remain responsible for the payment of such deferred amount and all interest thereon going forward. Elections must be made in advance of certain deadlines and may include (1) the selection of a payment date, which generally may not be later than 30 years from the end of the year in which the applicable compensation is initially deferred, and (2) the form of distribution, such as a lump-sum payment or substantially equal annual installments over two to five years. Compensation deferred under the 2006 deferred compensation plan will earn interest at the rate of 9% per year, compounded quarterly at the end of each calendar quarter.

In addition to the accelerated distribution events described under "—Potential Payments Upon Termination or Change-in-Control" below, at the eligible officer's request, if the compensation committee determines that such officer has suffered a financial hardship, it may authorize immediate distribution of amounts deferred under the 2006 deferred compensation plan.

Our board of directors reserves the right to terminate the 2006 deferred compensation plan at any time. An optional termination by our board of directors will not result in any distribution acceleration.

Grants of Plan-Based Awards

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2013 to the named executive officers (other than Mr. Malone, who did not receive any grants).

<u>Name</u>	<u>Grant Date(1)</u>	<u>Estimated Future Payouts under Non-equity Incentive Plan Awards</u>		
		<u>Threshold (\$)(2)</u>	<u>Target (\$)(2)</u>	<u>Maximum (\$)(3)</u>
Gregory B. Maffei	2/4/2013	—	—	6,945,752
Richard N. Baer	2/4/2013	—	—	1,650,000
Albert E. Rosenthaler	2/4/2013	—	—	1,065,432
Christopher W. Shean	2/4/2013	—	—	1,189,650

- (1) Reflects the date on which our compensation committee established the terms of the 2013 performance-based bonus program, as described under "Compensation Discussion and Analysis—Elements of 2013 Executive Compensation—2013 Performance-based Bonuses."

- (2) Our 2013 performance-based bonus program does not provide for a threshold bonus amount. The program also does not provide for a target payout amount for any named executive officer that would be payable upon satisfaction of the performance criteria under the 2013 performance-based bonus program. For the actual bonuses paid by our company see the amounts included for 2013 in the column entitled Non-Equity Incentive Plan Compensation in the "Summary Compensation Table" above.
- (3) Represents the maximum amount that would have been payable to each named executive officer assuming (x) the Threshold was met in order to permit the maximum bonus amounts to have been payable, (y) the full 60% of the participant's maximum bonus amount attributable to individual performance was attained and (z) the full 40% of the participant's maximum bonus amount attributable to corporate performance of our company was attained, and does not give effect to the allocation of any portion of such maximum bonus amount to Liberty Interactive under the services agreement. For more information on this performance bonus program, see "—Compensation Discussion and Analysis—Elements of 2013 Executive Compensation—2013 Performance-based Bonuses."

Outstanding Equity Awards at Fiscal Year-End

The following table contains information regarding unexercised options and unvested shares of our common stock which were outstanding as of December 31, 2013 and held by the named executive officers (with the exception of John C. Malone, who had no outstanding equity awards as of December 31, 2013).

Name	Option awards				Stock awards	
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
Gregory B. Maffei						
<i>Option Awards</i>						
LMCA	148,602	—	94.92	3/29/14	—	—
LMCA	151,248	—	94.92	12/24/14	—	—
LMCA	443,783	—	94.92	12/16/15	—	—
LMCA	589,915	589,915(1)	94.92	12/17/19	—	—
<i>Stock Awards</i>						
LMCA	—	—	—	—	406,824(1)	59,514,283
Richard N. Baer						
<i>Option Awards</i>						
LMCA	—	108,011(2)	94.03	11/8/22	—	—
<i>Stock Awards</i>						
LMCA	—	—	—	—	19,372(3)	2,833,930
Albert E. Rosenthaler						
<i>Option Awards</i>						
LMCA	4,195	—	94.92	12/16/15	—	—
LMCA	2,286	—	94.92	12/17/16	—	—
LMCA	5,465	—	94.92	12/17/16	—	—
LMCA	33,675	67,351(4)	94.92	3/19/20	—	—
<i>Stock Awards</i>						
LMCA	—	—	—	—	38,182(4)	5,585,645
Christopher W. Shean						
<i>Option Awards</i>						
LMCA	1,367	—	94.92	12/17/16	—	—
LMCA	33,675	67,351(4)	94.92	3/19/20	—	—
<i>Stock Awards</i>						
LMCA	—	—	—	—	38,182(4)	5,585,645

(1) Vests in full on December 17, 2014.

(2) Vests 50% on December 31, 2015 and 50% on December 31, 2016.

(3) Vests 50% on December 15, 2015 and 50% on December 15, 2016.

(4) Vests 50% on June 30, 2014 and 50% on December 31, 2015.

Option Exercises and Stock Vested

The following table sets forth information concerning the exercise of vested options and the vesting of restricted stock held by our named executive officers (with the exception of Messrs. Malone and Baer, who had no exercises of vested options or vesting of restricted stock), in each case, during the year ended December 31, 2013.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)(1)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)(1)	Value realized on vesting (\$)
Gregory B. Maffei LMCA	—	—	406,823	(2)
Albert E. Rosenthaler LMCA	—	—	22,856	(2)
Christopher W. Shean LMCA	10,579	564,813	22,856	(2)

- (1) Includes shares withheld in payment of withholding taxes at election of holder.
- (2) On December 4, 2012 (the **Grant Date**), to effect Old LMC's 2012 option modification program, Old LMC's compensation committee approved the acceleration of each unvested in-the-money option to acquire shares of LMCA held by certain of its and its subsidiaries' officers (collectively, the **Eligible Optionholders**), including Old LMCA's then- and our current-named executive officers Messrs. Maffei, Rosenthaler and Shean. Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, substantially all of his or her outstanding in-the-money vested and unvested options to acquire LMCA shares (the **Eligible Options**) and with respect to each unvested Eligible Option, each Eligible Optionholder acquired LMCA shares which have a vesting schedule identical to that of the unvested Eligible Option.

The Value column below represents the value related to awards that were subject to continued vesting requirements as of the Grant Date, but which vested during the twelve months ended December 31, 2013. Such value was realized by the applicable named executive officer in 2012 and therefore included in our proxy statement relating to our 2013 annual meeting of stockholders under "Executive Compensation—Option Exercises and Stock Vested".

Name	Number of shares acquired upon lapse of restriction (#)	Value (\$)
Gregory B. Maffei LMCA	406,823	37,789,788
Albert E. Rosenthaler LMCA	22,856	2,123,094
Christopher W. Shean LMCA	22,856	2,123,094

Nonqualified Deferred Compensation Plans

The following table sets forth information regarding the nonqualified deferred compensation plans in which our named executive officers participated during the year ended December 31, 2013. Messrs. Maffei and Shean participated in the 2006 deferred compensation plan. See "—Executive Compensation Arrangements—2006 Deferred Compensation Plan" for more information. Mr. Malone's deferred compensation arrangements are described under "—Executive Compensation Arrangements—John C. Malone."

Name	Executive contributions in 2013 (\$)	Registrant contributions in 2013 (\$)	Aggregate earnings in 2013 \$(1)	Aggregate withdrawals/distributions (\$)	Aggregate balance at 12/31/13 \$(2)
John C. Malone	—	—	2,636,341	(3,082,818)	20,858,515
Gregory B. Maffei	2,075,044	—	42,998	—	2,118,042
Christopher W. Shean(3)	116,189	—	70,010	(69,308)	853,005

- (1) Of these amounts, the following were reported in the "Summary Compensation Table" as above-market earnings that were credited to the named executive officer's deferred compensation account during 2013:

Name	Amount (\$)
John C. Malone	252,176
Gregory B. Maffei	9,366
Christopher W. Shean	17,499

- (2) In our prior year proxy statements, we, in the case of 2012, and Old LMC, in the case of 2011, reported the following above-market earnings that were credited as interest to the applicable officer's deferred compensation accounts during the years reported:

Name	Amount (\$)	
	2012	2011
John C. Malone	257,336	65,489
Christopher W. Shean	15,870	3,377

- (3) As described above in "—Executive Compensation Arrangements—2006 Deferred Compensation Plan," Mr. Shean had a deferral election in place under the 2006 deferred compensation plan following the Old LMC Split-Off with respect to \$32,336, which represents 10% of a portion of his 2011 performance-based bonus that was allocable to and paid by Liberty Interactive. Liberty Interactive will continue to be responsible for the payment of the \$32,336 of deferred principal amount and for the payment of interest income at the rate of 9% per annum, compounded quarterly, thereon.

Potential Payments Upon Termination or Change-in-Control

The following table sets forth the potential payments to our named executive officers if their employment with Old LMC had terminated or a change in control had occurred, in each case, as of December 31, 2013. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the tables are based on the closing market price on December 31, 2013, the last trading day of such year, for our Series A common stock, which was \$146.29. The value of the options and SARs shown in the table is based on the spread between the exercise or base price of the

award and such closing market price. The value of the restricted stock shown in the table is based on such closing market price and the number of shares unvested.

Each of our named executive officers has received awards and payments under the existing incentive plans, and each of our named executive officers is eligible to participate in our deferred compensation plan. Additionally, each of Messrs. Malone, Maffei and Baer is entitled to certain payments and certain acceleration rights upon termination under his respective employment agreement. See "—Executive Compensation Arrangements" above and "Potential Payments Upon Termination or Change-in-Control—Termination Without Cause or for Good Reason" below.

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

Voluntary Termination. Each of the named executive officers holds equity awards that were issued under our existing incentive plans. Under these plans and the related award agreements, in the event of a voluntary termination of his employment with our company for any reason, each named executive officer would only have a right to the equity grants that vested prior to his termination date, except that each of Mr. Maffei and Mr. Baer has certain acceleration rights with respect to his equity awards and is entitled to certain other benefits upon a voluntary termination of his employment with our company for good reason (as defined in their respective employment agreements). See "—Executive Compensation Arrangements" above and "Potential Payments Upon Termination or Change-in-Control—Termination Without Cause or for Good Reason" below. Neither Mr. Shean nor Mr. Rosenthaler is entitled to any severance payments or other benefits upon a voluntary termination of his employment for any reason.

Under the 2006 deferred compensation plan, we do not have an acceleration right to pay out account balances to the named executive officers upon this type of termination. However, the named executive officer may file at the time of the deferral an election to receive distributions under the 2006 deferred compensation plan upon his separation from service, including a voluntary termination. For purposes of the tabular presentation below, we have assumed that the named executive officer has elected to receive payout of all deferred compensation upon his separation from service, including interest.

Termination for Cause. All outstanding equity grants constituting options or stock appreciation rights, whether unvested or vested but not yet exercised, and all equity grants constituting unvested restricted shares under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei in the case of equity grants constituting options or similar rights) who is terminated for "cause." The existing incentive plans, which govern the awards unless there is a different definition in the applicable award agreement, define "cause" as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform his duties and responsibilities for any reason other than illness or incapacity; *provided* that, if such termination is within 12 months after a change in control (as described below), "cause" means a felony conviction for fraud, misappropriation or embezzlement. Mr. Maffei has certain continuing rights to exercise vested options or similar rights following a termination for cause under his employment agreement, and the employment agreements of Mr. Maffei and Mr. Baer have definitions of cause that are different from the definition under the incentive plans. See "—Executive Compensation Arrangements" above.

No immediate distributions under the 2006 deferred compensation plan are permitted as a result of this type of termination (other than pursuant to the compensation committee's right to distribute certain de minimus amounts from an officer's deferred compensation account). However, the named executive officer may file an election at the time of the deferral to receive distributions under the 2006 deferred compensation plan upon his separation from service, including a termination for cause. For

purposes of the tabular presentation below, we have assumed that the named executive officer has elected to receive payout of all deferred compensation upon his separation from service, including interest.

Termination Without Cause or for Good Reason. Mr. Malone does not have any unvested equity awards. Pursuant to his employment agreement, Mr. Maffei's options and restricted shares are subject to acceleration upon a termination of his employment without cause or for good reason. Each of Mr. Malone and Mr. Maffei is entitled to severance payments and/or other benefits upon a termination of his employment without cause or for good reason. See "—Executive Compensation Arrangements—John C. Malone" and "—Executive Compensation Arrangements—Gregory B. Maffei" above.

The award agreements relating to Mr. Baer's multi-year award provide that upon a termination of his employment without cause or for good reason (each as defined in his employment agreement), a pro rata portion of his unvested options and restricted shares as of the date of termination will vest based on the portion of the vesting period elapsed through the termination date plus 365 days. This pro rata vesting is applied separately with respect to each tranche of his options and restricted shares based on the vesting period for that tranche. Mr. Baer is also entitled to severance payments and other benefits upon a termination of his employment without cause or for good reason. See "—Executive Compensation Arrangements—Richard N. Baer"

Mr. Shean's and Mr. Rosenthaler's multi-year awards, which are their only unvested awards, provide for vesting upon a termination of employment without cause of those options or restricted shares, as applicable, that would have vested during the 12-month period following the termination date if such person had remained an employee, plus a pro rata portion of the remaining unvested options or restricted shares, as applicable, based on the portion of the vesting period elapsed through the termination date. Neither of these officers is entitled to any severance pay or other benefits upon a termination without cause.

No immediate distributions under the 2006 deferred compensation plan are permitted as a result of this type of termination (other than pursuant to the compensation committee's right to distribute certain de minimus amounts from an officer's deferred compensation account). However, the named executive officer may file an election at the time of the deferral to receive distributions under the 2006 deferred compensation plan upon his separation from service, including a termination without cause or for good reason. For purposes of the tabular presentation below, we have assumed that the named executive officer has elected to receive payout of all deferred compensation upon separation from service, including interest.

Death. In the event of death of any of the named executive officers, the existing incentive plans and applicable award agreements provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards. Each of Mr. Malone, Mr. Maffei and Mr. Baer is also entitled to certain payments and other benefits if he dies while employed by our company. See "Executive Compensation Arrangements" above.

No amounts are shown for payments pursuant to life insurance policies, which we make available to all our employees.

Under the 2006 deferred compensation plan, we do not have an acceleration right to payout account balances to the named executive officers upon this type of termination. However, the named executive officer may file an election at the time of the deferral to receive distributions under the 2006 deferred compensation plan upon his separation from service, including a termination due to death. For purposes of the tabular presentation below, we have assumed that the named executive officer has elected to receive payout of all deferred compensation upon separation from service, including interest.

