tripadvisor®

2015 Annual Report
and
Notice of 2016 Annual Meeting and
Proxy Statement

April 29, 2016

Dear Shareholders:

We are reinventing how users book and have awesome trips. Think about how inefficient the travel planning and booking process has been for the past ten years. You went online, searched on TripAdvisor, looked on search engines, searched destination sites, checked the travel booking sites, and checked the supplier sites. At the end of it all, you searched at least 15 to 20 different sites – some of them multiple times – trying to figure out where you want to go, where you are going to have a great time, where you are going to stay, and how you are going to book it. Then, you have to do the whole search all over again to find the best price and feel safe about where you are entering your credit card information.

As travelers ourselves, the TripAdvisor team has been frustrated by these tremendous inefficiencies, which we have recently sought to solve in the following three ways:

- First, we have continued to grow valuable user-generated content, which continues to reinforce our leadership position as the most trusted brand in travel research. Since 2011, user contributions to our platform have accelerated from 30 per minute to more than 230 per minute. In 2015 alone, users added 82 million total contributions, and we recently surpassed 350 million reviews and opinions on 6.5 million accommodations, attractions and restaurants around the globe.

- Second, as you will recall from past shareholder letters, in anticipation of changing consumer preferences we added hotel metasearch in 2013. Metasearch is a powerful price comparison engine that scours more than 200 different sites across the web to find you the best room prices for your stay, saving you time and the agony of having to search multiple sites on your own.

- And third, over the past couple of years, again anticipating consumers' growing desire to transact in a one-stop-shopping fashion on mobile devices, we've begun adding book-ability to our offering.

So imagine, rather than visiting those 15 to 20 sites again, and again, to make sure that you are finding the best hotel, getting the best price, and booking with a brand you trust, TripAdvisor now offers a more efficient booking journey. A user visits our sites for the most trusted review content to help them figure out where to go. When you are shopping for a hotel, you stay on TripAdvisor because we have of the best room prices and availability on the web. When you are comparing prices on TripAdvisor, you see that the "Book on TripAdvisor" button has a room price that is at least as good, if not better, than the other room price options available. You begin to connect that "TripAdvisor is the brand I trust," with "TripAdvisor is where I find-the lowest price," with "TripAdvisor is where I can find and book the lowest price." So you click, you book, and you are done. Time to start packing for the trip of your dreams, courtesy of TripAdvisor. That is the improved travel booking journey we are building. And it is here today.

Recent developments

Helping more users plan, book, and experience awesome trips is our North Star, and 2015 was a foundational year in pursuit of this mission. Here are some highlights from our four main categories:

- Hotels: We partnered with eight of the 10 largest hotel chains in the world and, in October, we announced an instant booking partnership with the Priceline Group, the largest OTA in the world. These partnerships enable TripAdvisor to offer users the ability to book more than 500,000 hotels worldwide without leaving the site. Following our full instant booking launch to United States and United Kingdom users in September, we have now launched instant booking to substantively all users around the globe. We see good leading indicators that users are increasingly coming to know TripAdvisor as a great place to book.

- Attractions: In 2015, we launched Marketplace, an open platform that enables more tour and attraction owners to list their products on TripAdvisor. This initiative helped nearly triple the number of bookable properties on our site from 11,000 to 32,000. With more supply choice for more consumers, we saw bookings and revenue grow rapidly. Attractions is key area of focus for us - an $80 billion market opportunity in the US and Europe alone(1). We believe that Attractions can be our next $1 billion revenue business and we are investing heavily in this category to achieve this long-term goal.

- Restaurants: Our restaurant review content continues to attract more and more visitors to TripAdvisor every month. Since we launched TheFork in 2014, our restaurant booking platform has continued to expand rapidly, both organically and inorganically. We now enable users in 12 countries to seamlessly book more than 33,000 great places to eat. We also love how restaurants keep TripAdvisor top-of-mind more frequently, not only when users are planning where to eat while on a trip, but also when they are close to home.

- Vacation Rentals: A nice complementary category for users looking to book an accommodation, our vacation rentals business continued to post great results in 2015 as it shifted towards free-to-list transaction-driven business. We generated more than 65% of vacation rentals' revenue from free-to-list during the year, and more than 70% of the nearly 800,000 properties are bookable online.

Strong financial performance

Despite significant foreign exchange headwinds, our business continued to show very healthy financial growth in 2015. Total revenue of $1.5 billion grew 20% in reported currency and 27% in constant currency. Adjusted EBITDA remained flat at $466 million and increased 14% in constant currency.

Hotel segment revenue grew 11%, or 18% in constant currency, and delivered strong 37% Adjusted EBITDA margins. Other segment revenues grew 106%, driven by continued strong growth in our Attractions, Restaurants, and Vacation Rentals businesses. Adjusted EBITDA margin for the Other segment was negative 3%, as we continued to invest aggressively in global growth.

A look ahead at 2016

2016 is another important year in our journey to build the best user experience in travel. We are in a great position today, but user needs continue to change, our industry continues to evolve, and competition abounds. For these reasons, we need to continue to invest in the products that users will want for years to come.

Given these realities, we are launching hotel instant booking to users around the globe during the first half of the year, just in time for the seasonal pickup in travel planning. To date, instant booking has been diluting our near-term financial results, and we expect financials will be most impacted during the first half of 2016. We look at this near-term impact as an opportunity cost, an investment towards building our next-generation end-to-end user experience, especially on mobile devices. Perfecting our instant booking offering may take a year or two to get all the room content right, to make a more seamless booking experience, and to educate more users about our unbeatable offerings. We have built a business with significant operational scale, one that enables us to execute this major business shift at speed and to maintain focus on the long-term. Importantly, we anticipate that Hotel segment revenue growth rates will improve in the back half of the year.

We also continue to leverage our profitable hotel base to invest in our Other segment businesses. We want to continue to grow our supply and drive higher conversion in all of our major product categories. Mobile investment is key, as we want to deliver users first-class attraction and restaurant discovery and booking experiences when they are in-destination. We will continue to prioritize market share gains and revenue growth over driving profit margin growth in our Other segment throughout 2016, and we believe profit margins will improve as these businesses achieve greater global scale.

In addition to organic investments in our platform, products, and people, we continue to have significant financial capacity for inorganic growth. We are very pleased with the acquisitions we have made over the last few years and remain open to similar opportunities to consolidate great businesses with innovative products and strong management teams. Although we look at many opportunities, we remain very selective and are focused on return on investment and long-term value creation. We also continue to evaluate alternative ways to deploy our capital, including share repurchases.

A shared vision and focus on the long-term

At $1.3 trillion in bookings, the global travel market is large, lucrative, and increasingly competitive. We will continue to make the necessary investments and decisions to improve our platform and products, to grow our community, and to drive more value to users and our partners, even if these decisions result in lower near-term profit for our company. We believe that this is the right path forward on our journey. We continue to manage our business for the long-term. It is the best way to build an organization that creates the most value for our users, our clients and our shareholders. Our ownership structure is an advantage, as Liberty TripAdvisor Holdings supports this long-term view.

In closing, 2015 was an exciting year. Overall, steps we are taking in 2016 will mute revenue and profit growth, but we believe these are imperative as we follow our North Star, navigating the path towards creating the best user experience in travel. I would like to thank TripAdvisor's users, partners, employees, and shareholders for their continued support.

Happy Travels,

Stephen Kaufer
Co-founder, President and Chief Executive Officer
TripAdvisor, Inc.

tripadvisor®

2015 Annual Report on Form 10-K

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

Form 10-K

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

For the fiscal year ended December 31, 2015

OR

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

For the transition period from to

Commission file number: 001-35362

TRIPADVISOR, INC.
(Exact name of registrant as specified in its charter)

Delaware	**80-0743202**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

400 1st Avenue
Needham, MA 02494
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code:
(781) 800-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, $0.001 par value	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

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

The aggregate market value of the common stock of the registrant held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $9,823,354,131 based on the closing price on The NASDAQ Global Select Market on such date. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

Class	Outstanding Shares at February 5, 2016
Common Stock, $0.001 par value per share	132,465,170 shares
Class B Common Stock, $0.001 par value per share	12,799,999 shares

Documents Incorporated by Reference

The registrant intends to file a proxy statement pursuant to Regulation 14A not later than 120 days after the close of the fiscal year ended December 31, 2015. Portions of such proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

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We refer to TripAdvisor, Inc. and our wholly-owned subsidiaries as “TripAdvisor,” “the Company,” “us,” “we” and “our” in this Annual Report on Form 10-K.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements” that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Annual Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The following words, when used, are intended to identify forward-looking statements: “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “result” “should,” “will,” and similar expressions which do not relate solely to historical matters. We caution investors that any forward-looking statements in this report, or which management may make orally or in writing from time to time, are based on management’s beliefs and on assumptions made by, and information currently available to, management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements are more fully described in Part I. Item 1A. "Risk Factors." Moreover, we operate in a rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the U.S. Securities and Exchange Commission, or the SEC, and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements.

PART I

Item 1. Business

Overview

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

Our TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the TripAdvisor website in 46 countries worldwide and are offered in 28 languages: English, Spanish, Chinese (Traditional and Simplified), Russian, Arabic, Greek, Korean, Polish, Norwegian, Turkish, Danish, Swedish, Dutch, Bahasa, Thai, Portuguese, Japanese, Italian, French, Vietnamese, Hebrew, Suomi, Hungarian, Czech, Slovak, Serbian, and German. Our TripAdvisor-branded websites, operated by our subsidiaries, reached 350 million average monthly unique visitors during the year ended December 31, 2015, according to our internal log files. Our websites feature 320 million reviews and opinions on 6.2 million places to stay, places to eat and things to do – including 995,000 hotels and accommodations and 770,000 vacation rentals, 3.8 million restaurants and 625,000 attractions around the world. In addition to user-generated content, our websites feature price comparison tools and links to partner websites, including travel advertisers, on which users can book their travel arrangements. Users may now also complete hotel bookings directly with our partners through tripadvisor.com and also through the TripAdvisor mobile application, where coverage is available.

