
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from _____ to _____

Commission File Number 001-36603

LIBERTY TRIPADVISOR HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-3337365
(I.R.S. Employer
Identification No.)

12300 Liberty Boulevard, Englewood, Colorado 80112
(Address, including zip code, of Registrant's principal executive offices)

Registrant's telephone number, including area code: (720) 875-5200

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

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

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

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

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

The number of outstanding shares of Liberty TripAdvisor Holdings, Inc. common stock as of April 30, 2016 was:

	<u>Series A</u>	<u>Series B</u>
Liberty TripAdvisor Holdings, Inc. common stock	71,952,986	2,929,777

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LIBERTY TRIPADVISOR HOLDINGS, INC.

Condensed Consolidated Balance Sheets

(unaudited)

	March 31, 2016	December 31, 2015
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 676	644
Trade and other receivables, net of allowance for doubtful accounts of \$6 million and \$6 million, respectively	246	181
Short term marketable securities (note 4)	39	47
Other current assets	33	34
Total current assets	994	906
Investments in available-for-sale securities (note 4)	17	37
Property and equipment, at cost	221	216
Accumulated depreciation	(42)	(36)
	179	180
Intangible assets not subject to amortization:		
Goodwill	3,694	3,689
Trademarks	1,805	1,803
	5,499	5,492
Intangible assets subject to amortization, net	593	625
Other assets, at cost, net of accumulated amortization	48	45
Total assets	\$ 7,330	7,285

(continued)

See accompanying notes to condensed consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.
Condensed Consolidated Balance Sheets (Continued)
(unaudited)

	March 31, 2016	December 31, 2015
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 196	121
Accrued liabilities	141	129
Current portion of debt (note 5)	1	1
Deferred revenue	93	64
Other current liabilities	4	5
Total current liabilities	435	320
Long-term debt (note 5)	534	620
Deferred income tax liabilities	712	719
Other liabilities	192	190
Total liabilities	1,873	1,849
<i>Equity:</i>		
Preferred stock, \$.01 par value. Authorized shares 50,000,000; no shares issued.	—	—
Series A common stock, \$.01 par value. Authorized 200,000,000 shares; issued and outstanding 71,951,863 shares at March 31, 2016 and 71,920,260 at December 31, 2015	1	1
Series B common stock, \$.01 par value. Authorized shares 7,500,000; issued and outstanding 2,929,777 shares at March 31, 2016 and 2,929,777 shares at December 31, 2015.	—	—
Series C common stock, \$.01 par value. Authorized shares 200,000,000; no shares issued.	—	—
Additional paid-in capital	255	260
Accumulated other comprehensive earnings (loss), net of taxes	(23)	(25)
Retained earnings	560	572
Total stockholders' equity	793	808
Noncontrolling interests in equity of subsidiaries	4,664	4,628
Total equity	5,457	5,436
Commitments and contingencies (note 6)		
Total liabilities and equity	\$ 7,330	7,285

See accompanying notes to condensed consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.
Condensed Consolidated Statements of Operations
(unaudited)

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions, except per share amounts	
Service revenue	\$ 352	363
Other revenue	9	11
Total revenue, net	361	374
Operating costs and expenses:		
Operating expense, including stock-based compensation (note 2)	89	76
Selling, general and administrative, including stock-based compensation (note 2)	215	196
Depreciation and amortization	55	64
	359	336
Operating income (loss)	2	38
Other income (expense):		
Interest expense	(8)	(8)
Other, net	1	(2)
	(7)	(10)
Earnings (loss) before income taxes	(5)	28
Income tax (expense) benefit	(3)	(11)
Net earnings (loss)	(8)	17
Less net earnings (loss) attributable to noncontrolling interests	4	24
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (12)	(7)
Basic net earnings (losses) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 3):	\$ (0.16)	(0.09)
Diluted net earnings (loss) attributable to Series A and Series B Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 3):	\$ (0.16)	(0.09)

See accompanying notes to condensed consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.**Condensed Consolidated Statements of Comprehensive Earnings (Loss)****(unaudited)**

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions	
Net earnings (loss)	\$ (8)	17
Other comprehensive earnings (loss), net of taxes:		
Foreign currency translation adjustments	10	(50)
Other comprehensive earnings (loss)	10	(50)
Comprehensive earnings (loss)	2	(33)
Less comprehensive earnings (loss) attributable to the noncontrolling interests	12	(15)
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (10)	(18)