Disability. If the employment of any of the named executive officers is terminated due to disability, which is defined in the incentive plans or applicable award agreements, such plans or agreements provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards. Each of Mr. Malone, Mr. Maffei and Mr. Baer is also entitled to certain payments and other benefits upon a termination of his employment due to disability. See "Executive Compensation Arrangements" above.

No amounts are shown for payments pursuant to short-term and long-term disability policies, which we make available to all our employees.

Under the 2006 deferred compensation plan, we do not have an acceleration right to payout account balances to the named executive officers upon this type of termination. However, the named executive officer may file an election at the time of the deferral to receive distributions under the 2006 deferred compensation plan upon his separation from service, including a termination due to disability. For purposes of the tabular presentation below, we have assumed that the named executive officer has elected to receive payout of all deferred compensation upon separation from service, including interest.

Change in Control. In case of a change in control, the incentive plans provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards held by the named executive officers. A change in control is generally defined as:

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

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

The 2006 deferred compensation plan provides our compensation committee with the option of terminating the plan 30 days preceding or within 12 months after a change of control and distributing the account balances (which option is assumed to have been exercised for purposes of the tabular presentation below).

Benefits Payable Upon Termination or Change in Control

Name	Voluntary Termination (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
John C. Malone						
Lump Sum Severance(1)	13,000	—	13,000	—	13,000	13,000
Installment Severance Plan(2)	29,631,398	29,631,398	29,631,398	29,631,398	29,631,398	29,631,398
1993 Deferred Compensation Arrangement(3)	3,635,423	3,635,423	3,635,423	2,107,762	3,635,423	3,635,423
1982 Deferred Compensation Arrangement(3)	42,863,745	42,863,745	42,863,745	18,750,754	42,863,745	42,863,745
Total	76,143,566	76,130,566	76,143,566	50,489,914	76,143,566	76,143,566
Gregory B. Maffei						
Severance(4)	—	—	7,800,000	7,800,000	7,800,000	7,800,000
Deferred Compensation	2,118,042(5)	2,118,042(5)	2,118,042(5)	2,118,042(5)	2,118,042(5)	2,118,042(5)
Options/SARs	68,504,361(6)	68,504,361(6)	98,808,294(7)	98,808,294(8)	98,808,294(8)	98,808,294(8)
Restricted Stock	—	—	59,514,283(7)	59,514,283(8)	59,514,283(8)	59,514,283
Perquisites(9)	—	—	665,548	—	665,548	—
Total	70,622,403	70,622,403	168,906,167	168,240,619	168,906,167	168,240,619
Richard N. Baer						
Severance(10)	—	—	1,611,924	1,611,924	1,611,924	—
Options/SARs	—(6)	—	3,427,410(11)	5,644,655(8)	5,644,655(8)	5,644,655(8)
Restricted Stock	—	—	1,720,752(11)	2,833,930(8)	2,833,930(8)	2,833,930(8)
Total	—	—	6,760,087	10,090,509	10,090,509	8,478,585
Albert E. Rosenthaler						
Options/SARs	2,343,551(6)	—	5,205,177(11)	5,803,372(8)	5,803,372(8)	5,803,372(8)
Restricted Stock	—	—	4,619,915(11)	5,585,645(8)	5,585,645(8)	5,585,645(8)
Total	2,343,551	—	9,825,092	11,389,016	11,389,016	11,389,016
Christopher W. Shean						
Deferred Compensation(12)	853,005	853,005	853,005	853,005(5)	853,005(5)	853,005(5)
Options/SARs	1,800,108(6)	—	4,661,734(11)	5,259,928(8)	5,259,928(8)	5,259,928(8)
Restricted Stock	—	—	4,619,915(11)	5,585,645(8)	5,585,645(8)	5,585,645(8)
Total	2,653,113	853,005	10,134,654	11,698,578	11,698,578	11,698,578

- Under Mr. Malone's employment agreement, which was assigned to us in the Old LMC Split-Off and later to our company in the LMC Spin-Off, if his employment had been terminated, as of December 31, 2013, at our election (other than for death or cause) (whether before or after a change in control) or upon Mr. Malone's prior written notice, he would have been entitled to a lump sum severance payment of \$13,000 payable upon termination, which is equal to five years' of his current annual salary of \$2,600. See "—Executive Compensation Arrangements—John C. Malone" above. Pursuant to the services agreement, 50% of such lump sum severance payment would have been allocable to Liberty Interactive.
- As described above, Mr. Malone began receiving 240 consecutive monthly installment severance payments in February 2009 pursuant to the terms of his amended employment agreement. The number included in the table represents the aggregate amount of the payments remaining as of December 31, 2013. With respect to periods following the termination of his employment, the foregoing payments are conditioned on Mr. Malone's compliance with the confidentiality, non-competition, non-solicitation and non-interference covenants contained in his employment agreement. See "—Executive Compensation Arrangements—John C. Malone" above.
- As described above, Mr. Malone began receiving 240 consecutive monthly payments of his deferred compensation plus interest, in February 2009 pursuant to the terms of his amended employment agreement, which our company assumed in connection with the Old LMC Split-Off. The number included in the table represents the aggregate amount of these payments remaining as of December 31, 2013. With respect to periods following the termination of his employment, the foregoing payments are conditioned on Mr. Malone's compliance with the confidentiality, non-competition, non-solicitation and non-interference covenants contained in his employment agreement. If Mr. Malone's employment had been terminated, as of December 31, 2013, as a result of his death, his beneficiaries would have instead been entitled to a lump sum payment of the unamortized principal balance of the remaining deferred compensation payments, and the compliance conditions described above would be inapplicable. See "—Executive Compensation Arrangements—John C. Malone" above.
- If Mr. Maffei's employment had been terminated at Liberty Media's election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) (whether before or within a specified period following a change in control), as of December 31, 2013, he would have been entitled to receive a lump sum payment of \$7,800,000. See "—Executive Compensation Arrangements—Gregory B. Maffei" above. Pursuant to the services agreement, 50% of such lump sum severance payment would have been allocable to Liberty Interactive.

- (5) Under these circumstances (and subject to the assumptions described above in "—Potential Payments Upon Termination or Change-in-Control"), such named executive officer would receive an immediate distribution of the balance of his deferred compensation account (rather than receiving distributions under the plan in accordance with the elections previously filed by such named executive officer).
- (6) Based on the number of vested options and SARs held by each named executive officer at year-end. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (7) Based on (i) the number of vested options and SARs held by Mr. Maffei at year-end and (ii) the number of unvested options and shares of restricted stock held by Mr. Maffei at year-end that would vest pursuant to the forward-vesting provisions in his employment agreement if he were terminated without cause or for good reason at year-end. See "—Executive Compensation Arrangements—Gregory B. Maffei" above and the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (8) Based on (i) the number of vested options and SARs and (ii) the number of unvested options and SARs and the number of shares of restricted stock, in each case, held by each named executive officer at year-end. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (9) If Mr. Maffei's employment had been terminated at Liberty Media's election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) or by reason of disability, as of December 31, 2013, he would have been entitled to receive personal use of the corporate aircraft for 120 hours per year over an 18-month period. Perquisite amount of \$658,048 includes (i) the maximum potential cost of using the corporate aircraft for 180 hours based on an hourly average of the incremental cost of use of the corporate aircraft and (ii) an estimate for personal use of the corporate apartment over the same 18-month period. Pursuant to the services agreement, 50% of such perquisite expense would have been allocable to Liberty Interactive.
- (10) If Mr. Baer's employment had been terminated due to his death or disability or at Liberty Media's election without cause or by Mr. Baer for good reason (as defined in his employment agreement), as of December 31, 2013, he would have been entitled to receive a lump sum payment in an amount equal to two times his base salary then in effect. See "—Executive Compensation Arrangements—Richard N. Baer" above. Pursuant to the services agreement, 48% of such lump sum severance payment would have been allocable to Liberty Interactive.
- (11) Based on (i) the number of vested options and SARs held by such named executive officer at year-end and (ii) the number of unvested options and SARs and the number of shares of restricted stock held by such named executive officer at year-end that would vest pursuant to the forward-vesting provisions in such named executive officer's award agreements if he were terminated without cause or, in the case of Mr. Baer, if he voluntarily terminated for good reason, at year-end. See the "Outstanding Equity Awards at Fiscal Year-End" table and "Potential Payments Upon Termination or Change-in-Control—Termination Without Cause or for Good Reason" above.
- (12) Amounts include \$32,336, which would be allocable to and payable by Liberty Interactive based on a one-time deferral election of a portion of his annual cash bonus that was allocable to and paid by Liberty Interactive pursuant to the services agreement. See "—Executive Compensation Arrangements—2006 Deferred Compensation Plan" and "—Nonqualified Deferred Compensation Plans" above for more information.

DIRECTOR COMPENSATION

Nonemployee Directors

Director Fees. Each of our directors who is not an employee of our company is paid an annual fee of \$175,000 (which, in 2013, was \$169,000) (which we refer to as the **director fee**), of which \$85,000 (\$83,000 in 2013) is payable in cash and the balance is payable in restricted shares or options to purchase shares of LMCA. See "—Director Restricted Share Grants" below for information on the incentive awards granted in 2013 to the nonemployee directors. We do not offer our directors residing outside of Colorado a fee for attending meetings at our offices in Englewood, Colorado, however we did offer such a fee with respect to meetings in 2013 in the amount of \$2,000 per meeting. The chairman of the audit committee of our board of directors and each other member of that committee is paid an additional annual fee of \$30,000. With respect to our executive committee, each nonemployee member thereof receives an additional annual fee of \$10,000 for his participation on the committee. With respect to our compensation committee and nominating and corporate governance committee, each member thereof receives an additional annual fee of \$10,000 for his or her participation on each such committee, except that any committee member who is also the chairman of that committee instead receives an additional annual fee of \$20,000 for his or her participation on that committee. The cash portion of the director fees, the meeting fees and the fees for participation on committees are payable quarterly in arrears.

Charitable Contributions. If a director makes a donation to our political action committee, we will make a matching donation to a charity of his or her choice in an amount not to exceed \$10,000.

Equity Incentive Plan. The Liberty Media Corporation 2013 Nonemployee Director Incentive Plan, as amended (the **director plan**) is administered by our entire board of directors. Our board of directors has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The director plan is designed to provide our nonemployee directors with additional remuneration for services rendered, to encourage their investment in our common stock and to aid in attracting persons of exceptional ability to become nonemployee directors of our company. Our board of directors may grant non-qualified stock options, SARs, restricted shares, restricted stock units and cash awards or any combination of the foregoing under the director plan.

The maximum number of shares of our common stock with respect to which awards may be issued under the director plan is 1,500,000, subject to anti-dilution and other adjustment provisions of the plan. Shares of our common stock issuable pursuant to awards made under the director plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company.

As described above, in connection with the LMC Spin-Off, our company's board of directors adopted the TSAP, which governs the terms and conditions of awards issued in the LMC Spin-Off in connection with adjustments made to awards previously granted by Old LMC with respect to its common stock.

In 2013, each of our non-employee directors was given a choice of receiving his or her annual equity grant in the form of restricted shares or options.

Director Restricted Share Grants. Pursuant to our director compensation policy described above and the director plan, on December 16, 2013, each of Mr. Bennett, Mr. Fisher, Mr. Gilchrist, Dr. Evan Malone, Mr. Rapley, Mr. Romrell and Ms. Wong were granted 595 restricted shares of LMCA. These restricted shares will vest on the second anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and will be forfeited if the grantee resigns or is removed from the board before the vesting date.

Director Deferred Compensation Plan. Effective beginning in the fourth quarter of 2013, directors of our company are eligible to participate in the Liberty Media Corporation Nonemployee Director Deferred Compensation Plan (the **director deferred compensation plan**), pursuant to which eligible directors of our company can elect to defer all or any portion of their annual cash fees that they would otherwise be entitled to receive. The deferral of such annual cash fees shall be effected by a reduction in the quarterly payment of such annual cash fees by the percentage specified in the director's election. Elections are required to be made in advance of certain deadlines, which generally must be on or before the close of business on December 31 of the year prior to the year to which the director's election will apply, and elections must include the form of distribution, such as a lump-sum payment or substantially equal installments over a period not to exceed ten years. Compensation deferred under the director deferred compensation plan earned interest at the rate of 9% per year, compounded quarterly at the end of each calendar quarter.

Director Compensation Table

Name(1)	Fees Earned or Paid in Cash (\$)	Stock Awards \$(2)(3)	Option Awards \$(2)(3)	All other compensation (\$)	Total (\$)
Robert R. Bennett	93,000(4)	87,257	—	18,808(5)	199,064
Donne F. Fisher	123,000	87,257	—	28,808(5)(6)	239,065
M. Ian G. Gilchrist	151,000	87,257	—	10,611(5)	248,868
Evan D. Malone	89,000	87,257	—	—	176,257
David E. Rapley	113,000	87,257	—	18,808(5)	219,065
Larry E. Romrell	123,000	87,257	—	18,808(5)	229,065
Andrea L. Wong	109,000(4)	87,257	—	1,000(6)	197,251

(1) John C. Malone and Gregory B. Maffei, each of whom is a director of our company and a named executive officer, received no compensation for serving as directors of our company during 2013.

(2) As of December 31, 2013, our directors (other than Messrs. Malone and Maffei, whose stock incentive awards are listed in "Outstanding Equity Awards at Fiscal Year-End" above) held the following stock incentive awards:

	Robert R. Bennett	Donne F. Fisher	M. Ian G. Gilchrist	Evan D. Malone	David E. Rapley	Larry E. Romrell	Andrea L. Wong
Options/SARs							
LMCA	6,877	14,760	1,677	8,312	—	2,731	—
Restricted Stock							
LMCA	1,390	1,390	595	1,390	1,390	1,390	1,390

(3) The aggregate grant date fair value of the stock options and restricted stock awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 15 to our consolidated financial statements for the year ended December 31, 2013 (which are included in our Annual Report on Form 10-K as filed with the SEC on February 28, 2014).

(4) Includes \$27,750 earned by Ms. Wong and \$22,667 earned by Mr. Bennett during the fourth quarter of 2013 and deferred under the director deferred compensation plan.

- (5) Includes health insurance premiums paid by our company for the benefit of our directors in the amounts of \$18,808 with respect to each of Messrs. Bennett, Fisher, Rapley and Romrell and \$10,611 with respect to Mr. Gilchrist.
- (6) Includes \$10,000 and \$1,000 in charitable contributions made on behalf of each of Mr. Fisher and Ms. Wong, respectively, pursuant to our political action committee matching contribution program.