In addition to the flagship TripAdvisor brand, we now manage and operate 23 other travel media brands, connected by the common goal of providing users the most comprehensive travel-planning and trip-taking resources in the travel industry. Our wholly owned subsidiaries operate the following websites in connection with these brands: www.airfarewatchdog.com, www.bookingbuddy.com, www.cruisecritic.com, www.everytrail.com, www.familyvacationcritic.com, www.flipkey.com, www.thefork.com (including www.lafourchette.com, www.eltenedor.com, www.iens.nl, www.besttables.com, and www.dimmi.com.au), www.gateguru.com, www.holidaylettings.co.uk, www.holidaywatchdog.com, www.independenttraveler.com, www.jetsetter.com, www.niumba.com, www.onetime.com, www.oyster.com, www.seatguru.com, www.smartertravel.com, www.tingo.com, www.travelpod.com, www.tripbod.com, www.vacationhomerentals.com, www.viator.com, and www.virtualtourist.com.

2015 Highlights

Following are some business highlights for fiscal 2015**:**

- TripAdvisor reached 320 million review and opinions on 6.2 million places to stay, places to eat and things to do – including 995,000 hotels and accommodations and 770,000 vacation rentals, 3.8 million restaurants and 625,000 attractions in 125,000 destinations throughout the world.
- Our websites globally reached 350 million average monthly unique visitors during the year.
- Mobile traffic grew to more than 53% of our unique users via tablet and smartphone and we achieved 290 million total mobile app downloads.
- We launched instant booking to TripAdvisor users in the U.S. and U.K. and entered into an agreement with The Priceline Group, or Priceline, as well as 7 of the top 10 major hotel chains to provide users with the ability to book reservations with more than 450,000 hotels around the globe.
- Viator launched Viator Marketplace, a new open-listing platform which enables tour, activity and attraction providers to self-load their products onto Viator and now offers more than 32,000 bookable attractions around the globe.
- We expanded thefork.com's bookable restaurant listings to more than 33,000 across 12 countries, including Australia, Brazil and The Netherlands.
- We grew vacation rental listings 18% or to 770,000 properties.

Corporate History, Equity Ownership and Voting Control

TripAdvisor was co-founded in February 2000 by Stephen Kaufer, our current President and Chief Executive Officer. TripAdvisor was acquired by IAC/InterActiveCorp, or IAC, in April 2004. In August 2005, IAC spun-off its portfolio of travel brands, including TripAdvisor, into a separate newly-formed Delaware corporation called Expedia, Inc., or Expedia. On December 20, 2011 Expedia completed a spin-off of TripAdvisor into a separate publicly traded Delaware corporation. We refer to this second transaction as the "Spin-Off." Following the Spin-Off, TripAdvisor began trading on The NASDAQ Global Select Market, or NASDAQ, as an independent public company on December 21, 2011 under the symbol "TRIP."

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. As a result, Liberty beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock.

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty was acquired by Liberty TripAdvisor Holdings, Inc., or LTRIP. Simultaneously, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. We refer to this transaction as the Liberty Spin Off. As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company holding 100% of Liberty's interest in TripAdvisor.

As a result of these transactions, as of December 31, 2015, LTRIP beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.7% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.3% of the outstanding common stock. Because each share of Class B common stock is generally entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing approximately 56.1% of our voting power.

Our Business Model

Our platforms connect users wishing to plan and book the best travel experiences with providers of travel accommodations and travel services around the world. We derive the majority 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 and transaction-based offerings as well as content licensing.

- ***Click-Based Advertising Revenue***. Our largest source of revenue is click-based advertising, which includes links to our partners' booking sites and contextually-relevant branded and unbranded text links. Our click-based advertising partners are predominantly online travel agencies, or OTAs, 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. CPC prices are determined in a bidding process that allows our partners to use our proprietary system to submit CPC bids to have their rates and availability listed on our site. When a partner submits a CPC bid they agree to pay the amount of that bid each time a user subsequently clicks on the URL link to the partner's website. Bids are submitted periodically – sometimes as often as daily or weekly – on a property-by property basis and the size of the bid relative to other bids received determines the partner's placement in all metasearch placements on our site with one or more offers shown, including hotel comparison search results and the property detail page. The system is automated and the size of the partner's bid is the only factor impacting the partner's placement on that page, except that individual partners may be sorted lower in the event that they have not provided price information or if they cease to have availability for the property.

  Click-based advertising revenue also includes revenue from our instant booking feature, which enables the merchant of record, generally an OTA or hotel partner, to pay a commission rate for a user that completes a reservation on TripAdvisor. Instant booking revenue is currently recognized under two different models: the transaction model and the consumption model. Our transaction model commission revenue is recorded at the time a traveler books a hotel reservation on our site with one of our transaction partners. Our transaction partners are liable for commission payment to us upon booking and the partner assumes the cancelation risk. When a traveler makes a hotel reservation on our site with one of our consumption partners, revenue is not recorded until the travelers' stay. Our consumption partners are liable for commission payment upon the completion of stay by the traveler. OTA and hotel partner placement and comparative hotel prices available to the traveler in the booking process under both models are determined in a bidding process in our proprietary system, based on a number of variables including commission rates, depending on the specific hotel selected.

  For the years ended December 31, 2015, 2014 and 2013, we earned $956 million, or 64%, $870 million, or 70% and $696 million, or 74%, respectively, in revenue from click-based advertising.

- ***Display-Based Advertising Revenue***. Advertising partners can promote their brands in a contextually-relevant manner through a variety of display-based advertising placements on our websites. While our display-based advertising clients are predominately direct suppliers in the hotel, airline and cruise categories as well as OTAs, we also accept display advertising from destination marketing organizations, casinos, resorts and attractions, as well as advertisers from non-travel categories. Display-based advertising is sold predominantly on a cost per thousand impressions, or CPM, basis. For the years ended December 31, 2015, 2014 and 2013, we earned $159 million, or 11%, $140 million, or 11%, and $119 million, or 13%, respectively, in revenue from display-based advertising.
- ***Subscription-Based, Transaction-Based and Other Revenue***. Business Listings is a subscription-based advertising product offered to hotels, B&Bs and other specialty lodging properties. This advertising product is sold for a flat fee and allows subscribers to list, for a contracted period of time, a website URL, email address and phone number on our TripAdvisor-branded websites, as well as to post special offers for travelers. In addition, we earn revenue from making hotel room nights available for booking on our transaction-based sites, including Jetsetter and Tingo for which we are the merchant of record, making rental listings available through our vacation rentals business, selling destination activities primarily through Viator, and providing access to online restaurant reservations primarily through Lafourchette, or thefork.com; as well as other revenue including content licensing with third party sites. For the years ended December 31, 2015, 2014 and 2013 we earned $377 million, or 25%, $236 million, or 19%, and $130 million, or 14%, respectively, in revenue from subscription-based, transaction-based and other revenue.

Our Industry

We operate in the global travel industry, focusing exclusively on online travel activity and the online advertising market.

According to Phocuswright, global travel spending is expected to be greater than $1.3 trillion in 2016. Recent historical trends show that, each year, an increasing percentage of global travel spending has been conducted online through supplier websites and online travel agencies. We believe that this trend will continue as online penetration continues to grow, as more consumers gain broadband access to the Internet, as smartphone, tablets and other mobile computing devices continue to proliferate, and as travel activity increases along with an expanding middle class in certain developing countries like China and India.

We believe that the Internet will continue to become even more integral to the travel-planning process due to increasing worldwide online penetration, particularly given the capabilities that the Internet provides travelers, including the ability to refine searches, compare destinations, view real-time pricing, complete bookings, and access information while in-destination.

More advertisers continue to shift their spending from offline to online channels, mirroring the trend in consumer media consumption generally. Given the size of the travel market, we believe that travel providers and travel related advertisers are, and will continue to be, motivated to devote significant resources to advertise their travel products and services. In addition, as more and more travel transactions are conducted online generally, we believe that an increasing amount of travel advertising spending will migrate from traditional offline advertising channels to online advertising opportunities.

Our Key Strengths

TripAdvisor-branded sites are comprehensive online resources for user-generated content on destinations, lodging, attractions and restaurants that help travelers plan and book the perfect trip. To help our users plan their trip, we currently feature 320 million reviews and opinions on accommodations, attractions, and restaurants, including more than 50 million candid photos, and helpful content ranging from hotel room tips to travel guides. We provide real-time pricing and availability search functionality that compares hundreds of partner websites so that users can find and book the best prices. We also enable users to book activities and attractions and restaurant reservations on our site. Our tools and travel content are available to users around the world in 28 different languages as well as on web-based and mobile applications on mobile devices and on desktops.

In order to achieve our goal, we leverage our key assets—a robust travel community, rich user-generated content, continuous technological innovation and global reach—as follows:

- ***Robust Travel Community***. We believe that we have the largest breadth of content in our markets and that, because of this breadth, travelers gravitate to our websites to research and plan their trips. By providing an interactive forum to share their experiences, our large and highly engaged community of travelers is a valuable resource. To facilitate planning, we enable consumers to research pricing and availability from third-party travel booking sites. To encourage better travel experiences for consumers and to create a feedback loop between the hospitality industry and individual travelers, we allow hospitality management representatives to respond to reviews of their properties on our website. After completing their trip, consumers can return to our websites to write reviews to give back to the community that helped them plan their trip. Through this cycle, more content is generated, which drives community, traffic, loyalty and higher search engine rankings, all of which lead to further content creation. We believe that the volume of reviews generated on our websites and the robust feedback loop created on our websites provides us with a significant advantage over our competitors.

- ***Rich User-Generated Content.*** We believe that the best travel content comes from the wisdom and insight of a robust community of travelers. We leverage user-generated content to power travel planning by allowing members to create reviews and share opinions on hundreds of thousands of accommodations, destinations, attractions and restaurants. As evidenced by the growth of our business, this type of travel planning has been embraced by travelers. To promote an enthusiastic reviewer community that continues to provide valuable content and promotes our brand, we have launched several programs to recognize reviewer contributions, including site badges, helpful vote recognition, and other features, all of which highlight the current and helpful reviews and opinions available throughout the TripAdvisor community.
- ***Technology and Innovation***. Product innovation and speed to market are our two most important priorities in order to create an increasingly rich user experience. We have weekly engineering releases that contain new products and features for our websites and mobile apps. Some recent examples of this product innovation include: Just For You, which delivers users a more personalized hotel shopping experience; instant booking, a feature that enables users to complete a hotel reservation while remaining on the TripAdvisor website; hotel metasearch, which enables users to see real-time availability and compare prices from hundreds of partner websites, without requiring the user to visit another website; and TripConnect, which enables independent hoteliers to compete for leads on TripAdvisor. Our ongoing commitment to innovation also extends to content syndication and review collection partnerships, as we leverage our technology and content for the benefit of other websites. In addition, we utilize manual and electronic fraud detection in order to maintain the quality and authenticity of user reviews.
- ***Global Reach***. We are a global company, both through the reach of our portfolio of branded websites and through our in-market staffing in 24 countries. As of December 31, 2015, we had 1,530 employees based outside of the United States, representing 51% of our employee population. As of December 31, 2015, we had branded websites in 46 countries outside the United States in 28 languages. We have nearly 990 million review translations, and are committed to continuing to improve the in-country user experience and the local content coverage for all of our points-of-sale. We believe that the universally-relevant content and community of our core TripAdvisor platform and our other brands uniquely position us to appeal to travelers throughout the world.