See accompanying notes to condensed consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	\$ (8)	17
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Depreciation and amortization	55	64
Stock-based compensation	21	19
Excess tax benefit from stock-based compensation	(4)	(7)
Deferred income tax expense (benefit)	(6)	(9)
Other noncash charges (credits), net	1	8
Changes in operating assets and liabilities		
Current and other assets	(64)	(76)
Payables and other liabilities	117	79
Net cash provided (used) by operating activities	<u>112</u>	<u>95</u>
Cash flows from investing activities:		
Capital expenditures, including internal-use software and website development	(17)	(32)
Cash paid for acquisitions, net of cash acquired	—	(5)
Purchases of short term investments and other marketable securities	(16)	(32)
Sales and maturities of short term investments and other marketable securities	44	34
Net cash provided (used) by investing activities	<u>11</u>	<u>(35)</u>
Cash flows from financing activities:		
Borrowings of debt, net of financing costs	—	2
Repayments of debt	(90)	(10)
Payment of minimum withholding taxes on net share settlements of equity awards	(9)	(13)
Excess tax benefit from stock-based compensation	4	7
Shares issued by subsidiary	2	8
Option exercises	—	4
Net cash provided (used) by financing activities	<u>(93)</u>	<u>(2)</u>
Effect of foreign currency exchange rates on cash	<u>2</u>	<u>(12)</u>
Net increase (decrease) in cash and cash equivalents	32	46
Cash and cash equivalents at beginning of period	644	509
Cash and cash equivalents at end of period	<u>\$ 676</u>	<u>555</u>

See accompanying notes to condensed consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Condensed Consolidated Statement of Equity

Three months ended March 31, 2016

(unaudited)

Stockholders' equity									
	Preferred Stock	Common Stock			Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Noncontrolling interest in equity of subsidiaries	Total equity
		Series A	Series B	Series C					
amounts in millions									
Balance at January 1, 2016	\$ —	1	—	—	260	(25)	572	4,628	5,436
Net earnings (loss)	—	—	—	—	—	(12)	—	4	(8)
Other comprehensive earnings (loss)	—	—	—	—	—	2	—	8	10
Stock compensation	—	—	—	—	6	—	—	17	23
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	(9)	—	—	—	(9)
Tax benefits on stock-based compensation, net	—	—	—	—	—	—	—	2	2
Shares issued by subsidiary	—	—	—	—	(3)	—	—	5	2
Other	—	—	—	—	1	—	—	—	1
Balance at March 31, 2016	\$ —	1	—	—	255	(23)	560	4,664	5,457

See accompanying notes to condensed consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(1) Basis of Presentation

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’s Liberty Ventures common stock shares of a wholly -owned subsidiary, Liberty TripAdvisor Holdings, Inc. (“TripCo” or the “Company”) (the “Trip Spin-Off”). TripCo holds the subsidiaries TripAdvisor, Inc. (“TripAdvisor”) and BuySeasons, Inc. (“BuySeasons”). 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 Trip Spin-Off was completed on August 27, 2014 and effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The Trip Spin-Off was intended to be tax-free and was accounted for at historical cost due to the pro rata nature of the distribution to stockholders of Liberty Ventures common stock.

The accompanying (a) condensed consolidated balance sheet as of December 31, 2015, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated 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. Additionally, certain prior period amounts have been reclassified for comparability with the current period presentation. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2015 as presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

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) recognition and recoverability of goodwill, intangible and long-lived assets (ii) accounting for income taxes and (iii) stock-based compensation to be its most significant estimates.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In March 2016, the FASB issued additional guidance which clarifies principal versus agent considerations, and in April 2016, the FASB issued further guidance which clarifies the identification of performance obligations and the implementation guidance for licensing. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or modified retrospective transition method. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, and early adoption is permitted only for fiscal years beginning after December 15, 2016. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements and related disclosures.

In September 2015, the FASB issued new accounting guidance which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. The Company adopted this guidance in the first quarter of 2016. The adoption of this guidance did not have a material impact on our condensed consolidated financial statements and related disclosures.

In February 2016, the FASB issued new guidance which revises the accounting for leases. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The new guidance also simplifies the accounting for sale and leaseback transactions. The new standard, to be applied via a modified retrospective transition approach, is effective for the Company for fiscal years and interim periods beginning after December 15, 2018. The Company has not yet determined the effect of the standard on its ongoing financial reporting.

In March 2016, the FASB issued new guidance which simplifies several aspects of the accounting for share-based payment award transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2016, with early application permitted. An entity that elects early application must apply all of the amendments in the same period. The Company has not yet determined the effect of the standard on its ongoing financial reporting.

Spin-Off of TripCo from Liberty Interactive Corporation

Following the Trip Spin-Off, Liberty and TripCo operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. In connection with the Trip Spin-Off, TripCo entered 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 provides 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.

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

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

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

Under these agreements, approximately \$1 million was reimbursable to Liberty Media for both the three months ended March 31, 2016 and 2015.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(2) Stock-Based Compensation

TripCo Incentive Plans

TripCo has granted to certain of its directors and employees options to purchase shares of TripCo common stock (“Awards”). TripCo measures the cost of employee services received in exchange for an equity classified Award based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award).