Liberty Interactive Corporation

The following information concerning the compensation of the named executive officers and directors of Liberty Interactive Corporation for the year ended December 31, 2013 is substantially the same as that which appears in Liberty Interactive Corporation's definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on June 23, 2014 relating to its 2014 annual meeting of stockholders (the "LIC proxy statement"). References such as "we," "us" and "our" refer to Liberty Interactive Corporation and not Liberty TripAdvisor Holdings, Inc. Terms used below but not defined have the meanings assigned to them in the LIC proxy statement.

EXECUTIVE COMPENSATION

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

- Gregory B. Maffei, our Chief Executive Officer and President;
- Christopher W. Shean, our Chief Financial Officer; and
- Michael A. George, Richard N. Baer and Albert E. Rosenthaler, our other three most highly compensated executive officers at the end of 2013.

In the interest of maintaining consistent disclosure with the tables set forth in this section, we have not adjusted any of the LVNTA and LVNTB share numbers described throughout this section to reflect changes resulting from our April 2014 stock split.

Compensation Discussion and Analysis

Compensation Philosophy

The compensation committee of our board of directors has responsibility for establishing, implementing and regularly monitoring adherence to our compensation philosophy. That philosophy seeks to align the interests of the named executive officers with those of our stockholders, with the ultimate goal of appropriately motivating and rewarding our executives in an effort to increase stockholder value. To that end, the compensation packages provided to the named executive officers include both cash and stock-based incentive compensation, with an emphasis placed on performance-based compensation.

The compensation committee seeks to approve a compensation package for each named executive officer that is commensurate with the responsibilities and proven performance of that executive, and that is competitive relative to the compensation packages paid to similarly situated executives in other companies. The compensation committee does not engage in any regular benchmarking analysis; rather, it is familiar with the range of total compensation paid by other companies and uses this range as a guide to ensure that the named executive officers receive attractive compensation packages. The compensation committee believes that our compensation packages should assist our company in attracting and retaining key executives critical to our long-term success.

In the case of all our named executive officers, the compensation committee believes that performance-based bonuses and equity incentive awards should represent a substantial portion of each named executive officer's compensation package. At our 2011 annual stockholders meeting, stockholders representing 96.6% of our aggregate voting power present and entitled to vote on our say-on-pay proposal approved, on an advisory basis, our executive compensation, as disclosed in our proxy statement for our 2011 annual meeting of stockholders. The compensation committee has not implemented any material changes to our executive compensation program as a result of this vote.

Services Agreement

In September 2011, we completed the split-off (the **LMC Split-Off**) of our former subsidiary then-known as Liberty Media Corporation (currently known as Starz**Old LMC**). In January 2013, Old LMC completed the spin-off (the **LMC Spin-Off**) of its former subsidiary then-known as Liberty Spinco, Inc. (currently known as Liberty Media Corporation, **Liberty Media**). In connection with the LMC Split-Off, we entered into a services agreement with Old LMC, which was assumed by Liberty Media in the LMC Spin-Off. Pursuant to the services agreement, in 2013, we compensated Liberty Media for the portion of the base salary and certain other compensation Liberty Media paid to our employees, including the named executive officers (other than Mr. George), that was allocable to our

company for time spent by each such employee on matters related to our company. All of Mr. George's compensation was paid by our company and none of his time was allocated to Liberty Media because Mr. George did not provide any services to Liberty Media in 2013. In addition, the 2013 performance-based bonuses earned by our other named executive officers were paid directly by our company, and no portion thereof was allocable to Liberty Media.

During 2013, the allocable percentages of time spent performing services for Liberty Media, on the one hand, and our company, on the other hand, were reviewed quarterly by the Audit Committee of our board for reasonableness. The salaries and certain perquisite information included in the "Summary Compensation Table" below (other than with respect to Mr. George, whose cash compensation is paid directly by QVC) include the portion of the compensation paid by Liberty Media to the named executive officers that was allocable to our company and for which we have reimbursed Liberty Media and do not include the portion of any compensation allocable to Liberty Media under the services agreement. During the year ended December 31, 2013, the weighted average percentage of each such named executive officer's time that was allocated to our company was: Mr. Maffei—50%; Mr. Baer—48%; Mr. Rosenthaler—44%; and Mr. Shean—50%.

Role of Chief Executive Officer in Compensation Decisions

Recommendations with respect to our executive compensation are obtained from our Chief Executive Officer as to all elements of each other named executive officer's compensation package. In taking these actions, our Chief Executive Officer evaluates the performance and contributions of each of the other named executive officers, given their respective areas of responsibility, and, in doing so, considers various qualitative factors such as:

- the named executive officer's experience and overall effectiveness;
- the named executive officer's performance against individual performance goals;
- the responsibilities of the named executive officer, including any changes to those responsibilities over the year;
- the named executive officer's demonstrated leadership and management ability;
- the named executive officer's compensation relative to other executives at our company with similar, greater or lesser responsibilities;
- the named executive officer's compensation relative to compensation paid to similarly situated executives at companies within our industry;
- the named executive officer's years of service with us; and
- the performance of any group for which the named executive officer is primarily responsible.

Setting Executive Compensation

In making its compensation decision for each named executive officer, our compensation committee considers the following:

- each element of the named executive officer's historical compensation, including salary, bonus, equity compensation, perquisites and other personal benefits;
- the financial performance of our company compared to internal forecasts and budgets;
- the scope of the named executive officer's responsibilities;
- the performance of the group reporting to the named executive officer; and
- the performance evaluations and compensation recommendations given by our Chief Executive Officer as to each other named executive officer.

Our compensation committee also considers the total compensation paid by companies that operate in the same industries as our company and our subsidiaries and uses this industry knowledge as a guide to determine whether our named executive officers receive attractive compensation packages. Companies in our and our subsidiaries' industries consist of publicly-traded video and online commerce companies and other consumer goods retailers, as well as media, telecommunications and entertainment companies, and include companies with which we may compete for executive talent and stockholder investment and also include companies in those industries that are similar to our company in size, geographic location or complexity of operations. Our compensation committee did not re-assess the compensation data in 2013 that it had compiled in prior years with respect to these industries. Rather, it relied on prior year assessments in determining not to make any substantive changes to our company's executive compensation structure.

For 2013, the named executive officers' compensation packages were comprised primarily of a base salary and a performance-based bonus, which was consistent with the employment agreements to which three of the named executive officers (Messrs. Maffei, Baer and George) were a party. No new equity awards were granted to any of the named executive officers in 2013, as they all received grants of equity incentive awards in prior years that were intended to cover a multi-year period.

With respect to all named executive officers, the compensation committee believes in weighing equity incentive compensation more heavily than cash compensation, which is a practice that may not be consistently followed by other companies that operate in the same industry as our company.

Elements of 2013 Executive Compensation

For 2013, the principal components of compensation for the named executive officers were:

- base salary;
- a performance-based bonus, payable in cash;
- equity incentive awards granted in prior years; and
- perquisites and other limited personal benefits.

Base Salary

Our compensation committee reviews the base salaries of the named executive officers on an annual basis (other than Messrs. Maffei and George, who are compensated pursuant to their respective employment agreements), as well as at the time of any change in responsibilities. Historically, after establishing a named executive officer's base salary, our compensation committee has limited salary increases to cost-of-living adjustments and adjustments based on an evaluation of a named executive officer's job performance, any changes in the scope of the named executive officer's responsibilities, and the named executive officer's salary level compared to other named executive officers. Our compensation committee believes base salary should be a relatively smaller portion of each named executive officer's overall compensation package, thereby aligning the interests of our executives more closely with those of our stockholders. Our compensation committee considered these factors when setting or approving, as applicable, the base salary and annual increases to be paid to Messrs. Maffei and George under their respective employment agreements. After completion of the annual review described above, the named executive officers (other than Messrs. Maffei, Baer and George) received cost of living adjustments to their base salaries for 2013. Mr. Maffei and Mr. George received the increase prescribed by their respective employment agreements, and Mr. Baer's base salary for 2013, the first year of employment under his employment agreement, was established pursuant to his employment agreement.

2013 Performance-based Bonuses

Liberty Awards—Overview. For 2013, our compensation committee adopted an annual, performance-based bonus program for each of the named executive officers (other than Mr. George who participated in a separate performance-based bonus program, described under "—QVC Award" below), which was structured to comply with Section 162(m) of the Internal Revenue Code (the **Code**). The 2013 bonus program was comprised of two components: a bonus amount payable based on each participant's individual performance (the **Individual Performance Bonus**) and a bonus amount payable based on the corporate performance of our company (the **Corporate Performance Bonus**). No amounts would be payable under our 2013 bonus program unless a minimum corporate performance was achieved: the combined Adjusted OIBDA of our subsidiaries, QVC and the eCommerce companies (which are comprised of Backcountry.com, Inc., Bodybuilding.com, LLC, Celebrate Interactive Holdings, LLC, Commerce Technologies, Inc., LMC Right Start, Inc. and Provide Commerce, Inc.), for the year ended December 31, 2013, was required to exceed \$1 billion (the **Threshold**). If the Threshold was met, the notional bonus pool for our company would be funded with 1.75% of the amount by which such combined Adjusted OIBDA of QVC and the eCommerce companies exceeded \$1 billion (the **bonus pool**). For purposes of the bonus program, Adjusted OIBDA is defined as revenue less cost of sales, operating expense and SG&A (excluding stock compensation). If the bonus pool was insufficient to cover the aggregate maximum bonus amounts of all participants (as described in more detail below), each participant's maximum bonus amount would be reduced pro rata, for all purposes under the program, based upon his respective maximum bonus amount.

Each participant was assigned a maximum bonus amount, expressed as a multiple of his base salary (without giving effect to the allocation of such salary between our company and Liberty Media). The maximum bonus amounts were 400%, 200%, 150% and 150% for Messrs. Maffei, Baer, Rosenthaler and Shean, respectively (each participant's **Ultimate Maximum Bonus**), consistent with the percentages applied to our named executive officers with respect to our previous performance-based bonus programs. Although Liberty Media adopted a corollary performance-based bonus program for 2013 with the same maximum bonus amounts achievable by the overlapping named executive officers, our compensation committee and Liberty Media's compensation committee agreed that it was the intention of both committees that each overlapping named executive officer would not receive, in the aggregate from the two companies, more than his applicable Ultimate Maximum Bonus.

Assuming the Threshold was met (and after taking into account any reductions associated with a shortfall in the bonus pool), each participant was entitled to receive from our company an amount (the **LIC Maximum Individual Bonus**) equal to the LIC Allocable Time Percentage (as defined below) multiplied by 60% of his Ultimate Maximum Bonus (the **Ultimate Maximum Individual Bonus**), subject to reduction based on a subjective determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of our company. The **LIC Allocable Time Percentage** for each participant is equal to the percentage of such participant's time that was spent performing services for our company under the services agreement, as determined by our compensation committee for purposes of the payment of bonuses: 50% as to Mr. Maffei; 40% as to Mr. Baer; 42% as to Mr. Rosenthaler; and 50% as to Mr. Shean. Under Liberty Media's corollary program, each participant was entitled to receive from Liberty Media an amount (the **Liberty Media Maximum Individual Bonus**) equal to the remaining portion of the Ultimate Maximum Individual Bonus, subject to reduction based on a subjective determination of the participant's achievement of qualitative criteria established with respect to the services to be performed by the participant on behalf of Liberty Media. Our compensation committee believes this construct was appropriate in light of the services agreement and the fact that each participant splits his professional time and duties.

Also, assuming the Threshold was met (and after taking into account any reductions associated with a shortfall in the bonus pool), each participant was entitled to receive from our company an amount (the **LIC Maximum Corporate Bonus**) equal to the LIC Corporate Percentage (as defined

below) multiplied by 40% of his Ultimate Maximum Bonus (the **Ultimate Maximum Corporate Bonus**), subject to reduction based on a subjective determination of the corporate performance of our company. The **LIC Corporate Percentage** was determined by reference to the historical relative market capitalizations of our company and Liberty Media. Under Liberty Media's corollary program, each participant was entitled to receive from Liberty Media an amount (the **Liberty Media Maximum Corporate Bonus**) equal to the remaining portion of the Ultimate Maximum Corporate Bonus, subject to reduction based on a subjective determination of the corporate performance of Liberty Media.

In December 2013, our compensation committee and the Liberty Media compensation committee collaborated in their review of our respective named executive officers' individual performance criteria and their review of each company's corporate performance metrics and ensured that the Ultimate Maximum Bonus payable to each overlapping named executive officer was not exceeded. Notwithstanding this collaborative effort, our compensation committee retained sole and exclusive discretion with respect to the approval of award terms and amounts payable under our bonus program.

Also, in December 2013, our compensation committee determined that the combined Adjusted OIBDA for QVC and the eCommerce companies was approximately \$1.94 billion using the formula described above, exceeding the Threshold by approximately \$939 million, thereby creating a notional bonus pool of approximately \$16.43 million, which exceeded the amount necessary to cover the aggregate maximum bonus amounts of all the participants and enabling each participant to receive a bonus of up to his maximum bonus amount.