Our Strategy

We leverage significant investments in technology, operations, brand-building, and relationships with advertisers and other partners to expand our business and enhance our global competitive position. These investments have enabled us to, among other things, aggregate a large base of consumer reviews, in a variety of languages, across our global platform of websites. We continue to focus on the following areas to grow our business:

- ***Continuing Technology Innovation.*** We believe our ability to innovate and to provide additional functionality to our websites and apps across all devices will enable us to continue to deliver an industry-leading user experience. Our innovation culture supports bringing product enhancements to market at speed. In doing so, we believe that we can continue to, among other things, grow content, usage, loyalty and engagement, as well as to enhance our competitive positioning.
- ***Enhancing Community-Driven Platform.*** We grow brand awareness and member acquisition on social media channels, including Facebook, Twitter and other social media platforms. We believe our social integration and personalization initiatives help to drive usage of, engagement with, and content contributed to, our products. Users can share their reviews and ratings with their friends through Facebook Connect and also can publish their TripAdvisor content to their Facebook timelines. Additionally, our Just For You personalization feature gives users personalized recommendations based on friends' reviews and ratings as well as information collected about user preferences in selecting hotels.
- ***Improving the User Experience.*** We strive to improve the travel discovery and booking experience as well as help users discover and book places to eat and things to do while they are on the trip. For example, in 2013 we introduced hotel price comparison, or hotel metasearch, which enables users to find real-time availability and the lowest hotel room prices from hundreds of partner websites, without requiring the user to visit another website. Starting in 2014 and throughout 2015, we also rolled out our hotel instant booking feature, for hotels across our U.S. and U.K. platforms to all users on all devices. In addition to price comparison and booking capabilities, we offer user reviews, photos, room tips, management questions and answers, maps, and filtering to enable users to find the best accommodation, attraction or restaurant for them.
- ***Investing in Traffic Growth.*** We believe that our travel products are excellent tools to help all travelers plan and book the perfect trip. We seek to amplify our global brand and products through various online and offline marketing channels to

increase the number of users who navigate to our site either directly, also known as domain direct traffic, or from other marketing channels. We leverage a number of offline advertising channels including: permanent branding campaigns such as TripAdvisor-branded travel awards, certificates, stickers and badges and television advertising. We also leverage a number of online advertising channels including: customer relationship management email campaigns, or CRM; social networks; organic search through search engine optimization, or SEO; paid search through search engine marketing, or SEM; and referrals from partners whose sites contain links to TripAdvisor content, badges or widgets. At approximately 18% of global online travel unique visitors, according to comScore Media Metrix, we believe that we have an opportunity to continue growing unique visitors to our websites. In order to achieve this objective, we intend to invest in the aforementioned channels, as well as any new channels that we may identify in the future.

- ***Allowing Hotel Shoppers to Book Directly on Our Websites.*** We believe that allowing users to book directly online without leaving our TripAdvisor-branded websites will result in a better user experience as well as, ultimately, additional revenue to the Company. Instant booking is a feature that enables users to make a hotel reservation directly with a hotel or OTA partner while remaining on the TripAdvisor website. We have been gradually rolling this feature out in the U.S. since June 2014 and in 2015, accelerated the rollout of instant booking for hotels across our U.S. and U.K. platforms to all users on all devices. We also plan to continue rolling out this feature to additional international markets in 2016. Our business success depends in large part on our ability to maintain and expand relationships with our partners in the travel industry. These partners power the instant booking feature on our website and, we believe, also benefit from this feature, through increased reservations and more direct relationships with travelers.
- ***Enhancing Our Mobile Offerings***. We believe investing in and rapidly innovating and improving the TripAdvisor user experience on mobile devices is necessary to maintain and grow our business. We create new, user-friendly and differentiated mobile offerings and develop ways to efficiently and effectively advertise and distribute on these platforms. We have invested in developing and improving our native applications and have made significant progress creating mobile offerings which have received strong user feedback and have been downloaded 290 million times. We see an opportunity to increase monetization of mobile devices, especially as we increase the percentage of revenue that comes from transaction-based products.
- ***Enhancing International Offerings***. We are focused on strengthening our broad global footprint as we believe that penetrating international markets represents a long-term opportunity for us. We continue to improve localization and grow our user base in Europe, Asia and South America, especially in emerging markets, such as Brazil, Russia and China. In addition, we currently have a lead product offering in the Chinese market—re-branded Mao Tu Ying (or TripAdvisor China) — headquartered in Beijing. We continue to invest in the Chinese market, despite operating at a loss, and will continue to enhance our product offerings to international travelers.
- ***Expansion into Adjacent Categories***. We intend to continue to grow our business and expand our product and service offerings that either complement our existing core hotel segment or provide additional resources, products and/or services that will improve the user experience for hotel shoppers. In addition, we continue to make investments, in adjacent categories in order to leverage and monetize the significant percentage of our users who are not hotel shoppers, or who visit TripAdvisor sites without navigating to pages that contain a listing of hotels in a city or a specific hotel's page. Two recent examples include our acquisitions of Lafourchette or thefork.com, the leading online and mobile reservation platform for restaurants in France, Spain and Switzerland, with a network of restaurant partners in Europe and Australia; and Viator, the leading online resource for researching and booking destination activities around the world.

Our Commercial Relationships

We have a number of commercial relationships that are important to the success of our business. Although these relationships are memorialized in some form of agreement, many of these agreements are for a limited term or are terminable at will or on short notice. As a result, we work hard to ensure the mutual success of these relationships.

We have advertising relationships with the vast majority of the leading OTAs as well as a variety of other travel suppliers pursuant to which these companies purchase traveler leads from us, generally on a CPC basis. For the year ended December 31, 2015, our two most significant advertising partners, Expedia and Priceline (and their subsidiaries), each accounted for more than 10% of our total revenue and combined accounted for 46% of our total revenue.

Our instant booking feature enables hotel shoppers to book directly with a third-party partner, without leaving our website. To facilitate this, we have partnered with seven of the top ten major hotel chains, including Accor, Best Western International, Carlson Rezidor, Choice Hotels, Hyatt Hotels, Marriott International and Wyndham Worldwide. We also partnered with Priceline, whereby some of Priceline's online travel brands will participate in our instant booking platform, beginning with its Booking.com brand. As a result, users are able to book more than 450,000 hotels, powered by our partners, without leaving the TripAdvisor site or mobile experience.

We have a content licensing program utilized by over 1,300 partners around 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 200,000 unique domains around the globe. Both free and licensed TripAdvisor content reaches over 900 million people per month. Partners benefit from our user-generated content, such as reviews, ratings and photos. In addition, we power 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. We have also developed partnerships with mobile carriers and device manufacturers.

Marketing and Promotions

We have established widely-used and recognized brands through our marketing efforts. We continue to aggressively promote our brands, particularly our flagship brand TripAdvisor. Our marketing programs are intended to build and maintain the value of our brands, promote consumer engagement and contributions, drive qualified clicks to our metasearch and instant booking partners and strategically position our brands in the market. Our long-term success depends on our continued ability to maintain and increase the overall number of consumers flowing through our brand in a cost-effective manner, to engage customers in both the planning and booking phase, and to attract consumers who will share their own content from their trips. We reach consumers across mobile and desktop devices through our online marketing acquisition programs, and offline through our offline brand campaigns. We also utilize our CRM channels by sending relevant and engaging traveler communications to our members via email. We have a robust global public relations program that yields placements on a constant basis in major print and online publications. We continue to look for new ways to build brand awareness and expand new channels, which may include traditional media and social media channels including Facebook and Twitter to deepen customer engagement. We syndicate our content so that other sites can feature TripAdvisor branding and content. Lastly, marketing and product development initiatives are closely tied. We are constantly creating helpful features and functionality so that our users can discover more relevant travel planning reviews, advice and booking content that they want to talk about and share with their friends.

Operations and Technology

We have assembled a team of highly skilled software engineers, computer scientists, data scientists, network engineers, and systems engineers whose expertise spans a broad range of technical areas, including a wide variety of open source operating systems, databases, languages, analytics, networking, scalable web architecture, operations, and warehousing technologies. We make significant investments in product and feature development, data management, personalization technologies, scalable infrastructures, networking, data warehousing, and search engine technologies. The TripAdvisor-branded websites are powered primarily using Java programming language.

Our 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 our software components, data, and content are replicated in multiple datacenters and development centers, as well as being backed up at offsite locations. Our systems are monitored and protected though multiple layers of security. Several of our individual subsidiaries and businesses, including Viator, have their own data infrastructure and technology teams.

Widespread adoption of mobile devices such as iPhone, Android-enabled smart phones and tablets such as the iPad, coupled with the improved web browsing functionality and development of thousands of useful apps available on these devices, is driving substantial traffic and commerce activity to mobile platforms. We have seen tremendous growth in the adoption of mobile platforms, as have our advertising partners. Advertising opportunities may be more limited on mobile devices given their small screen sizes. Further, given the size and technical limitations of tablets and smartphones, mobile consumers may not be willing to download multiple apps from multiple travel service providers and instead prefer to use one or a limited number of apps for their mobile travel activity. As a result, the consumer experience with mobile apps (as well as brand recognition and loyalty) is becoming increasingly important and we make significant investments in this area.

We believe that mobile bookings are necessary to maintain and grow our business as consumers increasingly turn to mobile devices and mobile applications. As a result, we have made significant progress creating mobile offerings, which have received strong reviews, solid download trends and are driving an increasing share of our business.

Our Competition

We compete in rapidly evolving and intensely competitive markets. We face competition for content, users, advertisers, online travel search and price comparison services (or hotel metasearch) and online reservations. We also face competition from large companies that also offer comprehensive on-line resources for destinations, lodging, attractions and restaurants.