TripCo has calculated the grant-date fair value for all of its equity classified Awards using the Black-Scholes-Merton Model. TripCo estimates the expected term of the Awards based on historical exercise and forfeiture data. Since TripCo common stock has not traded on the stock market for a significant length of time, the volatility used in the calculation for Awards is based on a blend of the historical volatility of TripCo and TripAdvisor common stock and the implied volatility of publicly traded TripCo and TripAdvisor options; as the most significant asset within TripCo, the volatility of TripAdvisor was considered in the overall volatility of TripCo. TripCo uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

Included in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation, the majority of which relates to TripAdvisor as discussed below:

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions	
Operating expense	\$ 10	7
Selling, general and administrative expense	11	12
	<u>\$ 21</u>	<u>19</u>

TripCo - Outstanding Awards

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

	Series A	WAEP	Weighted average remaining contractual life	Aggregate intrinsic value
Outstanding at January 1, 2016	720	\$ 14.67		
Granted	—	\$ —		
Exercised	(29)	\$ 13.27		
Forfeited/Cancelled	—	\$ —		
Outstanding at March 31, 2016	<u>691</u>	\$ 14.73	3.2	\$ 5
Exercisable at March 31, 2016	<u>605</u>	\$ 13.66	2.8	\$ 5

There was no activity during the period related to the TripCo Series B options.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

As of March 31, 2016, the total unrecognized compensation cost related to unvested Awards was approximately \$20 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.4 years.

As of March 31, 2016, TripCo reserved 2.5 million shares of Series A and Series B common stock for issuance under exercise privileges of outstanding stock Awards.

TripAdvisor Equity Grant Awards

The following table presents the number and weighted average exercise price ("WAEP") of the Awards to purchase TripAdvisor common stock granted to certain officers, employees and directors of TripAdvisor.

	TripAdvisor stock options	WAEP	Weighted average remaining contractual life	Aggregate intrinsic value
	in thousands		in years	in millions
Outstanding at January 1, 2016	5,720	\$ 53.71		
Granted	630	\$ 63.33		
Exercised	(327)	\$ 25.14		
Cancelled or expired	(74)	\$ 60.62		
Outstanding at March 31, 2016	<u>5,949</u>	\$ 56.22	5.9	\$ 93
Exercisable at March 31, 2016	<u>3,076</u>	\$ 41.91	4.8	\$ 83

The weighted average grant date fair value of options granted was \$24.41 for the three months ended March 31, 2016.

As of March 31, 2016, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately \$61 million and will be recognized over a weighted average period of approximately 2.7 years. The total intrinsic value of stock options exercised for the three months ended March 31, 2016 and 2015 was \$12 million and \$31 million, respectively.

Additionally, during the three months ended March 31, 2016, TripAdvisor granted 1,504 thousand service based restricted stock units ("RSUs") under its 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 the three months ended March 31, 2016 was \$63.73 per share. As of March 31, 2016, the total unrecognized compensation cost related to TripAdvisor RSUs was approximately \$157 million and will be recognized over a weighted average period of approximately 3.2 years.

(3) Earnings (Loss) Per Common Share (EPS)

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented. Excluded from EPS for the three months ended March 31, 2016 and 2015 are 2 million and less than a million potential common shares, respectively, because their inclusion would be antidilutive.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

	Liberty TripAdvisor Holdings Common Stock	
	Three months ended	
	March 31,	
	2016	2015
	number of shares in millions	
Basic EPS	75	75
Potentially dilutive shares	—	—
Diluted EPS	75	75

(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 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, 2016			December 31, 2015		
	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	\$ 49	48	1	44	39	5
Short-term marketable securities	\$ 39	—	39	47	—	47
Available-for-sale securities	\$ 17	—	17	37	—	37

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, trade payables, accrued and other current liabilities, current portion of debt and long-term debt. With the exception of long-term debt, the carrying amount approximates fair value due to the short maturity of these instruments as reported on our condensed consolidated balance sheets. The carrying value of our long-term debt bears interest at a variable rate and therefore is also considered to approximate fair value.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

(5) Debt

Outstanding debt at March 31, 2016 and December 31, 2015 is summarized as follows:

	March 31, 2016	December 31, 2015
	amounts in millions	
TripAdvisor 2015 Credit Facility	110	200
TripCo margin loans	425	421
TripAdvisor Chinese credit facilities	1	1
Unamortized discount and debt issuance costs	(1)	(1)
Total consolidated TripCo debt	\$ 535	621
Less debt classified as current	(1)	(1)
Total long-term debt	\$ 534	620