Individual Performance Bonus. Our compensation committee then reviewed the individual performance of each participant to determine the reductions that would apply to each participant's LIC Maximum Individual Bonus. The compensation committee took into account a variety of factors, without assigning a numerical weight to any single performance measure. This determination was based on reports of our board, the observations of committee members throughout the year, executive self-evaluations and, with respect to the participants other than Mr. Maffei, the observations and input of Mr. Maffei. In evaluating the performance of each of the participants for determining the reduction that would apply to the LIC Maximum Individual Bonus, our compensation committee considered the

various performance objectives related to our company which had been assigned to each participant for 2013, including:

<u>Individual</u>	<u>Performance Objectives</u>
Gregory B. Maffei	<ul style="list-style-type: none">• Outperform peer and stock market indices by 5%• Extend maturities on QVC debt; explore international expansion opportunity• Develop organizational strategy and set optimal capital structure for eCommerce companies• Oversee TripAdvisor investment• Manage balance sheet, including refinancing debt and returning capital to stockholders
Richard N. Baer	<ul style="list-style-type: none">• Provide sound and timely advice to senior management and board• Provide effective legal support in mergers and acquisitions and other transactional matters• Provide legal support to subsidiaries• Assess compliance programs• Reduce compliance and discovery costs
Albert E. Rosenthaler	<ul style="list-style-type: none">• Continue legislative efforts• Provide effective tax support on strategic initiatives and transactional activity• Lead fast-track mediation with IRS for unresolved tax issues; obtain full or partial acceptance letters from IRS for 2013 Compliance Assurance Process
Christopher W. Shean	<ul style="list-style-type: none">• Oversee TripAdvisor investment• Improve balance sheet through refinancings at QVC and share repurchase activity• Assist in mergers and acquisition activities• Lead Treasury, Accounting and HR teams in achieving goals• Implement process improvements and expense reductions• Oversee timely and accurate filings with SEC

Following a review of the participants' performance, our compensation committee determined to pay each participant the following portion of his LIC Maximum Individual Bonus:

<u>Name</u>	<u>LIC Maximum Individual Bonus</u>	<u>Percentage Payable</u>	<u>Aggregate Dollar Amount</u>
Gregory B. Maffei	\$ 2,083,726	62.5%	\$ 1,302,329
Richard N. Baer	\$ 396,000	81.25%	\$ 321,750
Albert E. Rosenthaler	\$ 268,489	87.5%	\$ 234,928
Christopher W. Shean	\$ 356,895	50%	\$ 178,448

Corporate Performance Bonus. Our compensation committee then made a subjective determination as to the reductions that would apply to each participant's LIC Maximum Corporate Bonus. In making this determination, our compensation committee reviewed forecasts of 2013 Adjusted OIBDA, revenue and free cash flow (as defined below) for QVC and the eCommerce companies (with respect to our company), excluding corporate overhead, all of which forecasts were prepared in December 2013 and are set forth in the table below. Also set forth in the table below are the corresponding actual financial measures achieved for 2013, which varied by less than 1% from the forecasts, other than Free Cash Flow, which was below the forecasted amount. In determining whether any reductions would be made to the LIC Maximum Corporate Bonus payable to each participant, our compensation committee weighted the corporate performance metrics as follows: 25% attributable to revenue growth, 50% attributable to Adjusted OIBDA growth and 25% attributable to growth in free cash flow.

<u>(dollar amounts in millions)</u>	<u>2013 Forecast</u>	<u>2013 Actual</u>	<u>Actual / Forecast</u>
Revenue(1)	\$ 10,316.5	\$ 10,311.9	100%
Adjusted OIBDA(1)	\$ 1,939.1	\$ 1,927.8	99.4%
Free Cash Flow(1)(2)	\$ 911.6	\$ 807.6	88.6%

- (1) Revenue, Adjusted OIBDA and Free Cash Flow information represents the summation for QVC and the eCommerce companies and excludes, in each case, corporate overhead.
- (2) Defined for purposes of the bonus program as Adjusted OIBDA less all other operating and investing items.

Based on a review of these forecasts, our compensation committee determined that the growth metrics were achieved to the extent described below:

<u>Growth Factor</u>	<u>Achievement</u>
Revenue	5% of a possible 25%
Adjusted OIBDA	0% of a possible 50%
Free Cash Flow	15% of a possible 25%

Our compensation committee then used its subjective discretion to translate the achievement of these growth metrics into a percentage payable to each participant of his LIC Maximum Corporate Bonus, as follows:

<u>Name</u>	<u>LIC Maximum Corporate Bonus</u>	<u>Percentage Payable</u>	<u>Aggregate Dollar Amount</u>
Gregory B. Maffei	\$ 1,666,980	20%	\$ 333,396
Richard N. Baer	\$ 396,000	20%	\$ 79,200
Albert E. Rosenthaler	\$ 255,704	20%	\$ 51,141
Christopher W. Shean	\$ 285,516	20%	\$ 57,103

Aggregate Results. The following table presents information concerning the aggregate 2013 performance-based bonus amounts payable to each named executive officer by our company (other than Mr. George), after giving effect to the determinations described above.

Name	Individual Performance Bonus	Corporate Performance Bonus	Total Bonus
Gregory B. Maffei	\$ 1,302,329	\$ 333,396	\$ 1,635,725
Richard N. Baer	\$ 321,750	\$ 79,200	\$ 400,950
Albert E. Rosenthaler	\$ 234,928	\$ 51,141	\$ 286,069
Christopher W. Shean	\$ 178,448	\$ 57,103	\$ 235,551

Our compensation committee then noted that, when combined with the total 2013 performance-based bonus amounts paid by Liberty Media to the overlapping named executive officers, each of our named executive officers received the following portion of his respective Ultimate Bonus Amount:

Name	Ultimate Maximum Bonus	Combined Percentage Paid
Gregory B. Maffei	\$ 6,945,752	58.3%
Richard N. Baer	\$ 1,650,000	69.6%
Albert E. Rosenthaler	\$ 1,065,432	73.3%
Christopher W. Shean	\$ 1,189,650	50.8%

QVC Award. Mr. George's 2013 performance-based bonus was structured to align with the 2013 performance-based bonus program established at QVC for QVC senior global officers and to comply with Section 162(m) of the Code. Pursuant to the program, Mr. George would be paid a bonus based upon 2013 QVC Global EBITDA growth, year over year, with a target bonus amount of 100% of his base salary as required by the terms of his employment agreement and a maximum bonus amount of 260% of his base salary. For this purpose, QVC Global EBITDA was defined as earnings before interest, taxes, depreciation and amortization of QVC (consolidated, on a constant currency basis), subject to adjustments to ensure year over year comparability.

For any bonus to be paid, 2013 QVC Global EBITDA growth, year over year, would need to exceed 4%. If 2013 QVC Global EBITDA growth exceeded 4% then Mr. George would be eligible to receive a maximum bonus of 260% of his base salary, subject to reduction in the discretion of our compensation committee based on QVC Global EBITDA performance and individual performance, among other things. The year over year QVC Global EBITDA growth for 2013 was 3.1%, which fell below the 4% minimum. As a result, Mr. George was not eligible for a bonus payment for 2013.

For more information regarding these bonus awards, please see the "Grants of Plan-Based Awards" table below.

Equity Incentive Compensation

Consistent with our compensation philosophy, the compensation committee seeks to align the interests of the named executive officers with those of our stockholders by awarding stock-based incentive compensation. This ensures that our executives have a continuing stake in our long-term success. The compensation committee weighs stock-based compensation more heavily than cash compensation in determining each named executive officer's overall compensation mix.

The Liberty Interactive Corporation 2010 Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended (the **2010 Incentive Plan**) and the Liberty Interactive Corporation 2012 Incentive Plan, as amended (the **2012 Incentive Plan**), provide for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units, stock appreciation rights and performance awards. Our executives have historically been granted stock options and awards

of restricted stock in preference to other awards because of our company's belief that options and restricted shares better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee that stock options be awarded with an exercise price equal to fair market value on the date of grant, measured by reference to the closing sale price on the grant date.

Over the past few years, our compensation committee has determined to make larger grants (equaling approximately four to five years' value of the annual grants made in years prior to 2009) that vest between four and five and three-quarters years after grant, rather than making annual grants over the same period. These multi-year grants provide for back-end weighted vesting and generally expire 10 years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders. In that regard, multi-year awards were granted to our named executive officers by our compensation committee prior to 2013, and, accordingly, no new equity incentive awards were granted to the named executive officers during the 2013 calendar year.

Perquisites and Other Personal Benefits

The perquisites and other personal benefits available to our executives (that are not otherwise available to all of our salaried employees, such as matching contributions to the Liberty Media 401(k) Savings Plan and the payment of life insurance premiums) consist of:

- limited personal use of Liberty Media's corporate aircraft (pursuant to aircraft time sharing agreements between our company and Liberty Media);
- occasional, personal use of Liberty Media's apartment in New York City (pursuant to a sharing arrangement between our company and Liberty Media), which is primarily used for business purposes, and occasional, personal use of a company car and driver; and
- in the case of Mr. George, a tax gross-up relating to certain out of state income taxes to which Mr. George was subject in connection with the performance of his duties outside of QVC's headquarters.

Aircraft Usage. On occasion, and with the approval of our Chairman or Chief Executive Officer, executives may have family members and other guests accompany them on Liberty Media's corporate aircraft when traveling on business. Under the terms of the employment arrangements with our Chairman and Chief Executive Officer, those individuals and their guests may use the corporate aircraft we share with Liberty Media for non-business purposes subject to specified limitations.

Pursuant to a February 2013 letter agreement between Mr. Maffei and Liberty Media, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. The February 2013 letter agreement replaced in its entirety, on substantially the same terms, a letter agreement originally entered into by Mr. Maffei and Liberty Interactive that was assumed by Old LMC in the LMC Split-Off and later by Liberty Media in the LMC Spin-Off). Under Mr. Maffei's employment agreement, if Mr. Maffei's employment terminates due to disability, for good reason or without cause, Mr. Maffei will be entitled to continued use of the corporate aircraft for 18 months after termination of his employment. Mr. Maffei incurs taxable income, calculated in accordance with the Standard Industry Fare Level (**SIFL**) rates, for all personal use of the corporate aircraft. Flights where there are no passengers on company-owned aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours

under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company owned aircraft.

For disclosure purposes, we determine the aggregate incremental cost to our company of an executive's personal use of corporate aircraft using a method that takes into account:

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

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

Pursuant to aircraft time sharing agreements with Liberty Media, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using its corporate aircraft that are allocable to our company.

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

Gross-Up. In 2013, Mr. George received a tax gross-up from QVC relating to certain out of state income taxes to which he was subject in connection with the performance of his duties outside of QVC's headquarters.

Deductibility of Executive Compensation

In developing the compensation packages for the named executive officers, the compensation committee considered the deductibility of executive compensation under Section 162(m) of the Code. That provision prohibits the deduction of compensation of more than \$1 million paid to certain executives, subject to certain exceptions. One exception is for performance-based compensation, including stock options granted under the existing incentive plans. The compensation committee has not adopted a policy requiring all compensation to be deductible under Section 162(m) of the Code, in order to maintain flexibility in making compensation decisions. Portions of the compensation we pay to certain of the named executive officers may not be deductible due to the application of Section 162(m) of the Code.

Policy on Restatements

In those instances where we grant cash or equity-based incentive compensation, we include in the related agreement with the executive a right, in favor of our company, to require the executive to repay or return to the company any cash, stock or other incentive compensation (including proceeds from the disposition of shares received upon exercise of options or stock appreciation rights). That right will

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

SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/13)	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)	Option Awards \$(2)(3)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)(6)(7)	Total (\$)
Gregory B. Maffei	2013	868,219	—	—	—	1,635,725	—	203,921(8)	2,707,865
President and Chief Executive Officer	2012	778,641	—	—	41,688,138	2,641,866	—	193,395(8)	45,302,040
	2011	1,299,375	—	—	—	1,587,600	—	384,718(8)	3,271,693
Richard N. Baer	2013	386,862	—	—	—	400,950	—	2,353	790,165
Senior Vice President and General Counsel									
Michael A. George	2013	1,060,900	—	—	—	—	—	160,831(10)(11)	1,221,731
President and Chief Executive Officer, QVC, Inc.	2012	1,030,000	—	—	16,110,136	875,500	—	223,977(10)	18,239,613
	2011	1,000,000	—	—	27,867,300(9)	700,000	—	52,583(10)	29,619,883
Albert E. Rosenthaler	2013	312,527	—	—	—	286,069	—	12,374	610,969
Senior Vice President	2012	275,840	—	—	2,275,697	387,900	—	11,049	2,950,486
	2011	569,075	—	—	—	376,092	—	26,517	971,684
Christopher W. Shean	2013	396,550	—	—	—	235,551	777	13,605	646,483
Senior Vice President and Chief Financial Officer	2012	385,000	—	—	2,917,953	467,775	667	13,355	3,784,750
	2011	569,075	—	—	—	323,369	8,905	25,816	927,165

- With respect to the year ended December 31, 2013, the amounts set forth in the table reflect compensation paid to our named executive officers by Liberty Media but allocable to our company under the services agreement (except with respect to Mr. George, whose compensation reported above was paid directly by QVC with respect to the entire year and is not covered by the services agreement). With respect to the year ended December 31, 2012, the amounts set forth in this table reflect compensation paid to our named executive officers by Old LMC but allocable to our company under the services agreement (except with respect to Mr. George, whose compensation reported above was paid directly by QVC with respect to the entire year and is not covered by the services agreement). With respect to the year ended December 31, 2011, the amounts set forth in this table reflect compensation paid to our named executive officers from January 1, 2011 to September 23, 2011 (the date of the LMC Split-Off) and compensation paid to our named executive officers by Old LMC, but allocable to our company under the services agreement, for the period September 24, 2011 to December 31, 2011 (except with respect to Mr. George, whose compensation reported above was paid directly by QVC with respect to the entire year and is not covered by the services agreement). See "—Compensation Discussion and Analysis—Services Agreement."
- The grant date fair value (or, in the case of awards granted pursuant to our 2012 option modification program, the incremental fair value) has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 15 to our consolidated financial statements for the year ended December 31, 2013 (which are included in our Annual Report on Form 10-K as filed with the SEC on February 28, 2014).
- The Option Awards set forth in this column with respect to the year ended December 31, 2012 were received by our named executive officers in connection with our 2012 option modification program.
- Reflects the above-market earnings credited to Mr. Shean's deferred compensation account. See "—Nonqualified Deferred Compensation Plans" below. Additionally, the 2011 amount reflected for Mr. Shean represents the portion of above-market earnings incurred prior to the LMC Split-Off and an additional amount of above-market earnings following the LMC Split-Off on the portion of Mr. Shean's year-end bonus which was allocated to our company under the services agreement.
- The Liberty Media 401(k) Savings Plan, which was sponsored and administered by our company prior to the LMC Split-Off and was transferred to and assumed by Old LMC in the LMC Split-Off and later by Liberty Media in the LMC Spin-Off, provides employees with an opportunity to save for retirement. The Liberty Media 401(k) Savings Plan participants may contribute up to 75% of their eligible compensation on a pre-tax basis to the plan and an additional 10% of their eligible compensation on an after-tax basis (subject to specified maximums and IRS limits), and we contributed a matching contribution based on the participants' contributions as set forth in the plan. Participant contributions to the Liberty Media 401(k) Savings Plan are fully vested upon contribution.