Our primary competitors include large online portals, social networking sites and search engines, such as Google (including Google + Local), Facebook (including Graph Search), Yahoo! (including Yahoo! Travel) and Baidu. We also face competition from OTAs (such as Expedia and Priceline and their respective subsidiaries), as well as wholesalers, tour operators and traditional offline travel agencies. We also compete with a wide range of other companies, including Airbnb, Inc., Alibaba, Ctrip.com International, Ltd., HolidayCheck AG, HomeAway, Inc. (a subsidiary of Expedia), Yelp, Inc. and OpenTable, Inc. (a subsidiary of Priceline).

In the competition to attract users, we rely on our ability to acquire traffic through offline brand recognition and brand-direct efforts such as television, email and online search, whether unpaid or paid. Unpaid search is sometimes referred to as SEO, which is the practice of developing websites with relevant and current content that rank well in "organic," or unpaid, search engine results. SEO can be affected by a number of factors including competitive site content, changes to our website architecture and page designs, changes to search engine ranking algorithms, or changes to display ordering in search engine results such as preferred placement for internal products offered by search engines. SEM is a form of Internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages through the use of paid placement, contextual advertising, and paid inclusion. SEM is a competitive marketplace with competitors continually updating their traffic acquisition strategies and economic models across a large number of keywords and markets.

We compete for advertisers with large, established search engines with significantly greater resources than we have, such as Google, Bing, and Yahoo!, as well as online media companies and ad networks, and offline advertising sources, such as television and print media. These competitors have large client bases and significantly greater resources than we have and expertise in developing online commerce and facilitating internet traffic are creating inroads into online travel. Competition from these parties could cause us to lose advertising customers or shares of advertising expenditures. If Google, or any other leading search engines refer significant traffic to these or other travel services that they develop in the future, or otherwise favor supplier websites or other travel service websites over other online travel sites, including us, it would likely become more difficult and expensive for us to generate traffic to our websites and therefore maintain or grow our market share.

We also compete for online travel search and price comparison services (or hotel metasearch), with other such companies, including Expedia (through its ownership of Trivago), Priceline (through its ownership of Kayak) and HotelsCombined.

With respect to our restaurant, attractions and vacation and short-term rental businesses, we face competition from a variety of companies, including:

- online restaurant reservation services, such as OpenTable (a subsidiary of Priceline), Yelp's SeatMe and Amazon's Table8;
- online attraction reservation services, such as GetYourGuide and Expedia's Destination Services;
- online accommodation search and/or reservation services focused on vacation and short-term rental properties, such as HomeAway (a subsidiary of Expedia) and Airbnb, Inc.

Certain of the companies we do business with are also our competitors. The consolidation of our competitors and partners, including Expedia (through its ownership of Trivago, Orbitz, Travelocity, and HomeAway) and Priceline (through its ownership of Kayak and OpenTable), coupled with evolving business models throughout the industry, results in a highly dynamic competitive environment. As the market evolves for online travel content and the technology supporting it, including platforms such as smartphone and tablet computing devices, we anticipate that the existing competitive landscape will change and new competitors may emerge.

Intellectual Property

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

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

We have considered, and will continue to consider, the appropriateness of filing for patents to protect future inventions, as circumstances may warrant. However, many patents protect only specific inventions and there can be no assurance that others may not create new products or methods that achieve similar results without infringing upon patents owned by us.

Government Regulation

We are subject to a number of United States federal and state and foreign laws and regulations that affect companies conducting business on the Internet, many of which are still evolving and being tested in courts, and could be interpreted in ways that could harm our business. These may involve user privacy, libel, rights of publicity, data protection, content, intellectual property, distribution, electronic contracts and other communications, competition, protection of minors, consumer protection, taxation and online payment services. In particular, we are subject to United States federal and state and foreign laws regarding privacy and protection of user data. Foreign data protection, privacy, and other laws and regulations are often more restrictive than those in the United States. United States federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations is often uncertain, particularly in the new and rapidly-evolving industry in which we operate. There are also a number of legislative proposals pending before the United States Congress, various state legislative bodies, and foreign governments concerning data protection which could affect us.

In addition, we provide advertising data and information and conduct marketing activities that are subject to United States federal and state consumer protection laws that regulate unfair and deceptive practices, domestically and internationally. The United States and European Union have begun to adopt legislation that regulates certain aspects of the Internet, including online editorial and user-generated content, user privacy, behavioral targeting and online advertising, taxation, and liability for third-party activities.

United States federal, state and foreign governments have considered from time to time alternative legislative and regulatory proposals that would increase regulation on Internet advertising. It is impossible to accurately predict whether new taxes or regulations will be imposed on our services, and whether or how we might be affected. Increased regulation of the Internet could increase the cost of doing business or otherwise materially adversely affect our business, financial condition or operational results.

We are subject to laws that require protection of user privacy and user data. In our processing of reservations, we receive and store a large volume of personally identifiable data in the United States, Europe and Asia. This data is increasingly subject to laws and regulations in numerous jurisdictions around the world, including the Commission of the European Union through its Data Protection Directive and variations and implementations of that directive in the member states of the European Union. Such government action is typically intended to protect the privacy of personal data that is collected, processed and transmitted in or from the governing jurisdiction.

Our Reportable Segments

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

Hotel Segment

Our Hotel segment accounted for 85% of our Company's consolidated revenue in 2015 and includes revenue generated from services related to hotels, including click-based and display-based advertising revenue from making hotel room nights available for price comparison and booking, including our instant booking feature, as well as subscription-based hotel products such as Business Listings, transaction-based hotel products such as Jetsetter and Tingo, and other revenue related to hotels. Our Hotel segment also includes advertising revenue from making airline reservations and cruise reservations available for price comparison and booking.

The Hotel segment's financial performance is principally dependent on our ability to grow click-based advertising revenue. This revenue stream is highly dependent upon growth in our hotel shoppers, how effectively we convert hotel shoppers into revenue, and the price we get paid per hotel shopper, all of which equates to revenue per hotel shopper. We use the term "hotel shoppers" to refer to visitors who view either a listing of hotels in a city or a specific hotel page.

A significant percentage of our annual unique users are not hotel shoppers and visit TripAdvisor sites without navigating to pages that contain a listing of hotels in a city or a specific hotel's page. Revenue generated from these users is reflected in our Other segment below.

Other Segment

Our Other segment accounted for 15% of our consolidated revenue in 2015 and consists of the following businesses:

- **Attractions.** We provide, primarily through Viator, information and services for researching and booking destination activities around the world. Viator works with local operators to provide travelers with access to tours and activities in popular destinations worldwide, earning a commission for such service. In addition to its consumer-direct business, Viator also provides local experiences to affiliate partners, including some of the world's top airlines, hotels and travel agencies.
- **Restaurants.** We have several websites that provide online and mobile reservation services that connect restaurants with diners. These websites are primarily focused currently on the European and Australian markets, primarily through Lafourchette or thefork.com (including www.lafourchette.com, www.eltenedor.com, www.iens.nl, www.besttables.com, and www.dimmi.com.au). thefork.com is an online restaurant booking platform with a network of restaurant partners primarily across Europe and Australia. Lafourchette also offers management software solutions helping restaurants to maximize business by providing a flexible online booking, discount and data tool. We generate revenue primarily by charging a fee for each restaurant guest seated through the online reservation systems.
- **Vacation Rentals.** We offer individual property owners and property managers the ability to list their properties available for rental and connect with travelers using a subscription-based fee structure or a free-to-list, commission per booking based option. Our vacation rental inventory currently includes full home rentals, condos, villas, beach rentals, cabins, cottages, and many other accommodation types. These properties are listed across a number of platforms, including TripAdvisor Vacation Rentals, U.S.-based FlipKey and Vacation Home Rentals, and our European-based Holiday Lettings and Niumba businesses.

Substantially all of the revenue reported in our Other segment is subscription-based, transaction and other revenue.

Financial Information about Reportable Segments and Geographic Information

For the years ended December 31, 2015, 2014 and 2013 our two most significant advertising partners, Expedia and Priceline, each accounted for more than 10% of our consolidated revenue and combined accounted for 46%, 46% and 47% of our consolidated revenue, respectively. This concentration of revenue is recorded in our Hotel segment for these reporting periods. As of December 31, 2015 and 2014, Expedia accounted for 11% and 15%, respectively, of our total accounts receivable.

Financial information related to our two reportable segments and geographic information required herein is contained in "Note 16 — *Segment and Geographic Information*," in the notes to our consolidated financial statements in Item 8.

Employees

As of December 31, 2015, we had 3,008 employees. Of these employees, approximately 49% were based in the United States. We believe we have good relationships with our employees, including relationships with employees represented by international works councils or other similar organizations.

Seasonality

The global travel market is large and traveler expenditures tend to follow a seasonal pattern. As such, expenditures by travel advertisers to market to potential travelers, and, therefore, our financial performance, tend to be seasonal as well. As a result, our third quarter tends to be our seasonal high, as it is a key period for travel research and trip-taking and our seasonal low generally occurs in the first and/or fourth quarter. Significant shifts in our business mix or adverse economic conditions could influence the typical trend of our seasonality in the future.

Additional Information

We maintain a corporate website at ir.tripadvisor.com. Except as explicitly noted, the information on our website, as well as the websites of our various brands and businesses, is not incorporated by reference in this Annual Report on Form 10-K, or in any other filings with, or in any information furnished or submitted to, the SEC.

We make available, free of charge through the Investor Relations section of our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Sections 13(a) or Section 15(d) of the Exchange Act as soon as reasonably practicable after they have been electronically filed with, or furnished to, the SEC.

We post our code of business conduct and ethics, which applies to all employees, including all executive officers, senior financial officers and directors, on our corporate website at www.tripadvisor.com. Our code of business conduct and ethics complies with Item 406 of SEC Regulation S-K and the rules of NASDAQ. We intend to disclose any changes to the code that affect the provisions required by Item 406 of Regulation S-K, and any waivers of the code of ethics for our executive officers, senior financial officers or directors, on our corporate website.

Item 1A. Risk Factors

You should consider carefully the risks described below together with all of the other information included in this Annual Report as they may impact our business, results of operations and/or financial condition. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also impair our business, results of operations or financial condition. If any of the following risks occur, our business, financial condition, operating results and cash flows could be materially adversely affected.