TripAdvisor 2015 Credit Facility

On June 26, 2015, TripAdvisor entered into a five year credit agreement (the “2015 Credit Facility”). The 2015 Credit Facility, among other things, provides for (i) a \$1 billion unsecured revolving credit facility, (ii) an interest rate on borrowings and commitment fees based on TripAdvisor’s and its subsidiaries’ consolidated leverage ratio and (iii) uncommitted incremental revolving loan and term loan facilities, subject to compliance with a leverage covenant and other conditions. Any overdue amounts under or in respect of the revolving credit facility not paid when due shall bear interest at (i) in the case of principal, the applicable interest rate plus 2.00% per annum, (ii) in the case of interest denominated in British pound sterling or Euro, the applicable rate plus 2.00% per annum and (iii) in the case of interest denominated in U.S. Dollars, 2.00% per annum plus the Alternate Base Rate plus the interest rate spread applicable to ABR loans. TripAdvisor may borrow from the 2015 Credit Facility in U.S. dollars, Euros and British pound sterling with a term of five years expiring June 26, 2020.

There is no specific repayment date prior to the five-year maturity date for borrowings under the 2015 Credit Facility. During the three months ended March 31, 2016, TripAdvisor repaid \$90 million of its outstanding borrowings on the 2015 Credit Facility. Based on TripAdvisor’s current leverage ratio, borrowings bear interest at LIBOR plus 125 basis points, or the Eurocurrency Spread. TripAdvisor is currently borrowing under a one-month interest period of 1.7% per annum, using a one-month interest period Eurocurrency Spread, which will reset periodically. Interest will be payable on a monthly basis while TripAdvisor is borrowing under the one-month interest rate period.

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. Unused revolver capacity is currently subject to a commitment fee of 20 basis points, given TripAdvisor’s current leverage ratio. The 2015 Credit Facility includes \$15 million of borrowing capacity available for letters of credit and \$40 million for borrowings on same-day notice. As of March 31, 2016, TripAdvisor had issued \$2 million of outstanding letters of credit under the 2015 Credit Facility.

TripAdvisor may voluntarily repay any outstanding borrowing under the 2015 Credit Facility at any time without premium or penalty, other than customary breakage costs with respect to Eurocurrency loans. Certain wholly-owned domestic subsidiaries of TripAdvisor have agreed to guarantee TripAdvisor’s obligations under the 2015 Credit Facility.

The 2015 Credit Facility contains a number of covenants that, among other things, restrict TripAdvisor’s ability to:

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

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 the fiscal year. The 2015 Credit Facility also requires TripAdvisor to maintain a maximum leverage ratio and contains certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the 2015 Credit Facility will be entitled to take various actions, including the acceleration of all amounts due under the 2015 Credit Facility.

TripAdvisor Chinese Credit Facilities

In addition to borrowings under the 2015 Credit Facility, TripAdvisor maintains Chinese Credit Facilities. As of March 31, 2016 and December 31, 2015, there were approximately \$1 million of short term borrowings outstanding.

TripAdvisor's Chinese subsidiary is party to a \$30 million, one-year revolving credit facility with Bank of America (the "Chinese Credit Facility-BOA") that is currently subject to review on a periodic basis with no specific expiration period. The Chinese Credit Facility-BOA currently bears interest at a rate based on 100% of the People's Bank of China's base rate, which was 4.35% as of March 31, 2016. As of March 31, 2016, TripAdvisor had \$1 million of outstanding borrowings from the Chinese Credit Facility-BOA.

In addition, TripAdvisor's Chinese subsidiary is party to a RMB 125,000,000 (approximately \$20 million) one-year revolving credit facility with J.P. Morgan Chase Bank ("Chinese Credit Facility—JPM"). The Chinese Credit Facility—JPM bears interest at a rate based on 100% of the People's Bank of China's base rate, which was 4.35% as of March 31, 2016. As of March 31, 2016, there are no outstanding borrowings under the Chinese Credit Facility—JPM.

TripCo Margin Loans

On August 21, 2014, a wholly owned subsidiary of TripCo entered into two margin loan agreements which aggregated total borrowings of \$400 million. Prior to the Trip Spin-Off, approximately \$348 million of such amount was distributed to Liberty. Common Stock and Class B Common Stock of TripAdvisor were pledged as collateral pursuant to these agreements. Each agreement contains language that indicates that the Company, as borrower and transferor of underlying shares as collateral, has the right to exercise all voting, consensual and other powers of ownership pertaining to the transferred shares for all purposes, provided that Liberty agrees that it will not vote the shares in any manner that would reasonably be expected to give rise to transfer or certain other restrictions. Similarly, the loan agreements indicate that no lender party shall have any voting rights with respect to the shares transferred, except to the extent that a lender party buys any shares in a sale or other disposition made pursuant to the terms of the loan agreements. The agreements also contain certain restrictions related to additional indebtedness and margin calls. The initial margin call would require the outstanding balance to be reduced to \$300 million if at any time the closing price per share of TripAdvisor common stock were to fall below certain minimum values. Interest on the margin loans accrues at a rate of 3.65% plus LIBOR for six months and 3.25% thereafter to be paid in kind or cash at the election of TripCo. The Company expects that interest on the loan will be paid in kind and added to the principal amount on the loan. For the three months ended March 31, 2016, the non-cash addition to the principal balance was \$4 million. The term of the loan is three years and the maturity date is August 22, 2017.