Generally, participants acquire a vested right in our matching contributions as follows:

Years of Service	Vesting Percentage
Less than 1	0%
1 - 2	33%
2 - 3	66%
3 or more	100%

Included in this column, with respect to each named executive officer (except with respect to Mr. George, for which matching contributions of \$15,300, \$15,000 and \$16,367 were made by QVC to its 401(k) savings plan in 2013, 2012 and 2011, respectively, and except with respect to Mr. Baer), are the following matching contributions made by our company to the Liberty Media 401(k) Savings Plan in each of 2013, 2012 and 2011, respectively:

Name	Amounts (\$)		
	2013	2012	2011
Gregory B. Maffei	12,750	11,771	24,500
Albert E. Rosenthaler	11,220	10,000	24,500
Christopher W. Shean	12,750	12,500	24,500

With respect to these matching contributions, the above named executive officers are fully vested.

- (6) Included in this column are the following life insurance premiums paid by our company (with the exception of Mr. George, whose life insurance premium was paid by QVC), on behalf of each of the named executive officers and, with respect to amounts reflected for 2012 and 2011 following the LMC Split-Off, paid by Old LMC and allocated to our company under the services agreement:

Name	Amounts (\$)		
	2013	2012	2011
Gregory B. Maffei	1,311	1,235	2,017
Richard N. Baer	2,353	—	—
Michael A. George	1,242	1,242	1,373
Albert E. Rosenthaler	1,154	1,049	2,017
Christopher W. Shean	855	855	1,316

- (7) We make available to our personnel, including our named executive officers, tickets to various sporting events with no aggregate incremental cost attributable to any single person.
- (8) Includes the following:

	Amounts (\$)		
	2013	2012	2011
Compensation related to personal use of corporate aircraft(a)	189,110	183,506	355,201

- (a) Calculated based on aggregate incremental cost of such usage to our company.

Prior to the LMC Split-Off, we owned an apartment in New York City which was primarily used for business purposes. The apartment was assigned to Old LMC in the LMC Split-Off and later to Liberty Media in the LMC Spin-Off. Mr. Maffei makes use of this apartment and a company car and driver for personal reasons. From time to time, we also pay the cost of miscellaneous shipping and catering expenses for Mr. Maffei.

- (9) Represents the grant date fair value of Mr. George's multi-year option award granted in March 2011. See "—Executive Compensation Arrangements—Michael A. George" for more information. Mr. George's multi-year option award is similar in function to the multi-year awards previously granted to named executive officers, and it was anticipated that Mr. George will not receive any additional equity awards during the term of his employment agreement with QVC (other than those made in connection with Mr. George's participation in the 2012 option modification program).
- (10) Includes tax gross-ups in the following amounts relating to certain out of state income taxes to which Mr. George was subject as a result of the performance of his duties outside of QVC's headquarters and, with respect to 2012, includes a tax gross-up relating to certain out of state income taxes incurred in connection with Mr. George's participation in the 2012 option modification program:

	Amounts (\$)		
	2013	2012	2011
	134,289	207,735	34,843

- (11) Includes \$10,000 in charitable contributions made on behalf of Mr. George pursuant to our political action committee matching contribution program.

Executive Compensation Arrangements

Gregory B. Maffei

Employment Agreement. On December 17, 2009, the compensation committee approved in principle a new compensation arrangement in favor of Mr. Maffei providing, among other things, for a five year employment term beginning January 1, 2010 and ending December 31, 2014, with an annual base salary of \$1.5 million, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 200% of the applicable year's annual base salary. On May 17, 2010, we entered into a definitive employment agreement with Mr. Maffei, memorializing the compensation arrangement that was approved in principle by the compensation committee on December 17, 2009. The employment agreement also included terms related to Liberty Interactive Corporation equity awards held by Mr. Maffei, including the multi-year award of options that was granted to him on December 17, 2009 (as described in more detail below).

Prior to the assumption of Mr. Maffei's employment agreement by Liberty Media in connection with the LMC Spin-Off, Old LMC assumed Mr. Maffei's 2009 employment agreement in connection with the LMC Split-Off and in February 2012 the agreement was amended and restated effective as of September 23, 2011 to reflect the change in employer and to specify the equity awards covered by the amended and restated employment agreement following the LMC Split-Off, which included a grant of options to Mr. Maffei on December 17, 2009 in connection with the approval in principle of his compensation arrangement. After giving effect to the adjustments made to equity awards in connection with the LMC Split-Off, the elimination of Old LMC's tracking stock structure, the creation of our Liberty Ventures tracking stock, the LMC Spin-Off and the December 2012 option modification program, as of March 31, 2014, the multi-year award granted to Mr. Maffei on December 17, 2009 has been converted into, exchanged for or adjusted to the following equity awards: options to acquire 5,933,101 shares of LINTA at an exercise price of \$19.255, options to acquire 278,831 shares of LVNTA at an exercise price of \$58.80, options to acquire 1,179,830 shares of Liberty Media's Series A common stock at an exercise price of \$94.92, options to acquire 1,184,017 shares of Starz's Series A common stock at an exercise price of \$13.32, 813,647 restricted shares of Liberty Media's Series A common stock, 813,647 restricted shares of Starz's Series A common stock, 2,591,584 restricted LINTA shares and 147,387 restricted LVNTA shares (such LINTA and LVNTA awards, the **Multi-Year Awards**). One-half of these options and restricted shares vested on December 17, 2013 with the remaining options and restricted shares vesting on December 17, 2014, in each case, subject to Mr. Maffei's continued employment on the applicable vesting date. The options have a term of 10 years. See "**—Agreement Regarding LINTA Equity Awards**" below for more information regarding these options and restricted shares that are now Liberty Interactive Corporation equity awards.

Mr. Maffei's amended and restated agreement, which was assumed by Liberty Media in connection with the LMC Spin-Off, provides that: (i) in the event Mr. Maffei is terminated for cause (as defined in the agreement) he will be entitled only to his accrued base salary, unpaid expenses and any amounts due under applicable law; (ii) if Mr. Maffei terminates his employment without good reason (as defined in the agreement), he will be entitled only to his accrued base salary, accrued but unpaid bonus for the prior year, unpaid expenses and any amounts due under applicable law (**Standard Payments**); (iii) if Mr. Maffei is terminated by Liberty Media without cause or if he terminates his employment for good reason, the agreement provides for him to receive the Standard Payments and a severance payment of \$7.8 million; and (iv) in the case of Mr. Maffei's death or his disability, the agreement provides for the right to receive the Standard Payments and a severance payment of \$7.8 million. In addition, if Mr. Maffei is terminated without cause or due to disability, or terminates his employment for good reason, Mr. Maffei will be entitled to continuation of certain perquisites for 18 months, including use of Liberty Media's corporate aircraft.

Although we are not a party to Mr. Maffei's amended and restated employment agreement, we are obligated to reimburse Liberty Media for our allocable portion of any payments made to Mr. Maffei thereunder (other than payments relating to equity awards which are directly settled with the applicable issuer).

Agreement Regarding LINTA Equity Awards. Following the LMC Split-Off, Mr. Maffei continued to be the President and Chief Executive Officer of our company and we entered into an Agreement Regarding LINTA Equity Awards with Mr. Maffei, effective as of September 23, 2011, pursuant to which we agreed that for so long as Mr. Maffei is employed by us he will be employed as the company's President and Chief Executive Officer and will be nominated and recommended for election to our board of directors at each annual meeting of stockholders occurring prior to December 31, 2014. The agreement includes provisions, similar to those in Mr. Maffei's December 2009 employment agreement, regarding his employment as our company's President and Chief Executive Officer while he is employed by our company and regarding his position on our board of directors, including his membership on the executive committee of the board. The agreement does not include an obligation to

pay Mr. Maffei a salary or bonus or to provide him with benefits (other than reimbursement of expenses) or to pay him severance upon termination of his employment with us, but our company bears a portion of the cost to Liberty Media of Mr. Maffei's salary, bonus, severance and other benefits pursuant to agreements entered into between our company and Old LMC (and later assumed by Liberty Media in connection with the LMC Spin-Off) in connection with the LMC Split-Off (as described above).

The Agreement Regarding LINTA Equity Awards provides that, in the event Mr. Maffei is terminated for cause (as defined in the agreement), or if he terminates his employment without good reason (as defined in the agreement), he will forfeit all rights to his unvested restricted shares and unvested options. However, in both cases, his vested, unexercised options and similar rights as of his termination date will remain exercisable either (1) for 90 days after his termination or until the original expiration date of the applicable award, if sooner, or (2) if any such termination of his employment occurs following December 31, 2014 or following a change in control of our company (as defined in the agreement), until the original expiration date of the applicable award. If Mr. Maffei is terminated by our company without cause or if he terminates his employment for good reason, the agreement provides for his unvested restricted shares and unvested options and similar rights (including his Multi-Year Award) to vest pro rata based on the portion of the vesting period elapsed through the termination date plus 18 months and for all vested and accelerated options and similar rights to remain exercisable until their respective expiration dates; provided, that if Mr. Maffei continues to be employed by Liberty Media following such a termination from our company without cause or for good reason, he may elect to have certain of his unvested equity awards continue to vest in accordance with the terms of the agreement based on his continued service with Liberty Media. If a termination without cause or for good reason occurs within 90 days before or 210 days after members of the Malone Group (as defined in the agreement) cease to meet certain ownership requirements with respect to our company as described in the agreement, then Mr. Maffei's unvested restricted shares and unvested options and similar rights granted by our company will instead vest in full and will remain exercisable until their respective expiration dates. In the case of Mr. Maffei's death or his disability, the agreement provides for his unvested restricted shares and unvested options and similar rights to fully vest and for his vested and accelerated options and similar rights to remain exercisable until their respective expiration dates. Further, in the event of certain change in control transactions, including spin-off or split-off transactions which exceed a specified threshold of our company's consolidated assets, Mr. Maffei's unvested restricted shares and unvested options and similar rights would vest in full unless Mr. Maffei is named the Chief Executive Officer of the spin-off or split-off entity and his equity awards are adjusted in the transaction in such a manner as to preserve the intrinsic value thereof.

The Agreement Regarding LINTA Equity Awards further provides that it is intended to meet the requirements of Section 409A of the Code and provides for certain reimbursements to Mr. Maffei in the event the agreement does not so comply. The agreement also contains customary provisions pertaining to confidentiality and limitations on outside activities.

Aircraft Usage. Pursuant to a February 2013 letter agreement between Mr. Maffei and Liberty Media, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment, subject to any continued right to use the corporate aircraft as described above or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. Mr. Maffei will continue to incur taxable income, calculated in accordance with SIFL, for all personal use of Liberty Media's corporate aircraft. Pursuant to aircraft time sharing agreements with Liberty Media, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using its corporate aircraft that are allocable to our company. Flights where there are no passengers on company-owned aircraft would not be charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of

a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company owned aircraft.

Michael A. George

On May 3, 2011, QVC entered into an employment agreement with Mr. George, which was amended effective December 4, 2012, to reflect the changes to his equity awards that occurred in the December 2012 option modification program (as described below) and to clarify and update certain other information in his employment agreement. The agreement provides for, among other things, a five year employment term beginning January 1, 2011 and ending December 15, 2015, with an annual base salary of \$1 million, increasing annually by 3% of the prior year's base salary, and an annual target cash bonus equal to 100% of the applicable year's annual base salary which will be determined by the chief executive officer of our company pursuant to criteria established in QVC's annual bonus program (which program is approved each year by our company's chief executive officer) or, in the event Mr. George is considered a "covered employee" for any given year for purposes of Section 162(m) of the Code, his bonus will be determined by our company's compensation committee based on such criteria as approved in advance by such committee and that are designed in a manner such that the bonus will be treated as "qualified performance-based compensation" within the meaning of Section 162(m). Also pursuant to the agreement, Mr. George is entitled to certain welfare, retirement and fringe benefits available to senior-level executives of QVC.

On March 2, 2011, Mr. George was granted 3.8 million options to acquire shares of LINTA (the **2011 Granted Awards**) at an exercise price of \$16.01 per share, which was the closing price of LINTA on such date. As a result of adjustments made to equity awards in connection with the LMC Split-Off, the creation of our Liberty Ventures tracking stock and the December 2012 option modification program, as of March 31, 2014, Mr. George's 2011 Granted Awards now consist of options to acquire 3,166,911 shares of LINTA at an exercise price of \$19.255 per share and 146,180 shares of LVNTA at an exercise price of \$58.80 per share, 540,383 restricted LINTA shares and 39,194 restricted LVNTA shares. One-half of the 2011 Granted Awards will vest on December 15, 2014 with the remaining options and restricted shares vesting on December 15, 2015. The options have a term of 7 years. It is anticipated that Mr. George will not receive any additional equity award grants during the term of his employment agreement other than those associated with his participation in the 2012 option modification program.

The agreement provides that, in the event Mr. George is terminated for cause (as defined in the agreement), he will be entitled to his accrued base salary through the date of termination, unpaid expenses, his vested benefits and any amounts due under applicable law. In addition, all equity awards granted to Mr. George prior to January 1, 2011 that are outstanding and unvested at the time of his termination for cause, including related equity awards granted to Mr. George after such date pursuant to the December 2012 option modification program and certain other events, as defined more specifically in the agreement (the **Pre-2011 Unvested Awards**), and all 2011 Granted Awards then held by Mr. George that have not become exercisable as of the date of such termination will be forfeited, and all equity awards granted to Mr. George prior to January 1, 2011 that are outstanding and vested but unexercised at the time of such termination, including related equity awards granted to Mr. George after such date pursuant to the December 2012 option modification program and certain other events, as defined more specifically in the agreement (the **Pre-2011 Vested Awards**), and all 2011 Granted Awards that are outstanding and vested but unexercised as of the date of such termination will remain exercisable for a period of up to 90 days after the date of such termination or until the original expiration date of the options if sooner. If Mr. George terminates his employment without good reason (as defined in the agreement), he will be entitled to his accrued base salary through the date of

termination, any declared but unpaid bonus for the calendar year prior to the year of termination, unpaid expenses, his vested benefits and any amounts due under applicable law. He will forfeit all rights to any Pre-2011 Unvested Awards and to any 2011 Granted Awards then held that have not become exercisable as of the date of his termination, any Pre-2011 Vested Awards that are options or similar rights will be treated as specified in the applicable agreement governing such equity award, and any 2011 Granted Awards that are outstanding and vested but unexercised as of the date of termination will be exercisable for a period of 90 days after the date of termination or until the original expiration date of the options if sooner. If, however, Mr. George terminates his employment for good reason or if his employment is terminated by QVC without cause, then he is entitled to receive his base salary for a period of one year and a lump sum payment of \$1.5 million, in addition to accrued base salary through the date of termination, unpaid expenses, his vested benefits and any other amounts due under applicable law. In addition, any Pre-2011 Unvested Awards held on the date of termination that would have vested during the 365-day period following the date of such termination had Mr. George continued to be employed by QVC during such period will vest as of the date of termination. Further, a pro rata portion of each tranche of each 2011 Granted Award that is not vested on the date of termination will vest as of such date, with such pro rata portion based on the portion of time Mr. George was employed by QVC and its affiliates during the vesting period of such tranche plus 365 days. The exercisability of any Pre-2011 Vested Awards, any vested 2011 Granted Awards and any Pre-2011 Unvested Awards that vest pursuant to the foregoing sentence will be extended to the earlier of (i) the original expiration date of the option or (ii) two years from the date of the termination or, if Mr. George were to die prior to the expiration of such two year period, the close of business on the first business day following the later of the expiration of (x) the two year period or (y) the one-year period beginning on the date of Mr. George's death, but in no event will such awards be exercisable following their respective stated terms. In limited circumstances involving a termination of his employment without cause or for good reason within six months following a change in control of QVC (as defined in his employment agreement), Mr. George's equity awards would vest in full and his vested options would thereafter remain exercisable until the original expiration date of such options. In the case of Mr. George's death or disability (as defined in the agreement), the agreement provides for the right to receive his base salary for a period of one year, his accrued base salary through the date of termination, unpaid expenses, any declared but unpaid bonus for the calendar year prior to the year in which the termination occurs, his vested benefits and any amounts due under applicable law. In addition, the Pre-2011 Vested Awards, the Pre-2011 Unvested Awards and the 2011 Granted Awards will immediately vest and become exercisable (to the extent not already vested) and will be exercisable throughout the remainder of the full original term of such equity award.