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

The primary asset that we use to attract visitors to our websites and convert these visitors into repeat users is our ability to collect, create, organize and distribute high-quality, commercially valuable content that meets users' specific interests and enables them to use the content and interact with the supporting communities. There can be no assurances that we will continue to obtain content in a cost-effective manner or in a manner that meets rapidly changing consumer demand. Any failure to obtain and manage such content in a manner that will engage users, or a failure to provide content and products that are perceived as useful, reliable and trustworthy, could adversely affect user experiences and reduce traffic to our websites, which would make our websites less attractive to advertisers. Any change in the cost structure pursuant to which we obtain our content, in travelers' relative appreciation of user-based versus expert content, in the quality of our content versus other sites' content or any other changes that could reduce traffic to our websites would negatively impact our business and financial performance.

We derive a substantial portion of our revenue from advertising and any significant reduction in spending by advertisers could harm our business.

We derive a substantial portion of our revenue from the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. We enter into master advertising contracts with our advertising partners, however, these agreements are generally limited to matters such as privacy and compliance, payment terms and conditions, termination and indemnities and most can be terminated by our partners at will or on short notice. Our ability to grow advertising revenue with our existing or new advertising partners is dependent in large part on our ability to generate revenue for them. Advertisers will not continue to do business with us if their investment in such advertising does not generate sales leads, customers, bookings, or revenue and profit on a cost-effective basis. If we are unable to provide value to our advertising partners, they will likely stop placing ads on our websites, which would harm our revenues and business. We cannot guarantee that our 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 us.

Click-based advertising accounts for the majority of our advertising revenue. Any changes we make to our business model may impact our advertising revenue in ways that we do not expect. In addition, if new, more effective advertising models were to emerge, there can be no assurance that we will have the ability to offer these models, or offer them in an effective manner.

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

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 we are unable to generate advertising revenue due to factors outside of our control, our business and financial performance would be adversely affected.

We rely on a relatively small number of significant advertising partners and any reduction in spending by or loss of these partners advertisers could seriously harm our business.

We derive a substantial portion of our revenue from a relatively small number of advertising partners and rely significantly on our relationships. For example, for the year ended December 31, 2015, our two most significant advertising partners, Expedia and Priceline (and their subsidiaries), accounted for a combined 46% of total revenue. While we enter into master advertising contracts with our partners, the terms of these agreements generally address matters such as privacy and compliance, payment terms and conditions, termination and indemnities and most of these contracts can be terminated by our partners at will or on short notice. If any of our significant advertisers were to cease or significantly curtail advertising on our websites, we could experience a rapid decline in our revenue over a relatively short period of time which would have a material impact on our business.

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

We rely heavily on Internet search engines, such as Google, to generate traffic to our websites, principally through the purchase of travel-related keywords. 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 websites can be negatively affected. In addition, a search engine could, for competitive or other purposes, alter its search algorithms or results causing our websites to place lower in search query results. If a major search engine changes its algorithms in a manner that negatively affects the search engine ranking of our websites or those of our partners, or if competitive dynamics impact the cost or 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 failure to successfully manage our SEO and SEM strategies could result in a substantial decrease in traffic to our websites, as well as increased costs if we were to replace free traffic with paid traffic.

In addition, to the extent that Google or other leading search or metasearch engines that have a significant presence in our key markets, disintermediate OTA's 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 our business and financial performance. To the extent these actions have a negative effect on our search traffic, whether on desktop, tablet or mobile devices, our business and financial performance could be adversely affected.

We continue to work aggressively on rolling out our "instant booking" feature despite anticipated and potential unanticipated challenges and risks which could have a negative impact on our business and financial performance.

Instant booking is a feature that enables users to book a hotel reservation directly with a hotel or online travel agency partner while remaining on the TripAdvisor website. We have been gradually rolling this feature out in the U.S. since June 2014, and, in 2015, accelerated the rollout of instant booking for hotels across our U.S. and U.K. platforms to all users on all devices. We plan to continue rolling out this feature to additional international markets in 2016. We believe that allowing users to book directly online without leaving the TripAdvisor site will result in a better user experience as well as, ultimately, additional revenue to the Company. However, there are additional risks associated with this feature.

Our success depends in large part on our ability to maintain and expand relationships with partners in the travel industry, including hotel chains, online travel agencies and travel suppliers and other online travel partners. We are working with some of these partners to "power" the instant booking function on our website and believe that these partners will also benefit from this feature, through increased reservations and more direct relationships with travelers. Some partners, however, may view this new functionality as directly competitive and take action that could adversely affect our business and financial performance. They could reduce or eliminate advertising revenue paid to us, charge for or otherwise restrict access to content, further reduce their average daily rates, decide not to make their travel inventory available to us, or decide not to provide accurate booking information. Any of these actions could have an adverse impact on our business.

The roll out of our new "instant booking" feature may not meet our expectations and may subject us to additional and ongoing operational risks.

Currently our instant booking feature is monetizing at a lower revenue per hotel shopper rate compared to our metasearch feature. While we expect to close this monetization gap, primarily by continuing to streamline our booking path to enhance user experience, persistently promoting the TripAdvisor brand as a booking channel and continuing to seek partners with strong branding and supply channels, there is no guarantee that these initiatives will ultimately be successful and, if not, our revenue may be materially adversely affected.

Our instant booking revenue recorded under the consumption model is recognized at the time the traveler completes his or her stay. Comparatively, revenue under the transaction model is recorded at the time the user books the stay and revenue from our metasearch feature is recorded when a traveler makes the click-through to the travel partners' websites. Based on our internal data, we currently estimate the average time between a user booking a stay to consuming a stay is approximately three to five weeks, subject to seasonal variations. In future periods, greater contribution of revenue from our instant booking consumption model would result in additional revenue recognized at the time of a consumed stay and thus a shift in the timing of our revenue recognition.

We expect the instant booking functionality to significantly increase the number of transactions that will occur on our website. Even though the transaction and customer care associated with these transactions are provided by our hotel partners, each reservation is completed on TripAdvisor's instant booking platform. Failure to effectively manage the process for instantly booking on our website and the safeguard data that is obtained during the course of arranging for such bookings could negatively impact our reputation and, consequently, our business.

Growth in the use of devices other than desktop computers may negatively affect our revenue and financial results.

Our content was originally designed for users accessing the Internet on a desktop computer. The number of people who access the Internet through devices other than desktops computers, including mobile phone devices and handheld computers such as notebooks and tablets, has increased substantially in the last few years. We anticipate that the rate of use of these computing devices will continue to grow. To address these growing user demands, we continue to extend our platform to develop mobile phone and tablet applications and our advertising revenues continue to grow. However, currently, we monetize users of these devices at a lower rate compared to users who access our websites through desktop computers. In addition, given the device sizes and technical limitations of these devices, mobile consumers may not be willing to download multiple apps from multiple companies providing similar service and instead prefer to use one or a limited number of apps for their hotel, restaurant and attractions activity. The consumer experience with mobile apps as well as brand recognition and loyalty are likely to become increasingly important.

As a result, we continue to develop and improve upon our mobile app and websites and mobile monetization strategies. If we are unable to continue to rapidly innovate and create new, user-friendly and differentiated mobile offerings and efficiently and effectively advertise and distribute on these platforms, or if our mobile offerings are not used by consumers, our future growth and results of operations could be negatively impacted.

Declines or disruptions in the economy in general and travel industry in particular could adversely affect our businesses and financial performance.

Our businesses and financial performance are affected by the health of the global economy generally as well as the travel industry and leisure travel in particular. Sales of travel services tend to decline or grow more slowly during economic downturns and recessions when consumers engage in less discretionary spending, are concerned about unemployment or inflation, have reduced access to credit or experience other concerns that reduce their ability or willingness to travel. The global economy may be adversely impacted by unforeseen events beyond our control including acts of terrorism, unusual weather patterns, natural disasters, political instability and health concerns (including epidemics or pandemics such as Zika virus, Ebola, H1N1 and SARS), defaults on government debt, significant increases in fuel and energy costs, tax increases and other matters that could reduce discretionary spending, tightening of credit markets and further declines in consumer confidence. Decreased travel expenditures could reduce the demand for our services, thereby causing a reduction in revenue.

In addition, the uncertainty of macro-economic factors and their impact on consumer behavior, which may differ across regions, makes it more difficult to forecast industry and consumer trends and the timing and degree of their impact on our markets and business, which in turn could adversely affect our ability to effectively manage our business and adversely affect our results of operations.

We rely on the value of our brand and consumer trust in our brand. If we are not able to maintain and enhance our brand, or if events occur that damage our reputation and brand, our business may be harmed.

We believe that the TripAdvisor brand has contributed significantly to our success and that maintaining and enhancing our brand is critical to expanding our base of users, to creating content and to attracting advertisers. As a result, we invest significantly in brand marketing. We expect 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 our 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 our brands and, even if we are successful in our branding efforts, such efforts may not be cost-effective or as efficient as they have been historically. If we are unable to maintain or enhance consumer awareness of our brands or to generate demand in a cost-effective manner, it would have a material adverse effect on our business and financial performance.

We receive significant media coverage in our various geographic markets. Unfavorable publicity regarding, for example, our practices relating to privacy and data protection, product changes, competitive pressures, the accuracy of user-generated content, product quality, litigation or regulatory activity, could adversely affect our reputation with our users and our advertisers. Such negative publicity also could have an adverse effect on the size, engagement, and loyalty of our user base and result in decreased revenue, which could adversely affect our business and financial results.

We operate in an increasingly competitive global environment and our failure to compete effectively could reduce our market share and harm our financial performance.

We face competition for content, users, advertisers, online travel search and price comparison services (or hotel metasearch) and online reservations. We also face competition from large companies that also offer comprehensive on-line resources for destinations, lodging, attractions and restaurants. Many of our competitors have significantly greater and more diversified resources than we do and may be able to leverage other aspects of their business to enable them to compete more effectively against us.