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Condensed Consolidated Financial Statements (Continued)****(unaudited)**

As of March 31, 2016, the values of TripAdvisor's shares pledged as collateral pursuant to the margin loan agreements, determined based on the trading price of the Common Stock and on an as-if converted basis for the Class B Common Stock, are as follows:

Pledged Collateral	Number of Shares	
	Pledged as	
	Collateral as of	Share value as of
	March 31, 2016	March 31, 2016
	amounts in millions	
Common Stock	18.2	\$ 1,208
Class B Common Stock	12.8	\$ 851

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

Additionally, in support of the margin loan agreements, TripCo and Liberty Interactive LLC entered into a promissory note whereby TripCo may request, upon certain margin call thresholds, up to \$200 million in funds. Proceeds from the promissory note must be used by TripCo to offset obligations under the margin loan agreements.

Debt Covenants

As of March 31, 2016, each of the Company and TripAdvisor was in compliance with its respective debt covenants.

(6) Commitments and Contingencies***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 condensed consolidated financial statements.

(7) Segment Information

TripCo, through its ownership interests in subsidiaries and other companies, is primarily engaged in the online commerce industries. TripCo identifies its reportable segments as (A) those consolidated companies that represent 10% or more of its consolidated annual revenue, annual Adjusted 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, 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.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

TripCo defines Adjusted OIBDA as revenue less cost of goods sold, 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, 2016, TripCo has identified the following consolidated 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 are the same as those described in the Company's summary of significant accounting policies included in the Annual Report on Form 10-K for the year ended December 31, 2015.

Performance Measures

	Three months ended March 31,			
	2016		2015	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
TripAdvisor	\$ 352	85	363	127
Corporate and other	9	(7)	11	(6)
Consolidated TripCo	\$ 361	78	374	121

Other Information

	March 31, 2016	
	Total assets	Capital expenditures
	amounts in millions	
TripAdvisor	\$ 7,289	17
Corporate and other	41	—
Consolidated TripCo	\$ 7,330	17

LIBERTY TRIPADVISOR HOLDINGS, INC.**Notes to Condensed Consolidated Financial Statements (Continued)****(unaudited)**

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

	Three months ended March 31,	
	2016	2015
	amounts in millions	
Consolidated segment Adjusted OIBDA	\$ 78	121
Stock-based compensation	(21)	(19)
Depreciation and amortization	(55)	(64)
Interest expense	(8)	(8)
Other, net	1	(2)
Earnings (loss) before income taxes	<u>\$ (5)</u>	<u>28</u>

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

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. 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 there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for 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 contributors or consumers;
- 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 Federal Communications Commission and adverse outcomes from regulatory proceedings;
- changes in the business models of our subsidiaries, including the rollout of TripAdvisor's instant booking feature;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international 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;
- 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;
- fluctuations in foreign currency exchange rates; and
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world.

For additional risk factors, please see Part I, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2015. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

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 condensed consolidated financial statements and the notes thereto.

Overview

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’s Liberty Ventures common stock shares of a wholly -owned subsidiary, Liberty TripAdvisor Holdings, Inc. (“TripCo” or the “Company”), which holds the subsidiaries TripAdvisor, Inc. (“TripAdvisor”) and BuySeasons, Inc. (“BuySeasons”). The transaction was completed on August 27, 2014 and was effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty (the “ Trip Spin-Off”). The Trip Spin-Off is intended to be tax-free and has been accounted for at historical cost due to the pro rata nature of the distribution to stockholders of Liberty Ventures common stock.

These financial statements refer to the consolidation of TripAdvisor and BuySeasons as “TripCo,” “the Company,” “us,” “we” and “our” in the notes to the condensed consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements.

Our “Corporate and other” category includes our interest in BuySeasons and corporate expenses.

Results of Operations—Consolidated—March 31, 2016 and 2015

General. We provide in the tables below information regarding our Consolidated 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—TripAdvisor” below.

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions	
<i>Revenue</i>		
TripAdvisor	\$ 352	363
Corporate and other	9	11
Consolidated TripCo	<u>\$ 361</u>	<u>374</u>
<i>Adjusted OIBDA</i>		
TripAdvisor	\$ 85	127
Corporate and other	(7)	(6)
Consolidated TripCo	<u>\$ 78</u>	<u>121</u>
<i>Operating Income (Loss)</i>		
TripAdvisor	\$ 11	46
Corporate and other	(9)	(8)
Consolidated TripCo	<u>\$ 2</u>	<u>38</u>

Revenue. Our consolidated revenue decreased approximately \$13 million during the three months ended March 31, 2016, as compared to the corresponding period in the prior year due to decreases of \$11 million and \$2 million at TripAdvisor and BuySeasons, respectively. BuySeasons’ revenue decreased during the three months ended March 31, 2016 as it continues to shift its business model. 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 goods sold, operating expenses and selling, general and administrative (“SG&A”) expenses (excluding stock compensation), adjusted for specifically identified non-recurring transactions. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our 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, 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. See note 7 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) before income taxes.