As a condition to Mr. George's receipt of any severance payments as a result of his termination, as well as any acceleration of vesting or extension of exercise periods for his equity grants, Mr. George must execute a severance agreement and release in favor of QVC in accordance with the procedures set forth in the employment agreement. Mr. George's receipt of severance benefits is also conditioned on his compliance with the post-termination non-compete restrictions in his employment agreement.

Richard N. Baer

Employment Agreement. On November 7, 2012, Old LMC entered into an executive employment agreement (the **employment agreement**), effective October 31, 2012, with Richard Baer. Mr. Baer served as an independent contractor providing consulting services to Old LMC and Liberty Interactive from October 31, 2012 until the start of his employment as Senior Vice President and General Counsel with the companies on January 1, 2013. The employment agreement was assigned to Liberty Media in connection with the LMC Spin-Off. The agreement provides for, among other things, a four year term ending on December 31, 2016, with an annual base salary of \$825,000, subject to adjustments at Liberty Media's discretion, and an annual discretionary bonus beginning in the calendar year 2013. Pursuant to the terms of the agreement, Mr. Baer's target bonus for each year is 100% of his annual base salary for

that year, and in no event will his bonus for any year be greater than two times his annual base salary. Mr. Baer is also entitled to certain benefits and perquisites available to Liberty Media's senior executives. Pursuant to the agreement, on November 8, 2012, as part of the consideration for his services under the employment agreement, Mr. Baer was granted a combination of options and restricted shares. One-half of these options vest on December 31, 2015, with the remaining options vesting on December 31, 2016, and one-half of these restricted shares vest on each of December 15, 2015 and December 15, 2016, in each case, subject to Mr. Baer being employed by our company on the applicable vesting date and to the early vesting events described below. The options have a term of 10 years. The other terms and conditions of Mr. Baer's options and restricted shares, including acceleration and continued exercisability in connection with certain terminations of employment, are described in the applicable award agreements.

The agreement provides that, in the event Mr. Baer is terminated for cause (as defined in the employment agreement), he will be entitled to his accrued but unpaid base salary through the date of termination and any unpaid expenses. If, however, Mr. Baer terminates his employment for good reason (as defined in the employment agreement) or if his employment is terminated without cause (as defined in the employment agreement), then he is entitled to receive his accrued but unpaid base salary, any unpaid expenses, any accrued but unpaid bonus from the prior year and a severance payment of two times his annual base salary at the time of termination. If Mr. Baer terminates his employment without good reason (as defined in the employment agreement), he is entitled to receive any accrued but unpaid base salary, any accrued but unpaid bonus from the prior year and any unpaid expenses. In the case of Mr. Baer's death or disability (as defined in the employment agreement), the employment agreement provides for the right for his estate or him, as applicable, to receive any accrued but unpaid base salary, any unpaid expenses, any accrued but unpaid bonus from the prior year and a severance payment of two times his annual base salary at the time of death or disability (as defined in the employment agreement). As a condition to Mr. Baer's receipt of any severance payments as a result of his termination, as well as any acceleration of vesting or extension of exercise periods described in the grant agreements for the equity grants, Mr. Baer must execute a severance agreement and release in favor of Liberty Media in accordance with the procedures set forth in the employment agreement.

Although we are not a party to Mr. Baer's employment agreement, we are obligated to reimburse Liberty Media for our allocable portion of any payments made to Mr. Baer thereunder (other than payments relating to equity awards which are directly settled with the applicable issuer) pursuant to the services agreement.

Equity Incentive Plans

The 2010 Incentive Plan and 2012 Incentive Plan are administered by the compensation committee of our board of directors. The compensation committee has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The existing incentive plans are designed to provide additional remuneration to certain employees and independent contractors for exceptional service and to encourage their investment in our company. Our compensation committee may grant non-qualified stock options, SARs, restricted shares, cash awards, performance awards or any combination of the foregoing under the existing incentive plans (collectively, **awards**).

As of March 31, 2014, (i) the maximum number of shares of our common stock with respect to which awards may be issued under the 2010 Incentive Plan is 42,950,000 and under the 2012 Incentive Plan is 40,000,000, subject, in each case, to anti-dilution and other adjustment provisions of the respective plans, and (ii) with limited exceptions, no person may be granted in any calendar year awards covering more than 6,874,244 shares of our common stock under the 2010 Incentive Plan and 8,000,000 shares of our common stock under the 2012 Incentive Plan (subject, in each case, to anti-dilution and other adjustment provisions of the plans) nor may any person receive under each of the existing incentive plans payment for cash awards during any calendar year in excess of \$10 million. Shares of our common stock issuable pursuant to awards made under the existing incentive plans are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. Each of the 2010 Incentive Plan and the 2012 Incentive Plan has a 5 year term.

2006 Deferred Compensation Plan

Effective for the year beginning January 1, 2007 and until the time of the LMC Split-Off, officers of our company at the level of Senior Vice President and above were eligible to participate in the Liberty Media Corporation 2006 Deferred Compensation Plan (as amended, the **2006 deferred compensation plan**). In connection with the LMC Split-Off (pursuant to which employees of our company became employees of Old LMC), Old LMC assumed this plan and all obligations outstanding thereunder. In connection with the LMC Spin-Off, Liberty Media assumed this plan and all obligations outstanding thereunder. Prior to the assumption of this plan by Old LMC, each eligible officer of our company, including our Chief Executive Officer, principal financial officer and principal accounting officer, could elect to defer up to 50% of his annual base salary and the cash portion of his performance bonus under the 2006 deferred compensation plan. Elections were required to be made in advance of certain deadlines and could include (1) the selection of a payment date, which generally could not be later than 30 years from the end of the year in which the applicable compensation is initially deferred, and (2) the form of distribution, such as a lump-sum payment or substantially equal annual installments over two to five years. Compensation deferred under the 2006 deferred compensation plan earned interest at the rate of 9% per year, compounded quarterly at the end of each calendar quarter.

Following the LMC Split-Off, our officers are no longer permitted to elect the deferral of a portion of their base salary and performance bonus allocable to our company. Mr. Shean took advantage of a one-time deferral opportunity in 2011 with respect to a portion of his 2011 performance-bonus that was allocable to and paid by our company, and we will be responsible for the payment of such deferred amount and all interest thereon going forward.

Grants of Plan-Based Awards

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2013 to the named executive officers.

Name	Grant Date(1)	Estimated Future Payouts under Non-equity Incentive Plan Awards		
		Threshold \$(2)	Target (\$)	Maximum \$(3)
Gregory B. Maffei	2/4/2013	—	—	6,945,752
Richard N. Baer	2/4/2013	—	—	1,650,000
Michael A. George	2/26/2013	—	—	2,758,340
Albert E. Rosenthaler	2/4/2013	—	—	1,065,432
Christopher W. Shean	2/4/2013	—	—	1,189,650

- (1) Reflects the date on which our compensation committee established the terms of the 2013 performance-based bonus program, as described under "— Compensation Discussion and Analysis—Elements of 2013 Executive Compensation—2013 Performance-based Bonuses—Liberty Awards— Overview" and "—Compensation Discussion and Analysis—Elements of 2013 Executive Compensation—2013 Performance-based Bonuses—QVC Award."
- (2) Our 2013 performance-based bonus program does not provide for a threshold bonus amount. The program also does not provide for a target payout amount for any named executive officer that would be payable upon satisfaction of the performance criteria under the 2013 performance-based bonus program. For the actual bonuses paid by our company and QVC, as applicable, see the amounts included for 2013 in the column entitled Non-Equity Incentive Plan Compensation in the "Summary Compensation Table" above.
- (3) With respect to Messrs. Maffei, Baer, Rosenthaler and Shean, represents the maximum amount that would have been payable to each named executive officer assuming (x) the Threshold was met in order to permit the maximum bonus amounts to have been payable, (y) the full 60% of the participant's maximum bonus amount attributable to individual performance was attained and (z) the full 40% of the participant's maximum bonus amount attributable to corporate performance of our company was attained, and does not give effect to the allocation of any portion of such maximum bonus amount to Liberty Media under the services agreement. For more information on this performance bonus program, see "—Compensation Discussion and Analysis—Elements of 2013 Executive Compensation—2013 Performance-based Bonuses—Liberty Awards—Overview." With respect to Mr. George, represents the maximum amount that would have been payable to Mr. George assuming (x) the highest QVC EBITDA growth target of 9.2% was achieved and (y) Mr. George's individual performance warranted the maximum additional increase of his bonus determined based on QVC EBITDA growth. For more information on this performance bonus program, see "—Compensation Discussion and Analysis—Elements of 2013 Executive Compensation—2013 Performance-based Bonuses—QVC Award."

Outstanding Equity Awards at Fiscal Year-End

The following table contains information regarding unexercised options and unvested shares of our common stock which were outstanding as of December 31, 2013 and held by the named executive officers.

Name	Option awards				Stock awards	
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
Gregory B. Maffei						
<i>Option Awards</i>						
LINTA	441,817	—	21.84	3/29/14	—	—
LINTA	446,089	—	19.255	12/24/14	—	—
LINTA	1,339,587	—	19.255	12/16/15	—	—
LINTA	990,651	990,652(1)	19.255	12/17/19	—	—
LINTA	1,975,899	1,975,899(1)	19.255	12/17/19	—	—
LVNTA	22,113	—	56.91	3/29/14	—	—
LVNTA	22,513	—	58.80	12/24/14	—	—
LVNTA	66,950	—	58.80	12/16/15	—	—
LVNTA	50,325	50,326(1)	58.80	12/17/19	—	—
LVNTA	89,090	89,090(1)	58.80	12/17/19	—	—
<i>Stock Awards</i>						
LINTA	—	—	—	—	467,748(1)	13,728,404
LINTA	—	—	—	—	828,044(1)	24,303,091
LVNTA	—	—	—	—	47,092(1)	5,773,008
LVNTA	—	—	—	—	26,602(1)	3,261,139
Richard N. Baer						
<i>Option Awards</i>						
LINTA	—	516,443(2)	19.83	11/8/22	—	—
LVNTA	—	26,010(2)	56.86	11/8/22	—	—
<i>Stock Awards</i>						
LINTA	—	—	—	—	90,377(3)	2,652,565
LVNTA	—	—	—	—	4,552(3)	558,030
Michael A. George						
<i>Option Awards</i>						
LINTA	103,646	—	19.255	2/27/16	—	—
LINTA	22,859	—	19.255	2/27/16	—	—
LINTA	694,943	—	19.255	4/6/16	—	—
LINTA	98,371	—	19.255	4/6/16	—	—
LINTA	400,924	—	19.255	3/1/17	—	—
LINTA	123,340	61,670(4)	19.255	3/1/17	—	—
LINTA	—	3,166,911(5)	19.255	3/2/18	—	—
LVNTA	5,179	—	58.80	2/27/16	—	—
LVNTA	1,103	—	58.80	2/27/16	—	—
LVNTA	34,737	—	58.80	4/6/16	—	—
LVNTA	4,742	—	58.80	4/6/16	—	—

Name	Option awards				Stock awards	
	Number of securities underlying unexercised options (#)	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
	Exercisable	Unexercisable				
LVNTA	20,051	—	58.80	3/1/17	—	—
LVNTA	5,742	2,872(4)	58.80	3/1/17	—	—
LVNTA	—	146,180(5)	58.80	3/2/18	—	—
<i>Stock Awards</i>						
LINTA	—	—	—	—	26,786(6)	786,169
LINTA	—	—	—	—	18,515(4)	543,415
LINTA	—	—	—	—	540,383(5)	15,860,241
LVNTA	—	—	—	—	1,339(6)	164,148
LVNTA	—	—	—	—	1,139(4)	139,630
LVNTA	—	—	—	—	39,194(5)	4,804,792
Albert E. Rosenthaler						
<i>Option Awards</i>						
LINTA	6,523	—	19.255	12/17/16	—	—
LINTA	—	353,564(7)	19.255	3/19/20	—	—
LVNTA	307	—	58.80	12/17/16	—	—
LVNTA	—	16,381(7)	58.80	3/19/20	—	—
<i>Stock Awards</i>						
LINTA	—	—	—	—	79,269(7)	2,326,545
LVNTA	—	—	—	—	5,250(7)	643,598
Christopher W. Shean						
<i>Option Awards</i>						
LINTA	—	353,564(7)	19.255	3/19/20	—	—
LVNTA	3,367	—	58.80	12/24/14	—	—
LVNTA	6,420	—	58.80	12/16/15	—	—
LVNTA	1,226	—	58.80	12/17/16	—	—
LVNTA	5,622	—	58.80	12/17/16	—	—
LVNTA	8,190	16,381(7)	58.80	3/19/20	—	—
<i>Stock Awards</i>						
LINTA	—	—	—	—	79,269(7)	2,326,545
LVNTA	—	—	—	—	5,250(7)	643,598

- (1) Vests in full on December 17, 2014.
- (2) Vests 50% on December 31, 2015 and 50% on December 31, 2016.
- (3) Vests 50% on December 15, 2015 and 50% on December 15, 2016.
- (4) Vested in full on March 1, 2014.
- (5) Vests 50% on December 15, 2014 and 50% on December 15, 2015.
- (6) Vested in full on March 1, 2014.
- (7) Vests 50% on June 30, 2014 and 50% on December 31, 2015.