More specifically:

- For content, we face competition from large online portals, social networking sites and search engines, such as Google, Facebook, Yahoo and Baidu, which competition will only increase should they choose to compete more directly with us 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 us 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 us. 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.
- We face 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.
- We face 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. Major hotel companies may also attempt to improve their competitive position by offering lower room rates, better room availability or additional features or amenities through their reservation service than are available through services like ours.
- We also face competition from wholesalers, tour operators, traditional offline travel agencies and operators of travel industry reservation databases such as Galileo, Travelport, Amadeus and Sabre.
- In addition, we compete with newspapers, magazines and other traditional media companies that provide offline and online advertising opportunities.
- In our vacation rental business, we face competition from several companies, including HomeAway (a subsidiary of Expedia) and Airbnb, Inc., some of whom have a larger inventory of rooms available.
- In our restaurant reservation and attractions business, we face competition from certain companies like OpenTable (a subsidiary of Priceline), SeatMe (which is owned by Yelp) and Table8 (which was recently launched by Amazon) as well as other regional players operating in various parts of the world.

Many of our competitors have significantly greater financial, technical, marketing and other resources compared to us and have expertise in developing online commerce and facilitating Internet traffic as well as large client bases. We expect to face additional competition as other established and emerging companies enter the travel advertising market.

Certain of the companies we do business with, including some of our click-based advertising partners, are also our competitors. The consolidation of our competitors and partners, including Expedia (through its acquisitions of Trivago, Orbitz, Travelocity, and HomeAway) and Priceline (through its acquisitions of Kayak and OpenTable), may affect our relative competitiveness and our partner relationships. Competition and consolidation could result in higher traffic acquisition costs, reduced margins on our advertising services, loss of market share, reduced customer traffic to our websites and reduced advertising by travel companies on our websites. For example, Google has 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 our ability to obtain prominent placement in paid or unpaid search results at a reasonable cost, or at all. Competition in our 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.

We are regularly subject to claims, suits, government investigations, and other proceedings that may result in adverse outcomes.

We are regularly subject to claims, suits, government investigations and other proceedings involving competition, intellectual property, privacy and data protection, consumer protection, tax, labor and employment, commercial disputes, content generated by our users, free speech issues, goods and services offered by advertisers or publishers using our platforms, and other matters. In addition, our businesses face intellectual property litigation that exposes us to the risk of exclusion and cease and desist orders, which could limit our ability to sell products and services.

Such claims, suits, and government investigations are inherently uncertain and their results cannot be predicted with certainty. Regardless of the outcome, any of these types of legal proceedings can have an adverse impact on us because of legal costs, diversion of management resources, injunctions or damage awards and other factors. Determining reserves for our pending litigation is a complex, fact-intensive process that requires significant judgment. It is possible that a resolution of one or more such proceedings could result in substantial fines and penalties that could adversely affect our business, consolidated financial position, results of operations, or cash flows in a particular period. These proceedings could also result in reputational harm, criminal sanctions, consent decrees, or orders preventing us from offering certain features, functionalities, products, or services, requiring a change in our business practices or other field action, or requiring development of non-infringing or otherwise altered products or technologies. Any of these consequences could adversely affect our business and results of operations.

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

We use technology and processes to monitor the quality of and to identify metrics associated with, the Internet traffic that we deliver to online advertisers. These metrics are used to not only identify the value of advertising on our website but also to identify 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, we may be required to credit amounts owed to us by our advertisers. Furthermore, low-quality or invalid traffic may be detrimental to our relationships with advertisers, and could adversely affect our advertising pricing and revenue.

We rely on assumptions and estimates and data to calculate certain of our key metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We believe that certain metrics are key to our business, including unique visitors, hotel shoppers, revenue per hotel shopper, downloads of our mobile apps, and number of reviews and opinions. As the industry in which we operate continues to evolve and as our business continues to evolve, so too might the metrics by which we evaluate our business. While these numbers are based on what we believe to be reasonable estimates, our internal tools have a number of limitations and our methodologies for tracking these metrics may change over time. For example, a single person may have multiple accounts or browse the internet on multiple browsers or devices, some users may restrict our ability to accurately identify them across visits, some mobile applications automatically contact our servers for regular updates with no user action, and we are not always able to capture user information on all of our platforms. As such, the calculations of our unique visitors may not accurately reflect the number of people actually visiting our platforms. Also if the internal tools we use to track these metrics under-count or over-count performance or contain algorithm or other technical errors, the data we report may not be accurate. In addition, historically, certain metrics were calculated by independent third parties. Accordingly readers should not place undue reliance on these numbers.

More recently, we started to calculate metrics, primarily using internal tools, which are not independently verified by a third party. We continue to improve upon our tools and methodologies to capture data and believe that our current metrics are more accurate; however, the improvement of our tools and methodologies could cause inconsistency between current data and previously reported data, which could confuse investors or lead to questions about the integrity of our data.

We rely on information technology to operate our business and remain competitive, and any failure to adapt to technological developments or industry trends could harm our businesses.

We depend on the use of sophisticated information technologies and systems. As our operations grow in size and scope, we must continuously improve and upgrade our systems and infrastructure while maintaining or improving the reliability and integrity of our systems and infrastructure. Our future success also depends on our ability to adapt our services and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our 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 our markets due to lower up-front technology costs. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner.

If we do not continue to innovate and provide tools and services that are useful to travelers, we may not remain competitive, and our business and financial performance could suffer.

Our success depends in part on continued innovation to provide features and services that make our websites and smartphone and tablet computing applications useful for travelers. Our competitors are continually developing innovations in online travel-related services and features. As a result, we are continually working to improve our business model and user experience in order to drive user traffic and conversion dates. We can give no assurances that the changes we make will yield the benefits we expect and will not have adverse impacts that we did not anticipate. If we are unable to continue offering innovative products and services and quality features that travelers want to use, existing users may become dissatisfied and use competitors' offerings and we may be unable to attract additional users, which could adversely affect our business and financial performance.

Our culture emphasizes rapid innovation and prioritizes user engagement over short-term financial results.

We operate in 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. Our culture also prioritizes user engagement, or website "stickiness," over short-term financial results. We have taken actions in the past and may continue to make product decisions going forward that have the effect of reducing our short-term revenue or profitability if we believe that the decisions benefit the aggregate user experience, conversion rates and/or CPC pricing, thereby ultimately improving our financial performance over the long-term. The short-term reductions in revenue or profitability could be more severe than we anticipate or these decisions may not produce the long-term benefits that we expect, in which case our user growth and engagement, our relationships with users and advertisers, and our business and results of operations could be harmed.

The online vacation rental market is rapidly evolving and if we fail to predict the manner in which the market develops, our business and prospects may suffer.

We offer vacation rental services on our TripAdvisor-branded sites as well as through our U.S.-based FlipKey and Vacation Home Rentals and European-based Holiday Lettings and Niumba businesses. The online vacation rental market is 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. We operate in various disparate jurisdictions and markets and have limited insight into trends that may develop in those markets and may affect our business. Since we 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. We cannot assure that our 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 we fail to attract and maintain a critical mass of vacation rental listings and travelers, our vacation rental marketplaces will become less valuable and this may have a negative impact on our business.

In our vacation rental business, revenue is generated when owners and/or travelers pay us fees upon booking a transaction, owners or managers pay us fees to list and market vacation rental properties to users who visit the websites comprising our marketplace and property managers pay us fees for email and telephone leads from potential travelers or fees upon booking a transaction. As a result, our success in this area primarily depends on our ability to attract owners, managers, travelers and advertisers to our marketplace. If property owners and managers do not perceive the benefits of marketing their properties through our websites, or elect to list them with a competitor instead of listing with us, our volume of new listings and listing renewals may suffer. As a result, we may be unable to offer a sufficient supply and variety of vacation properties to attract travelers to our websites. Larger competitors already exist in the vacation rental space, with significantly more users, listed properties and financial resources.

We may be subject to claims that we violated intellectual property rights of others and these claims can be extremely costly to defend and could require us to pay significant damages and limit our 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 those intellectual property rights. We have received in the past, and may in the future receive, notices that claim we have misappropriated or misused other parties' intellectual property rights. Any intellectual property claim against us, 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 our having to stop using technology or content found to be in violation of another party's rights. We 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, we could be required to pay significant royalties, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, or content, which could require significant effort and expense and make us less competitive in the relevant market. Any of these results could harm our business and financial performance.

Investment in new business strategies and acquisitions could disrupt our ongoing business and present new challenges and risks.

We have invested, and in the future may invest, in new business strategies or acquisitions. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, greater than expected liabilities and expenses, inadequate return of capital, and issues not discovered in our investigations and evaluations of those strategies and acquisitions. We may decide to make minority investments, including through joint ventures, in which we have limited or no management or operational control. The controlling person in such case may have business interests, strategies or goals that are inconsistent with ours, and decisions of the company or venture in which we invested may result in harm to our reputation or adversely affect the value of our investment. Further, we may issue shares of our common stock in these transactions, which could result in dilution to our stockholders.

If the businesses we have acquired or invested in do not perform as expected or we are unable to effectively integrate acquired businesses, our operating results and prospects could be harmed.

We have acquired a number of businesses in the past and our future growth may depend, in part, on future acquisitions, any of which could be material to our financial condition and results of operations. There are certain financial and operational risks related to acquisitions that may have a material impact on our business including, but not limited to, the following:

- 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;
- Use of cash resources and incurrence of debt and contingent liabilities in funding acquisitions that may limit other potential uses of our cash, including stock repurchases, dividend payments and retirement of outstanding indebtedness;
- Amortization expenses related to acquired intangible assets and other adverse accounting consequences; Diversion of management's attention or other resources from our existing business;
- Difficulties and expenses in integrating the operations, products, technology, privacy protection systems, information systems or personnel of the acquired company;
- The assumption of known and unknown debt and liabilities of the acquired company, including costs associated with litigation and other claims relating to the acquired company;
- Failure of any acquired company to achieve anticipated 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 we have no direct prior experience and increased complexity in our 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, we rely heavily on the representations and warranties provided to us by the sellers of acquired companies, including as they relate to ownership and rights in intellectual property and compliance with laws and contractual requirements. Our failure to address these risks or other problems encountered in connection with past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally.

If we fail to manage our growth effectively, our brand, results of operations and business could be harmed.

We have experienced rapid growth in our headcount and operations, which places substantial demands on management and our operational infrastructure. We continue to make substantial investments in our technology, sales and marketing and community management organizations. As we continue to grow, we must effectively integrate, develop and motivate a large number of new employees, including employees in international markets, while maintaining the beneficial aspects of our company culture. If we do not manage the growth of our business and operations effectively, the quality of our platform and efficiency of our operations could suffer, which could harm our brand, results of operations and business.

Our international operations involve additional risks and our exposure to these risks increases as our business continues to expand globally.