Consolidated Adjusted OIBDA decreased approximately \$43 million during the three months ended March 31, 2016, as compared to the corresponding period in the prior year. The decrease was primarily due to the operating results of TripAdvisor. See “Results of Operations—TripAdvisor” below for a more complete discussion of the results of operations of TripAdvisor.

In connection with the Trip Spin-Off, among other matters, we entered into a services agreement and a facilities sharing agreement with Liberty Media. Pursuant to the services agreement, we 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. Consolidated fees paid under the services agreement and the facilities agreement was \$1 million for both the three months ended March 31, 2016 and 2015 and is not expected to exceed \$4 million annually.

Operating Income (Loss). Our consolidated operating income decreased approximately \$36 million for the three months ended March 31, 2016, respectively, as compared to the corresponding period in the prior year. The decrease for the three month period ended March 31, 2016 is due to the operating results of TripAdvisor, partially offset by 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,	
	2016	2015
	amounts in millions	
<i>Interest expense</i>		
TripAdvisor	\$ (4)	(2)
Corporate and other	(4)	(6)
Consolidated TripCo	<u>\$ (8)</u>	<u>(8)</u>
<i>Other, net</i>		
TripAdvisor	\$ —	(2)
Corporate and other	1	—
Consolidated TripCo	<u>\$ 1</u>	<u>(2)</u>

Interest expense. Interest expense remained flat for the three months ended March 31, 2016. Interest expense primarily consists of interest accrued, commitment fees and debt issuance costs amortization.

Other, net. Other expense, net decreased \$3 million for the three months ended March 31, 2016, as compared to the corresponding prior year period primarily due to the fluctuation of foreign exchange rates.

Income taxes. During the three months ended March 31, 2016, we had losses before income tax of \$5 million and income tax expense of \$3 million. We had income tax expense of \$11 million for the three months ended March 31, 2015, and the effective tax rate was approximately 39%. For the three months ended March 31, 2016, the Company recognized additional tax expense related to changes in the valuation allowance, changes in unrecognized tax benefits, and recognition of deferred tax liabilities for basis differences in the stock of a consolidated subsidiary. These expense items were partially offset with the tax benefit of earnings in foreign jurisdictions taxed at a rate lower than the U.S. federal tax rate. The effective rate for the three months ended March 31, 2015 was greater than the U.S. federal tax rate of 35% due primarily to an increase in tax expense related to changes in valuation allowance, changes in unrecognized tax benefits, state income tax expense and recognition of deferred tax liabilities for basis differences in the stock of a consolidated subsidiary. These expense items were partially offset with the tax benefit of earnings in foreign jurisdictions taxed at a rate lower than the U.S. federal tax rate.

Net earnings (loss). We had net losses of \$8 million and net earnings of \$17 million for the three months ended March 31, 2016 and 2015, 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, 2016 cash and cash equivalents primarily consist of cash on hand in global financial institutions, money market funds and marketable securities with maturities of 90 days or less.

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, 2016 TripCo had a cash balance of \$676 million. Approximately \$653 million of the cash balance, at March 31, 2016, is held at TripAdvisor. Although TripCo has a 56% voting interest in TripAdvisor, TripAdvisor is a separate public company with a significant non-controlling interest, as TripCo has only a 21% economic interest in TripAdvisor. Even though TripCo controls TripAdvisor through its voting interest and board representation, decision making with respect to using TripAdvisor's cash balances must consider TripAdvisor's minority holders. Accordingly, any potential distributions of cash from TripAdvisor to TripCo would generally be on a pro rata basis based on economic ownership interests. Approximately \$506 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. Historically, TripAdvisor's operating cash flows have been sufficient to fund its working capital requirements, capital expenditures and long term debt obligations and other financial commitments and are expected to be sufficient in future periods.

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions	
Cash flow information		
Net cash provided (used) by operating activities	\$ 112	95
Net cash provided (used) by investing activities	\$ 11	(35)
Net cash provided (used) by financing activities	\$ (93)	(2)

During the three months ended March 31, 2016, TripCo's primary use of cash was approximately \$90 million in debt repayments, \$16 million in purchases of short term investments and other marketable securities and \$17 million of capital expenditures. These uses of cash were funded primarily with cash on hand, cash provided by operations and proceeds from short term investments and other marketable securities.