Option Exercises and Stock Vested

The following table sets forth information concerning the exercise of vested options and the vesting of restricted stock held by our named executive officers (with the exception of Mr. Baer, who had no exercises of vested options or vesting of restricted stock), in each case, during the year ended December 31, 2013.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)(1)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)(1)	Value realized on vesting (\$)
Gregory B. Maffei				
LINTA	—	—	1,295,792	(2)
LVNTA	—	—	73,693	(2)
Michael A. George				
LINTA	—	—	268,148	2,628,881
LVNTA	—	—	14,050	458,691
Albert E. Rosenthaler				
LINTA	373,414	3,052,042	51,029	(2)
LVNTA	17,996	1,004,902	3,272	(2)
Christopher W. Shean				
LINTA	595,557	4,051,088	51,029	(2)
LVNTA	9,414	420,531	3,272	(2)

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

(2) On December 4, 2012 (the **Grant Date**), to effect our 2012 option modification program, our compensation committee approved the acceleration of each unvested in-the-money option to acquire shares of LINTA and LVNTA held by certain of its and its subsidiaries' officers (collectively, the **Eligible Optionholders**), including our then- and our current-named executive officers Messrs. Maffei, George, Rosenthaler and Shean. Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, substantially all of his or her outstanding in-the-money vested and unvested options to acquire LINTA or LVNTA shares (the **Eligible Options**) and with respect to each unvested Eligible Option, each Eligible Optionholder acquired LINTA or LVNTA shares which have a vesting schedule identical to that of the unvested Eligible Option.

The Value column below represents the value related to awards that were subject to continued vesting requirements as of the Grant Date, but which vested during the twelve months ended December 31, 2013. Such value was realized by the applicable named executive officer in 2012 and therefore included in our proxy statement relating to our

2013 annual meeting of stockholders under "Executive Compensation—Option Exercises and Stock Vested".

Name	Number of shares acquired upon lapse of restriction (#)	Value (\$)
Gregory B. Maffei		
LINTA	1,295,792	24,950,475
LVNTA	73,693	4,333,148
Michael A. George		
LINTA	141,362	2,721,925
LVNTA	7,711	453,407
Albert E. Rosenthaler		
LINTA	51,029	982,563
LVNTA	3,272	192,394
Christopher W. Shean		
LINTA	51,029	982,563
LVNTA	3,272	192,394

Nonqualified Deferred Compensation Plans

The following table sets forth certain information regarding the 2006 nonqualified deferred compensation plan in which Mr. Shean participated during the year ended December 31, 2013. During December, 31, 2013, no other named executive officers participated in the 2006 deferred compensation plan.

Name	Executive contributions in 2013 (\$)	Registrant contributions in 2013 (\$)	Aggregate earnings in 2013 (\$)(1)	Aggregate withdrawals/distributions (\$)	Aggregate balance at 12/31/13 (\$)(1)(2)
Christopher W. Shean	—	—	3,396	—	6,415

- (1) As described above in "—Executive Compensation Arrangements—2006 Deferred Compensation Plan," Mr. Shean was permitted a one-time deferral election under the 2006 deferred compensation plan following the LMC Split-Off with respect to \$32,336, which represented 10% of a portion of his 2011 performance-based bonus that was allocable to and paid by our company. Although such amount was transferred to Old LMC upon its assumption of the plan and obligations thereunder in connection with the LMC Split-Off (and later by Liberty Media in connection with the LMC Spin-Off), Liberty Interactive will be responsible for the payment of the \$32,336 of deferred principal amount and for the payment of interest income at the rate of 9% per annum, compounded quarterly, thereon. In 2013, the amount of such interest for which Liberty Interactive is responsible for was \$3,396. Of this amount, \$777 was reported in the "Summary Compensation Table" as above-market earnings that were credited to Mr. Shean's deferred compensation account during 2013.
- (2) In our prior year proxy statements, we reported the following above-market earnings that were credited as interest to Mr. Shean's deferred compensation accounts during the years reported:

	Amount (\$)		
	2012	2011	2010
	667	8,905	8,588

Potential Payments Upon Termination or Change-in-Control

The following table sets forth the potential payments to our named executive officers if their employment had terminated or a change in control had occurred, in each case, as of December 31, 2013. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the tables are based on the closing market prices on December 31, 2013, the last trading day of such year, for our Series A Liberty Interactive common stock and Series A Liberty Ventures common stock, which were \$29.35 and \$122.59, respectively. The value of the options and SARs shown in the table is based on the spread between the exercise or base price of the award and the applicable closing market price. The value of the restricted stock shown in the table is based on the applicable closing market price and the number of shares unvested.

Each of our named executive officers has received awards and payments under the existing incentive plans. Additionally, each of Messrs. Maffei, Baer and George is entitled to certain payments and acceleration rights upon termination under his respective employment agreement. See "—Executive Compensation Arrangements" above and "Potential Payments Upon Termination or Change-in-Control—Termination Without Cause or for Good Reason" below.

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

Voluntary Termination. Each of the named executive officers holds equity awards that were issued under our existing incentive plans. Under these plans and the related award agreements, in the event of a voluntary termination of his employment with our company for any reason, each named executive officer would only have a right to the equity grants that vested prior to his termination date, except that each of Mr. Maffei, Mr. George and Mr. Baer has certain acceleration rights with respect to his equity awards and is entitled to certain other benefits upon a voluntary termination of his employment with our company for good reason (as defined in their respective employment agreements). See "—Executive Compensation Arrangements—Gregory B. Maffei," and "—Executive Compensation Arrangements—Michael A. George" above. See also "Potential Payments Upon Termination or Change-in-Control—Termination Without Cause or for Good Reason" below. Neither Mr. Shean nor Mr. Rosenthaler is entitled to any severance payments or other benefits upon a voluntary termination of his employment for any reason.

Termination for Cause. All outstanding equity grants constituting options or stock appreciation rights, whether unvested or vested but not yet exercised, and all equity grants constituting unvested restricted shares under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei and Mr. George in the case of equity grants constituting options or similar rights) who is terminated for "cause." The existing incentive plans, which govern the awards unless there is a different definition in the applicable award agreement, define "cause" as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform his duties and responsibilities for any reason other than illness or incapacity; provided that, if such termination is within 12 months after a change in control (as described below), "cause" means a felony conviction for fraud, misappropriation or embezzlement. Each of Mr. Maffei and Mr. George has certain rights to exercise vested options or similar rights following a termination for cause and the employment agreements of Mr. Maffei, Mr. Baer and Mr. George have definitions of cause that are different from the definition under the incentive plan. See "—Executive Compensation Arrangements" above.

Termination Without Cause or for Good Reason. Pursuant to their respective employment agreements, each of Mr. Maffei's and Mr. George's options and restricted shares are subject to acceleration upon a termination of his employment without cause or for good reason. Each of them is also entitled under certain circumstances to severance payments and other benefits upon a termination without cause or for good reason. See "—Executive Compensation Arrangements—Gregory B. Maffei" and "—Executive Compensation Arrangements—Michael A. George above.

The award agreements relating to Mr. Baer's multi-year award provide that upon a termination of his employment without cause or for good reason (each as defined in his employment agreement), a pro rata portion of his unvested options and restricted shares as of the date of termination will vest based on the portion of the vesting period elapsed through the termination date plus 365 days. This pro rata vesting is applied separately with respect to each tranche of his options and restricted shares based on the vesting period for that tranche. Mr. Baer is also entitled under certain circumstances to severance payments and other benefits upon a termination of his employment without cause or for good reason. See "—Executive Compensation Arrangements—Richard N. Baer.

Messrs. Shean's and Rosenthaler's multi-year awards, which are their only unvested awards, provide for vesting upon a termination without cause of those options or restricted shares, as applicable, that would have vested during the 12-month period following the termination date if such person had remained an employee, plus a pro rata portion of the remaining unvested options or restricted shares, as applicable, based on the portion of the vesting period elapsed through the termination date. Neither of these officers is entitled to any severance pay or other benefits upon a termination without cause.

Death. In the event of death of any of the named executive officers, the existing incentive plans and applicable award agreements provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards.

Each of Mr. Maffei, Mr. George and Mr. Baer is also entitled to certain payments and other benefits if he dies while employed by our company. See "Executive Compensation Arrangements" above.

No amounts are shown for payments pursuant to life insurance policies, which we make available to all our employees.

Disability. If the employment of any of the named executive officers is terminated due to disability, which is defined in the incentive plans or applicable award agreements, such plans or agreements provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards.

Each of Mr. Maffei, Mr. George and Mr. Baer is also entitled to certain payments and other benefits upon a termination of his employment due to disability. See "Executive Compensation Arrangements" above.

No amounts are shown for payments pursuant to short-term and long-term disability policies, which we make available to all our employees.

Change in Control. In case of a change in control, the incentive plans provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards held by the named executive officers. A change in control is generally defined as:

- The acquisition by a non-exempt person (as defined in the incentive plans) of beneficial ownership of at least 20% of the combined voting power of the then outstanding shares of our company ordinarily having the right to vote in the election of directors, other than pursuant to a transaction approved by our board of directors.

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

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

Benefits Payable Upon Termination or Change-in-Control

Name	Voluntary Termination (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
Gregory B. Maffei						
Severance(1)	—	—	3,900,000	3,900,000	3,900,000	3,900,000
Options/SARs	67,344,277(2)	67,344,277(2)	106,184,956(3)	106,184,956(4)	106,184,956(4)	106,184,956(4)
Restricted Stock	—	—	47,065,643(3)	47,065,643(4)	47,065,643(4)	47,065,643(4)
Perquisites(5)	—	—	332,774	—	332,774	—
Total	<u>67,344,277</u>	<u>67,344,277</u>	<u>157,483,372</u>	<u>157,150,598</u>	<u>157,483,372</u>	<u>157,150,598</u>
Richard N. Baer						
Severance(6)	—	—	773,724	773,724	773,724	—
Options/SARs	—	—	4,023,389(7)	6,626,175(4)	6,626,175(4)	6,626,175(4)
Restricted Stock	—	—	1,949,459(7)	3,210,595(4)	3,210,595(4)	3,210,595(4)
Total	<u>—</u>	<u>—</u>	<u>6,746,572</u>	<u>10,610,493</u>	<u>10,610,493</u>	<u>9,836,769</u>
Michael A. George						
Severance(8)	—	—	1,500,000	—	—	1,500,000
Base Compensation Continuing Payment(9)	—	—	1,060,900	1,060,900	1,060,900	1,060,900
Pension Restoration Plan Payout(10)	12,280	12,280	12,280	12,280	12,280	12,280
Options/SARs	19,142,448(2)	19,142,448(2)	57,122,964(11)	61,243,000(4)	61,243,000(4)	61,243,000(4)
Restricted Stock	—	—	20,236,616(11)	22,298,396(4)	22,298,396(4)	22,298,396(4)
Total	<u>19,154,728</u>	<u>19,154,728</u>	<u>79,932,760</u>	<u>84,614,576</u>	<u>84,614,576</u>	<u>86,114,576</u>
Albert E. Rosenthaler						
Options/SARs	85,433(2)	85,433(2)	3,901,827(7)	4,699,606(4)	4,699,606(4)	4,699,606(4)
Restricted Stock	—	—	2,456,615(7)	2,970,143(4)	2,970,143(4)	2,970,143(4)
Total	<u>85,433</u>	<u>85,433</u>	<u>6,358,442</u>	<u>7,669,748</u>	<u>7,669,748</u>	<u>7,669,748</u>
Christopher W. Shean						
Deferred Compensation(12)	38,751(13)	38,751(13)	38,751(13)	38,751(13)	38,751(13)	38,751(14)
Options/SARs	1,583,587(2)	1,583,587(2)	5,399,981(7)	6,197,759(4)	6,197,759(4)	6,197,759(4)
Restricted Stock	—	—	2,456,615(7)	2,970,143(4)	2,970,143(4)	2,970,143(4)
Total	<u>1,622,338</u>	<u>1,622,338</u>	<u>7,895,347</u>	<u>9,206,653</u>	<u>9,206,653</u>	<u>9,206,653</u>

- (1) If Mr. Maffei's employment had been terminated at Liberty Media's election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) (whether before or within a specified period following a change in control), as of December 31, 2013, he would have been entitled to receive a lump sum payment of \$7,800,000. See "—Executive Compensation Arrangements—Gregory B. Maffei" above. The 50% of such lump sum severance payment that would have been allocable to Liberty Media pursuant to the services agreement is not reflected in the table.
- (2) Based on the number of vested options and SARs held by each named executive officer at year-end. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (3) Based on (i) the number of vested options and SARs held by Mr. Maffei at year-end and (ii) the number of unvested options and shares of restricted stock held by Mr. Maffei at year-end that would vest pursuant to the forward-vesting provisions in his employment agreement if he were terminated without cause or for good reason at year-end. See "—Executive Compensation Arrangements—Gregory B. Maffei" above and the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (4) Based on (i) the number of vested options and SARs and (ii) the number of unvested options and SARs and the number of shares of restricted stock, in each case, held by each named executive officer at year-end. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above. In addition, if Mr. George's employment with QVC had been terminated at QVC's election without cause or by Mr. George for good reason (as defined in his employment agreement) within six months following a change in control of QVC, his awards would have vested in full.
- (5) If Mr. Maffei's employment had been terminated at Liberty Media's election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) or by reason of disability, as of December 31, 2013, he would have been entitled to receive personal use of the corporate aircraft for 120 hours per year over an 18-month period. Perquisite amount of \$658,048 includes (i) the maximum potential incremental cost of using the corporate aircraft

for 180 hours based on an hourly average of the incremental cost of use of the corporate aircraft and (ii) an estimate for personal use of the corporate apartment over the same 18-month period. The 50% of such perquisite expense that would have been allocable to Liberty Media pursuant to the services agreement is not reflected in the table.