We operate in a number of jurisdictions outside of the United States and continue to expand our international operations. Many of these regions have different economic conditions, languages, currencies, consumer expectations, levels of consumer acceptance and use of the Internet for commerce, legislation, regulatory environments (including labors laws and customs), tax laws and levels of political stability. We are subject to associated risks typical of international businesses, including, but not limited to, the following:

- Political instability;
- Threatened or actual acts of terrorism;
- Ability to comply with additional laws applicable to companies operating internationally as well as local laws and regulations, including the Foreign Corrupt Practices Act and U.K. Bribery Act, data privacy requirements, labor laws and anti-competition regulations;
- Diminished ability to legally enforce contractual rights;
- Increased risk and limits on enforceability of intellectual property rights;
- Restrictions on, or adverse consequences related to, the withdrawal of non-U.S. investment and earnings;
- Restrictions on repatriation of cash as well as restrictions on investments in operations in certain countries;
- Financial risk arising from transactions in multiple currencies as well as currency exchange restrictions;
- 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 staff 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.

We have a business operating in China, which creates particular risks and uncertainties relating to the laws in China.   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 we have established effective control of our Chinese business 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 our ability to operate or restructure this business or to engage in strategic transactions. The success of this business, 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.

Furthermore, we are also accumulating a greater portion of our cash flows in foreign jurisdictions than previously, which we consider indefinitely reinvested. 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.

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

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

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

A failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties may adversely affect our business or financial performance.

Our business 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 and our business, including those relating to the Internet and online commerce, Internet advertising, consumer protection, data security and privacy. Unfavorable changes could decrease demand for products and services, limit marketing methods and capabilities, increase costs and/or subject us 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, data security, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of products and services. Our 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.

We also have been subject, and we will likely be subject in the future, to inquiries from time to time from regulatory bodies concerning compliance with consumer protection, competition, tax and travel industry-specific laws and regulations. The failure of our businesses to comply with these laws and regulations could result in fines and/or proceedings against us by governmental agencies and/or consumers, which if material, could adversely affect our business, financial condition and results of operations. Further, if such laws and regulations are not enforced equally against other competitors in a particular market, our compliance with such laws may put us a competitive disadvantage vis-à-vis competitors who do not comply with such requirements.

The promulgation of new laws, rules and regulations, or the new interpretation of existing laws, rules and regulations, in each case that restrict or otherwise unfavorably impact the ability or manner in which we provide services could require us to change certain aspects of our business, operations and commercial relationships to ensure compliance, which could decrease demand for services, reduce revenues, increase costs and/or subject the company to additional liabilities.

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

Our websites rely on content, brands and technology, much of which is proprietary. We protect our proprietary content, brands and technology by relying on a combination of trademarks, copyrights, trade secrets, patents and confidentiality agreements. In connection with our license agreements with third parties, we seek 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 our proprietary technology, content or brands without authorization or to develop similar technology, content or brands independently. Effective intellectual property protection may not be available in every jurisdiction in which our services are made available, and policing unauthorized use of our intellectual property is difficult and expensive. Therefore, in certain jurisdictions, we may be unable to protect our intellectual property adequately against unauthorized third-party copying or use, which could adversely affect our business or ability to compete. We cannot be sure that the steps we have taken will prevent misappropriation or infringement our intellectual property. Any misappropriation or violation of our rights could have a material adverse effect on our business. Furthermore, we may need to go to court or other tribunals or administrative bodies in order to enforce our intellectual property rights, to protect our 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. Our failure to protect our intellectual property in a cost-effective or effective manner could have a material adverse effect on our business and ability to protect our technology, content and brands.

We currently license from third parties and incorporate the technologies and content into our websites. As we continue to introduce new services that incorporate new technologies and content, we may be required to license additional technology, or content. We cannot be sure that such technology or content will be available on commercially reasonable terms, if at all.

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

We rely on computer systems to deliver content and services. We have experienced and may in the future experience system interruptions that make some or all of these systems unavailable or prevent us from efficiently providing content and services to users and third parties. Significant interruptions, outages or delays in internal systems, or systems of third parties that we rely upon, or deterioration in the performance of any such systems, would impair our ability to process transactions or display content and decrease the quality of the services we offer to travelers and users. These interruptions could include security intrusions and attacks on our systems for fraud or service interruption (called “denial of service” or “bot” attacks). If we were to experience frequent or persistent system failures, our business, reputation, and brand could be harmed.

We do not have a completely formalized or comprehensive disaster recovery plan in every geographic region in which we conduct business and our backup systems and disaster recovery, business continuity /or contingency plans for certain critical aspects of our operations or business processes 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 we have put measures in place to protect certain portions of our facilities and assets, any of these events could cause system interruption, delays and loss of critical data, and could prevent us from providing content and services to users, travelers and/or third parties for a significant period of time. If we experience frequent or persistent system failures, our reputation and brand could be permanently and significantly harmed. In addition, remediation may be costly and we 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 processing, storage and use personal information and other data exposes us to risks of external and internal security breaches and 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 are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. In addition, the security of data when engaging in electronic commerce is essential to maintaining consumer and travel service provider confidences in our services. We 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 us to comply with our 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 our reputation and cause our customers and members to lose trust in us, which could have an adverse effect on our business, 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. Various 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 us, with users in Europe and increased costs of compliance.

Potential security breaches to our systems, whether resulting from internal or external sources, could significantly harm our business. A party, whether internal or external, that is able to circumvent our security systems could misappropriate user information or proprietary information or cause significant interruptions in our operations. In the past, we have experienced "denial-of-service" type attacks on our systems that have made portions of our websites unavailable for short periods of time as well as unauthorized access of our systems and data. We have acquired a number of companies over the years and may continue to do so in the future. While we make significant efforts to address any information technology security issues with respect to our acquisitions, we may still inherit such risks when we integrate the acquired businesses. We may need to expend significant resources to protect against security breaches or to investigate and 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, we 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 travelers and potential users to lose confidence in our security, which would have a negative effect on the value of our brand. Failure to adequately protect against attacks or intrusions, whether for our own systems or systems of vendors, could expose us to security breaches that could have an adverse impact on financial performance.

We also face risks associated with security breaches affecting third parties conducting business over the Internet. Much of our business is conducted with third party marketing affiliates or, more recently, though business partners powering our instant booking feature. In addition, we 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 systems and could result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. In addition, such third parties may not comply with applicable disclosure requirements, which could expose us to liability.

We face increased risks as the level of our debt increases.

On June 26, 2015, we entered into a new credit agreement with respect to a $1 billion five-year revolving credit facility. These arrangements include restrictive covenants that may impact the way we manage our business and may limit our ability to secure significant additional financing in the future on favorable terms. Our ability to secure additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to then prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. In light of periodic uncertainty in the capital and credit markets, there can be no assurance that sufficient financing will be available on desirable or even any terms to fund investments, acquisitions, stock repurchases, dividends, debt refinancing or extraordinary actions or that counterparties in any such financings would honor their contractual commitments.

We have indebtedness which could adversely affect our business and financial condition.

We currently have outstanding approximately $200 million in long-term debt. Risks relating to our indebtedness include:

- Increasing our vulnerability to general adverse economic and industry conditions;
- Requiring us to dedicate a portion of our cash flow from operations to principal and interest payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- Making it more difficult for us to optimally capitalize and manage the cash flow for our businesses;
- Limiting our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;
- Possibly placing us at a competitive disadvantage compared to our competitors that have less debt;
- Limiting our ability to borrow additional funds or to borrow funds at rates or on other terms that we find acceptable; and
- Exposing us to the risk of increased interest rates because our outstanding debt is expected to be subject to variable rates of interest.

In addition, it is possible that we may need to incur additional indebtedness in the future in the ordinary course of business. The terms of our revolving credit facility will allow us to incur additional debt subject to certain limitations; however, there is no assurance that additional financing will be available to us on terms favorable to us, if at all. In addition, if new debt is added to current debt levels, the risks described above could intensify.

The agreements that govern our revolving credit facility contain various covenants that limit our discretion in the operation of our business and also require us to meet financial maintenance tests and other covenants. The failure to comply with such tests and covenants could have a material adverse effect on us.

We are party to a credit agreement providing for the revolving credit facility. The agreements that govern the revolving credit facility contain various covenants, including those that limit our ability to, among other things:

- Incur indebtedness;
- Pay dividends on, redeem or repurchase our 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 our ability to optimally operate our business. In addition, our revolving credit facility requires that we meet certain financial tests, including a leverage ratio test. Any failure to comply with the restrictions of our credit facility may result in an event of default under the agreements governing such facilities. Such default may allow the creditors to accelerate the debt incurred thereunder. In addition, lenders may be able to terminate any commitments they had made to supply us with further funds (including periodic rollovers of existing borrowings).

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

Additionally, we earn an increasing portion of our income, and accumulate a greater portion of cash flow, in foreign jurisdictions, which we consider indefinitely reinvested. 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 our U.S. tax expense and cash flows.

We are subject to fluctuation in foreign currency exchange risk.

We conduct a significant and growing portion of our business outside the United States but report our results in U.S. dollars. As a result, we face exposure to movements in currency exchange rates, particularly those related to the Euro, British pound sterling, Singapore dollar, Australian dollar, and Chinese renminbi. These exposures include, but are not limited to re-measurement of 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 we prepare our annual and quarterly forecasts and when actual results occur.

Depending on the size of the exposures and the relative movements of exchange rates, if we were to choose not to hedge or were to fail to hedge effectively our exposure, we could experience a material adverse effect on our 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 our business have made hedging these exposures both more complex and costly. We hedge 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 our hedges will have their intended effects.

Significant fluctuations in currency exchange rates can affect consumer travel behavior. Volatility in foreign exchange rates and its impact on consumer behavior, which may differ across regions, makes it more difficult to forecast industry and consumer trends and the timing and degree of their impact on our markets and business, which in turn could adversely affect our ability to effectively manage our business and adversely affect our results of operations.

In connection with the Spin-Off, we could be subject to significant tax liabilities.

Under the Tax Sharing Agreement between us and Expedia entered into in connection with the Spin-Off, we are 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 us described in the covenants in the tax sharing agreement, (ii) any acquisition of our equity securities or assets or those of a member of our group, or (iii) any failure of the representations with respect to us or any member of our group to be true or any breach by us or any member of our 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.