The projected use of TripCo's corporate cash will be to fund any operational cash deficits at BuySeasons, to pay fees to Liberty Media for providing certain services pursuant to the services and facilities sharing agreements which is not expected to exceed \$4 million annually, and to pay any other corporate level expenses. We anticipate TripCo's corporate cash balance (without other financial resources potentially available as discussed above) to be sufficient to maintain operations through a refinancing arrangement on the margin loans. 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 loans as discussed above in potential sources of liquidity. TripAdvisor's projected use of cash, incremental to increased operational investment in its business, will primarily be payment of long term debt obligations and other financial commitments, the repurchases of TripAdvisor common stock under their approved share buyback program and investment in new or existing businesses.

Results of Operations—TripAdvisor

TripAdvisor, Inc. Our economic ownership interest in TripAdvisor is 21% and TripCo’s results include the consolidated results of TripAdvisor and the elimination of approximately 79% of TripAdvisor’s net income (loss), including purchase accounting adjustments, through the noncontrolling interest line item in the condensed consolidated statements of operations. TripAdvisor is a separate publicly traded company and additional information about TripAdvisor can be obtained through its website and its public filings. We believe a discussion of TripAdvisor’s stand alone results promotes a better understanding of overall results of its business. TripAdvisor’s revenue, Adjusted OIBDA and operating income on a standalone basis for the three months ended March 31, 2016 and 2015 were as follows (see tables below for a reconciliation of TripAdvisor’s standalone results to those amounts reported by TripCo):

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions	
Revenue		
Hotel	\$ 303	320
Non-Hotel	49	43
Total revenue	352	363
Operating expense	68	56
SG&A	199	180
Adjusted OIBDA	85	127
Stock-based compensation	19	16
Depreciation and amortization	24	21
Operating income as reported by TripAdvisor	\$ 42	90

Revenue

During the first quarter of 2016, TripCo began providing additional disclosures on TripAdvisor’s revenue sources, consistent with its standalone presentation. The purpose of this additional disclosure is to provide further understanding of TripAdvisor’s revenue sources. This change had no effect on the condensed consolidated financial statements in any period.

TripAdvisor’s Hotel revenue decreased \$17 million during the three months ended March 31, 2016 when compared to the same period in 2015. The decrease in Hotel revenue is detailed as follows:

	Three months ended	
	March 31,	
	2016	2015
	amounts in millions	
TripAdvisor-branded click-based and transaction	\$ 189	218
TripAdvisor-branded display-based advertising and subscription	68	61
Other hotel revenue	46	41
Total Hotel revenue	\$ 303	320

TripAdvisor-branded click-based and transaction revenue includes click-based advertising revenue from its TripAdvisor-branded websites and revenue from its instant booking feature. TripAdvisor-branded click-based and transaction revenue decreased \$29 million during the three months ended March 31, 2016 when compared to the same period in 2015, primarily due to a decline in revenue per hotel shopper. TripAdvisor's revenue per hotel shopper decreased 24% during the three months ended March 31, 2016 when compared to the same period in 2015, according to TripAdvisor's log files. The primary driver of this decrease was due to the impact from (i) TripAdvisor's decision to accelerate the rollout of its instant booking feature, which currently monetizes at a lower rate than click-based advertising revenue, into its U.S. and U.K. markets on all devices in the third quarter of 2015 and into substantially all of its remaining international markets in the first quarter of 2016, (ii) the timing of TripAdvisor's revenue recognition, as an increasing portion of its Hotel revenue is being recognized at stay under its instant booking consumption model as opposed to at the time the traveler makes the click-through to the travel partners' websites under its click-based advertising model or at the time of booking under the instant booking transaction model, (iii) a growing number of hotel shoppers visiting TripAdvisor's websites on mobile phones which exhibit a lower rate of conversion and therefore monetize at a significantly lower rate than hotel shoppers visiting via desktop or tablet, and (iv) to a lesser extent fluctuations in foreign exchange rates.

TripAdvisor-branded display-based advertising and subscription revenue consists of revenue from display-based advertising, subscription-based hotel advertising revenue (Business Listings), as well as content licensing with third party websites. TripAdvisor-branded display-based advertising and subscription revenue increased by \$7 million or 11%, during the three months ended March 31, 2016 when compared to the same period in 2015. Display-based advertising revenue and subscription revenue both grew at comparable rates during the three months ended March 31, 2016. The increase in display-based advertising revenue was primarily due to an increase in impressions sold and to a lesser extent pricing, while the increase in subscription revenue was a result of both increased pricing and sales productivity.

TripAdvisor's Non-Hotel segment revenue increased by \$6 million or 14% during the three months ended March 31, 2016 when compared to the same period in 2015, primarily driven by increased bookings across all businesses, partially offset by the continued shift to TripAdvisor's free-to-list model in its Vacation Rentals business, where commission revenues are not recognized until time of stay.