- (6) If Mr. Baer's employment had been terminated due to his death or disability or at Liberty Media's election without cause or by Mr. Baer for good reason (as defined in his employment agreement), as of December 31, 2013, he would have been entitled to receive a lump sum payment in an amount equal to two times his base salary then in effect. See "—Executive Compensation Arrangements—Richard N. Baer" above. The 52% of such lump sum severance payment that would have been allocable to Liberty Media pursuant to the services agreement is not reflected in the table.
- (7) Based on (i) the number of vested options and SARs held by such named executive officer at year-end and (ii) the number of unvested options and SARs and the number of shares of restricted stock held by such named executive officer at year-end that would vest pursuant to the forward-vesting provisions in such named executive officer's award agreements if he were terminated without cause or, in the case of Mr. Baer, if he voluntarily terminated for good reason, at year-end. See the "Outstanding Equity Awards at Fiscal Year-End" table and "Potential Payments Upon Termination or Change-in-Control—Termination Without Cause or for Good Reason" above.
- (8) If Mr. George's employment had been terminated at QVC's election without cause or by Mr. George for good reason (as defined in his employment agreement) (whether before or within a specified period following a change in control), as of December 31, 2013, he would have been entitled to receive a lump sum payment of \$1,500,000. See "—Executive Compensation Arrangements—Michael A. George" above.
- (9) If Mr. George's employment had been terminated at QVC's election without cause or by Mr. George for good reason (whether before or within a specified period following a change in control) or in the event of his death or disability, he would have been entitled to receive a base compensation continuing payment for one year equal to his base salary upon termination.
- (10) Under the Pension Restoration Plan, upon separation from service, a participant would receive a lump sum payment of the vested percentage of such participant's account on the first day of the month following such separation, in this case, January 1, 2014.
- (11) Based on (i) the number of vested options held by Mr. George at year-end, (ii) the number of Pre-2011 Unvested Awards that would vest within 365 days of his termination and (iii) the portion of the 2011 Granted Awards that would vest pursuant to the forward-vesting terms of his employment agreement upon a termination without cause or for good reason at year-end. See "—Executive Compensation Arrangements—Michael A. George" above and the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (12) Represents deferred compensation payable to Mr. Shean based on a one-time deferral election of a portion of his annual cash bonus that was allocable to and paid by Liberty Interactive pursuant to the services agreement. See "—Executive Compensation Arrangements—2006 Deferred Compensation Plan" and "—Nonqualified Deferred Compensation Plans" above for more information.
- (13) Under the 2006 deferred compensation plan, we do not and Liberty Media does not have an acceleration right to pay out account balances to Mr. Shean upon this type of termination. However, Mr. Shean had the right to file an election at the time of his initial deferral to receive distributions under the 2006 deferred compensation plan upon his separation from service, including under these circumstances. For purposes of the tabular presentation above, we have assumed that Mr. Shean has elected to receive payout upon a separation from service of all deferred compensation, including interest.
- (14) The 2006 deferred compensation plan provides Liberty Media's compensation committee with the option of terminating the plan 30 days preceding or within 12 months after a change of control of Liberty Media and distributing the account balances (which option is assumed to have been exercised for purposes of the tabular presentation above).

DIRECTOR COMPENSATION

In the interest of maintaining consistent disclosure with the tables set forth in this section and in "Executive Compensation" above, we have not adjusted any of the LVNTA and LVNTB share numbers described throughout this section to reflect changes resulting from our April 2014 stock split.

Nonemployee Directors

Director Fees. Each of our directors who is not an employee of our company is paid an annual fee of \$175,000 (which, in 2013, was \$169,000) (which we refer to as the **director fee**), of which \$85,000 (\$83,000 in 2013) is payable in cash and the balance is payable in restricted shares or options to purchase shares of LINTA or LVNTA. See "—Director Restricted Share Grants" and "—Director Option Grants" below for information on the incentive awards granted in 2013 to the nonemployee directors. We do not offer our directors residing outside of Colorado a fee for attending meetings at our offices in Englewood, Colorado, however we did offer such a fee with respect to meetings in 2013 in the amount of \$2,000 per meeting. The chairman of the audit committee of our board of directors and each other member of that committee is paid an additional annual fee of \$30,000. With respect to our executive committee, each nonemployee member thereof receives an additional annual fee of \$10,000 for his participation on the committee. With respect to our compensation committee and nominating and corporate governance committee, each member thereof receives an additional annual fee of \$10,000 for his or her participation on each such committee, except that any committee member who is also the chairman of that committee instead receives an additional annual fee of \$20,000 for his or her participation on that committee. The cash portion of the director fees, the meeting fees and the fees for participation on committees are payable quarterly in arrears.

Charitable Contributions. If a director makes a donation to our political action committee, we will make a matching donation to a charity of his or her choice in an amount not to exceed \$10,000.

Equity Incentive Plans. The Liberty Interactive Corporation 2002 Nonemployee Director Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended (the **2002 director plan**) and the Liberty Interactive Corporation 2011 Nonemployee Director Incentive Plan (As Amended and Restated Effective November 7, 2011), as amended (the **2011 director plan**) are administered by our entire board of directors. Our board of directors has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The 2002 director plan and the 2011 director plan are designed to provide our nonemployee directors with additional remuneration for services rendered, to encourage their investment in our common stock and to aid in attracting persons of exceptional ability to become nonemployee directors of our company. Our board of directors may grant non-qualified stock options, SARs, restricted shares and cash awards or any combination of the foregoing under the 2011 director plan. The 2002 director plan expired according to its terms on December 17, 2012, and as a result no further grants are permitted under this plan.

As of March 31, 2014, the maximum number of shares of our common stock with respect to which awards may be issued under the 2011 director plan is 855,000, subject to anti-dilution and other adjustment provisions of the respective plans. Shares of our common stock issuable pursuant to awards made under the 2011 director plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company.

In 2013, each of our non-employee directors was given a choice of receiving his or her annual equity grant in the form of restricted shares or options.

Director Restricted Share Grants. Pursuant to our director compensation policy described above and the 2011 director plan, on December 16, 2013, each of Mr. Rapley, Mr. Romrell, Dr. Evan Malone and Ms. Wong were granted 2,558 restricted shares of LINTA and 159 restricted shares of LVNTA and

Mr. Gilchrist was granted 159 restricted shares of LVNTA. These restricted shares will vest on the second anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and will be forfeited if the grantee resigns or is removed from the board before the vesting date.

Director Option Grants. Pursuant to our director compensation policy described above and the 2011 director plan, on December 16, 2013, each of Messrs. Robison and Gilchrist were granted options to purchase 6,396 shares of LINTA at an exercise price equal to \$27.73 and Mr. Robison was granted options to purchase 330 shares of LVNTA at an exercise price equal to \$116.91, which, in each case, was the closing price of such stock on the grant date. The per share grant date fair value of these options for each director was \$11.4781 with respect to the LINTA options and \$53.1256 with respect to the LVNTA options. The options will become exercisable on the second anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and will be terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date, or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.

Director Deferred Compensation Plan. Effective beginning in the fourth quarter of 2013, directors of our company are eligible to participate in the Liberty Interactive Corporation Nonemployee Director Deferred Compensation Plan (the **director deferred compensation plan**), pursuant to which eligible directors of our company can elect to defer all or any portion of their annual cash fees that they would otherwise be entitled to receive. The deferral of such annual cash fees shall be effected by a reduction in the quarterly payment of such annual cash fees by the percentage specified in the director's election. Elections are required to be made in advance of certain deadlines, which generally must be on or before the close of business on December 31 of the year prior to the year to which the director's election will apply, and elections must include the form of distribution, such as a lump-sum payment or substantially equal installments over a period not to exceed ten years. Compensation deferred under the director deferred compensation plan earned interest at the rate of 9% per year, compounded quarterly at the end of each calendar quarter.

John C. Malone

In connection with the merger of TCI and AT&T in 1999, an employment agreement between John C. Malone and TCI was assigned to our company. In connection with the LMC Split-Off and the LMC Spin-Off, Mr. Malone's employment agreement (as amended) and his deferred compensation arrangements, as described below, were assumed by Old LMC and later Liberty Media. The term of Mr. Malone's employment agreement is extended daily so that the remainder of the employment term is five years. The employment agreement was amended in June 1999 to provide for, among other things, an annual salary of \$2,600, subject to increase with board approval. The employment agreement was amended in 2003 to provide for payment or reimbursement of personal expenses, including professional fees and other expenses incurred by Mr. Malone for estate, tax planning and other services, and for personal use of corporate aircraft and flight crew. The aggregate amount of such payments or reimbursements and the value of his personal use of corporate aircraft was originally limited to \$500,000 per year but increased to \$1 million effective January 1, 2007 by our compensation committee. Although the "Director Compensation Table" table below reflects the portion of the aggregate incremental cost of Mr. Malone's personal use of our corporate aircraft attributable to our company, the value of his aircraft use for purposes of his employment agreement is determined in accordance with SIFL, which aggregated \$205,831 for use of the aircraft by our company and Old LMC during the year ended December 31, 2013. A portion of the costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, incurred with respect to Mr. Malone were allocated to our company and reimbursed to Liberty Media under the services agreement.

In December 2008, the compensation committee determined to modify Mr. Malone's employment arrangements to permit Mr. Malone to begin receiving fixed monthly payments in 2009, while he remains employed by our company, in satisfaction of our obligations to him under a 1993 deferred compensation arrangement, a 1982 deferred compensation arrangement and an installment severance plan, in each case, entered into with him by our predecessors (and which had been assumed by our company). At the time of the amendment, the amounts owed to Mr. Malone under these arrangements aggregated approximately \$2.4 million, \$20 million and \$39 million, respectively. As a result of these modifications, Mr. Malone receives 240 equal monthly installments, which commenced February 2009, of: (1) approximately \$20,000 under the 1993 deferred compensation arrangement, (2) approximately \$237,000 under the 1982 deferred compensation arrangement and (3) approximately \$164,000 under the installment severance plan. Interest ceased to accrue under the installment severance plan once these payments began; however, interest continues to accrue on the 1993 deferred compensation arrangement at a rate of 8% per annum and on the 1982 deferred compensation arrangement at a rate of 13% per annum. Following certain termination events, Mr. Malone (or, in the event of Mr. Malone's death, his beneficiaries) would be entitled to receive the remaining payments under these arrangements, subject to certain conditions. In connection with the LMC Split-Off and the LMC Spin-Off, Old LMC and later Liberty Media assumed all outstanding obligations under these deferred compensation arrangements and the installment severance plan.

Under the terms of Mr. Malone's employment agreement, he is entitled to receive upon the termination of his employment for any reason (other than for death or "cause"), a lump sum equal to his salary for a period of 5 full years following termination (calculated on the basis of \$2,600 per annum, the **lump sum severance payment**). As described above, in connection with the LMC Split-Off and later the LMC Spin-Off, Liberty Media assumed Mr. Malone's employment agreement and all outstanding obligations thereunder, and we will reimburse Liberty Media for our allocated portion of any such lump sum severance payments made thereunder.

Director Compensation Table

<u>Name(1)</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)(2)(3)</u>	<u>Option Awards (\$)(2)(3)</u>	<u>All other compensation (\$)(4)</u>	<u>Total (\$)</u>
John C. Malone	—	—	—	758,299(5)(6)(7)	758,299
M. Ian G. Gilchrist	151,000	18,589	73,414	—	243,003
Evan D. Malone	89,000	89,522	—	—	178,522
David E. Rapley	143,000	89,522	—	—	232,522
M. LaVoy Robison	113,000	—	90,945	—	203,945
Larry E. Romrell	123,000	89,522	—	—	212,522
Andrea L. Wong	109,000(8)	89,522	—	1,000(9)	199,515

- (1) Gregory B. Maffei, who is a director of our company and a named executive officer, and John C. Malone, who is a director of our company, received no compensation for serving as directors of our company during 2013. However, we are allocated a portion of the compensation paid to Mr. Malone by Liberty Media. See footnotes (5), (6) and (7) below.

- (2) As of December 31, 2013, our directors (other than Mr. Maffei, whose stock incentive awards are listed in "Outstanding Equity Awards at Fiscal Year-End" above) held the following stock incentive awards:

	<u>John C. Malone</u>	<u>M. Ian G. Gilchrist</u>	<u>Evan D. Malone</u>	<u>David E. Rapley</u>	<u>M. LaVoy Robison</u>	<u>Larry E. Romrell</u>	<u>Andrea L. Wong</u>
Options/SARs							
LINTA	49,764	16,456	31,090	24,479	40,935	51,977	—
LINTB	432,001	—	—	—	—	—	—
LVNTA	2,470	400	1,552	1,223	2,733	2,596	—
LVNTB	21,867	—	—	—	—	—	—
Restricted Stock							
LINTA	—	—	6,448	6,448	—	6,448	6,448
LVNTA	—	159	354	354	—	354	354

- (3) The aggregate grant date fair value of the stock options and restricted stock awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 15 to our consolidated financial statements for the year ended December 31, 2013 (which are included in our Annual Report on Form 10-K as filed with the SEC on February 28, 2014).
- (4) We make available to our directors and personnel tickets to various sporting events with no aggregate incremental cost attributable to any single person.
- (5) Includes the amount of Mr. Malone's base salary of \$1,716 and the following amounts, in each case, which were allocated to our company under the services agreement:

	<u>Amounts (\$)</u>
Reimbursement for personal legal, accounting and tax services	242,557
Compensation related to personal use of corporate aircraft(a)	205,831
Tax payments made on behalf of Mr. Malone	279,205

- (a) Calculated based on aggregate incremental cost of such usage to our company.

Also includes miscellaneous personal expenses, such as courier charges.

Prior to the LMC Split-Off, we owned an apartment in New York City which was primarily used for business purposes. The apartment was assigned to Liberty Media in the LMC Split-Off and later the LMC Spin-Off. Mr. Malone makes use of this apartment and a company car and driver for personal reasons. From time to time, we also pay the cost of miscellaneous shipping and catering expenses for Mr. Malone.

- (6) Also includes \$16,830 in matching contributions allocated to our company with respect to the Liberty Media 401(k) Savings Plan.
- (7) Also includes \$5,982 in health insurance premiums allocated to our company for the benefit of Mr. Malone.
- (8) Includes \$27,750 earned by Ms. Wong during the fourth quarter of 2013 and deferred under the director deferred compensation plan.
- (9) Represents \$1,000 in a charitable contribution made on behalf of Ms. Wong pursuant to our political action committee matching contribution program.

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