TripAdvisor's Attractions business saw an increase in supply of destination activities and continued growth in its user base globally. In its Restaurants business, TripAdvisor saw growth in its more established markets, and additionally from expansion into new markets. In its Vacation Rentals business, TripAdvisor continued to see an increase in property listings and number of transactions on its websites.

Revenue by Geography

Revenue outside of North America, or international revenue, decreased \$20 million, or 11%, during the three months ended March 31, 2016, when compared to the same period in 2015. TripAdvisor's international revenue represented 46% and 50% of its total revenue during the three months ended March 31, 2016 and 2015, respectively. TripAdvisor's international revenue growth rate decelerated and international revenue, as a percentage of total revenue, declined during the three months ended March 31, 2016 when compared to the same period in 2015, primarily due to TripAdvisor's accelerated rollout of instant booking in the U.K. during the second half of 2015 and to additional international markets during the three months ended March 31, 2016, which generally monetize at a lower revenue per hotel shopper, currently than the U.S. market, and to a lesser extent the impact of fluctuations in foreign exchange rates.

Adjusted OIBDA

Operating expense

The most significant driver of operating expense is technology and content costs which increased \$12 million during the three months ended March 31, 2016 when compared to the same period in 2015, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion and enhanced site features.

Selling, general and administrative

Selling and marketing costs consist of direct selling and marketing costs and indirect costs, such as personnel and overhead. Direct selling and marketing costs increased \$10 million during the three months ended March 31, 2016 when compared to the same period in 2015, primarily due to increased online traffic acquisition costs, offset by a decrease in costs related to the cessation of TripAdvisor's television advertising campaign. Personnel and overhead costs increased \$5 million during the three months ended March 31, 2016 when compared to the same period in 2015, primarily due to an increase in headcount needed to support business growth, including international expansion.

General and administrative costs increased \$4 million during the three months ended March 31, 2016 when compared to the same period in 2015 primarily due to personnel costs and overhead costs related to an increase in headcount to support TripAdvisor's business operations and increased professional service fees and non-income taxes, partially offset by a decrease of \$2 million in charitable contributions.

Operating Income (Loss)

Operating income, on a standalone basis, was impacted by the above Adjusted OIBDA explanations, combined with an increase in the amortization of capitalized software and web development costs and amortization of intangible assets acquired from recent TripAdvisor acquisitions.

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 TripCo (amounts in millions):

	Three months ended March 31, 2016		
	As Reported by TripAdvisor	Purchase Accounting Adjustments	As Reported by TripCo
Revenue	\$ 352	—	352
Operating expense	(68)	—	(68)
SG&A	(199)	—	(199)
Adjusted OIBDA	85	—	85
Stock-based compensation	(19)	—	(19)
Depreciation and amortization	(24)	(31)	(55)
Operating income (loss)	\$ 42	(31)	11

	Three months ended March 31, 2015		
	As Reported by TripAdvisor	Purchase Accounting Adjustments	As Reported by TripCo
Revenue	\$ 363	—	363
Operating expense	(56)	—	(56)
SG&A	(180)	—	(180)
Adjusted OIBDA	127	—	127
Stock-based compensation	(16)	(2)	(18)
Depreciation and amortization	(21)	(42)	(63)
Operating income (loss)	\$ 90	(44)	46

Item 3. 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 expect that over time 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 March 31, 2016, our debt is comprised of the following amounts of variable and fixed rate debt:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
	amount in millions			
TripAdvisor	\$ 111	1.7 %	—	N/A
TripCo debt	\$ 425	3.9 %	—	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 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.

Item 4. Controls and Procedures.

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of March 31, 2016 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2016 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

2,581 shares of Series A Liberty TripAdvisor Holdings, Inc. common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock during the three months ended March 31, 2016.

Item 6. Exhibits

(a) Exhibits

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

31.1	Rule 13a-14(a)/15d-14(a) Certification*
31.2	Rule 13a-14(a)/15d-14(a) Certification*
32	Section 1350 Certification**
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Label Linkbase Document*
101.PRE	XBRL Taxonomy Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Definition Document*

* Filed herewith

** Furnished herewith

EXHIBIT INDEX

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

31.1	Rule 13a-14(a)/15d-14(a) Certification*
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101.PRE	XBRL Taxonomy Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Definition Document*

* Filed herewith

** Furnished herewith

CERTIFICATION

I, Gregory B. Maffei, certify that:

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

Date: May 9, 2016

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
Chairman, President and Chief Executive Officer

CERTIFICATION

I, Brian J. Wendling, certify that:

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

Date: May 9, 2016

/s/ BRIAN J. WENDLING

Brian J. Wendling

Senior Vice President and Chief Financial Officer

Certification

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty TripAdvisor Holdings, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended March 31, 2016 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2016

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
Chairman, President and Chief Executive Officer

Date: May 9, 2016

/s/ BRIAN J. WENDLING

Brian J. Wendling
*Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.