We continue to be responsible for potential tax liabilities in connection with consolidated income tax returns filed with Expedia prior to or in connection with the Spin-Off. We are currently under an IRS audit for the 2009 and 2010 tax years, and have various ongoing state income tax audits. These audits include questioning of the timing and the amount of income and deductions and the allocation of income among various tax jurisdictions. The outcome of these matters or any other audits could subject us to significant tax liabilities.

Liberty TripAdvisor Holdings, Inc. currently is a controlling stockholder.

Liberty TripAdvisor Holdings, Inc., or LTRIP, effectively controls the outcome of all matters submitted to a vote or for the consent of our stockholders (other than with respect to the election by the holders of our common stock of 25% of the members of our Board of Directors and matters as to which Delaware law requires separate class votes, including but not limited to, corporate transactions such as mergers, business combinations or dispositions of assets, the authorization or issuance of new equity or debt securities and determinations with respect to our business direction and policies). LTRIP, which has investments in other companies, may have interests that differ from those of our other stockholders and they may vote in a way with which our other stockholders may not agree or that may be adverse to other stockholders' interests. LTRIP is not restricted from investing in other businesses involving or related to our business. Liberty's control of us, as well as the existing provisions of our organizational documents and Delaware law, may discourage or prevent a change of control of us, which may reduce the market price of our common stock.

We are currently relying on the "controlled company" exemption under NASDAQ Stock Market Listing Rules, pursuant to which "controlled companies" are exempt from certain corporate governance requirements otherwise applicable under NASDAQ listing rules.

The NASDAQ Stock Market Listing Rules exempt "controlled companies," or companies of which more than 50% of the voting power is held by an individual, a group or another company, from certain corporate governance requirements, including those requirements that:

- A majority of the Board of Directors consist of independent directors;
- Compensation of officers be determined or recommended to the Board of Directors by a majority of its independent directors or by a compensation committee comprised solely of independent directors; and
- Director nominees be selected or recommended to the Board of Directors by a majority of its independent directors or by a nominating committee that is composed entirely of independent directors.

We currently rely on the controlled company exemption from the above requirements. Accordingly, our stockholders will not be afforded the same protections generally as stockholders of other NASDAQ-listed companies with respect to corporate governance for so long as we rely on these exemptions from the corporate governance requirements.

If we are unable to successfully maintain effective internal control over financial reporting, investors may lose confidence in our reported financial information and our stock price and business may be adversely impacted.

As a public company, we are required to maintain internal control over financial reporting and our management is required to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year. Additionally, we are required to disclose in our Annual Reports on Form 10-K our management's assessment of the effectiveness of our internal control over financial reporting and a registered public accounting firm's attestation report on this assessment. If we are not successful in maintaining effective internal control over financial reporting, there could be inaccuracies or omissions in the consolidated financial information we are required to file with the SEC. Additionally, even if there are no inaccuracies or omissions, we could be required to publicly disclose the conclusion of our management that our internal control over financial reporting or disclosure controls and procedures are not effective. These events could cause investors to lose confidence in our reported financial information, adversely impact our stock price, result in increased costs to remediate any deficiencies, attract regulatory scrutiny or lawsuits that could be costly to resolve and distract management's attention, limit our ability to access the capital markets or cause our stock to be delisted from NASDAQ or any other securities exchange on which we are then listed.

The market price and trading volume of our common stock may be volatile and may face negative pressure.

Our stock price has experienced, and could continue to experience in the future, substantial volatility. The market price of our common stock is affected by a number of factors, including the risk factors described in this section and other factors beyond our control. Factors affecting the trading price of our common stock could include:

- Quarterly variations in our or our competitors' results of operations;
- Changes in earnings estimates or recommendations by securities analysts;
- Failure to meet market expectations;
- The announcement of new products or product enhancements by us or our competitors;
- Repurchases of our common stock pursuant to our share repurchase program which could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock;
- Developments in our industry, including changes in governmental regulations; and
- General market conditions and other factors, including factors related to our operating performance or the operating performance of our competitors.

Furthermore, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations and general economic, political and market conditions, such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our common stock regardless of our actual operating performance.

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

For the period ended December 31, 2015, the average daily trading volume of our common stock on NASDAQ was approximately 2.0 million shares. If our existing stockholders or their distributees sell substantial amounts of our common stock in the public market, the market price of the common stock could decrease significantly. The perception in the public market that our existing stockholders might sell shares of common stock could also depress the trading price of our common stock. In addition, certain stockholders have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If LTRIP or some other stockholder sells substantial amounts of our common stock in the public market, or if there is a perception in the public market that LTRIP might sell shares of our common stock, the market price of our common stock could decrease significantly. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

Anti-takeover provisions in our organizational documents and Delaware law may discourage or prevent a change of control, even if an acquisition would be beneficial to our stockholders, which could affect our stock price adversely and prevent attempts by our stockholders to replace or remove our current management.

Our certificate of incorporation and bylaws contain provisions that could delay or prevent a change of control of our company or changes in our Board of Directors that our stockholders might consider favorable. Some of these provisions:

- Authorize the issuance of preferred stock which can be created and issued by the Board of Directors without prior stockholder approval, with rights senior to those of our common stock; and
- Prohibit our stockholders from filling board vacancies or calling special stockholder meetings.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our Board of Directors or initiate actions that are opposed by our then-current Board of Directors, including a merger, tender offer or proxy contest involving our company. Any delay or prevention of a change of control transaction or changes in our Board of Directors could cause the market price of our common stock to decline.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We currently lease approximately 280,000 square feet for our corporate headquarters in Needham, Massachusetts, pursuant to a lease with an expiration date of December 2030, with an option to extend the lease term for two consecutive terms of five years each. Refer to "Note 12— *Commitments and Contingencies*" in the notes to our consolidated financial statements in this Annual Report on Form 10-K for further information on our corporate headquarters.

We also lease an aggregate of approximately 410,000 square feet at approximately 40 other locations across North America, Europe and Asia Pacific, including New York, Boston, London, Beijing and Singapore, pursuant to leases with expiration dates through June 2027. These leases are primarily for our sales offices, subsidiary headquarters, and international management teams.

We believe that our current facilities are adequate for our current operations and that additional leased space can be obtained on reasonable terms if needed. We do not legally own any real estate as of December 31, 2015.

Item 3. Legal Proceedings

In the ordinary course of business, we and our subsidiaries are parties to legal proceedings and claims arising out of our operations. These matters may relate to claims involving alleged infringement of third-party intellectual property rights, defamation, taxes, regulatory compliance 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 legal proceedings that TripAdvisor and our subsidiaries are defending involves or is likely to involve amounts of that magnitude. There may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which would have a material adverse effect on us.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted on NASDAQ under the ticker symbol "TRIP." On February 5, 2016, the closing price of our common stock reported on NASDAQ was $58.37 per share.

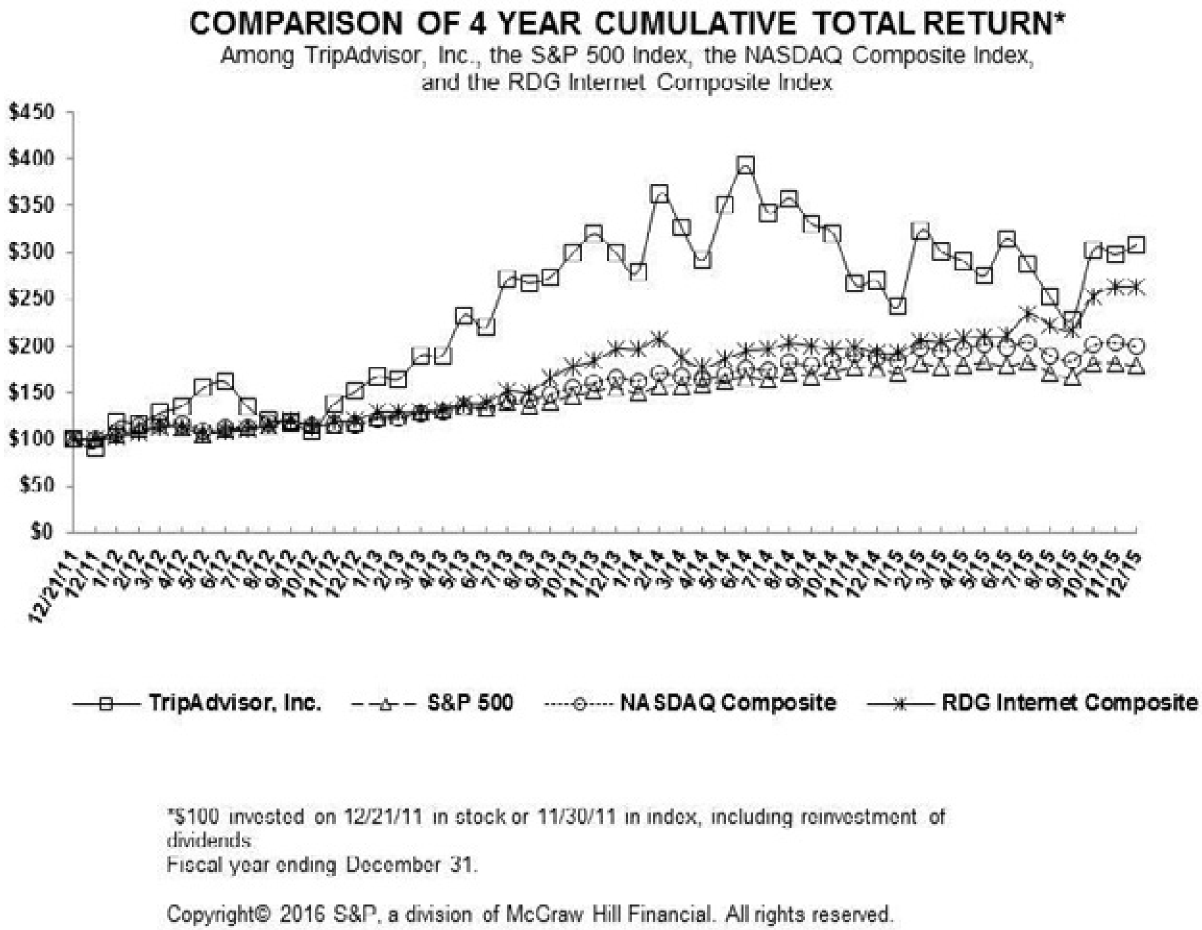
Our Class B common stock is not listed and there is no established public trading market for that security. As of February 5, 2016, all of our Class B common stock was held by LTRIP.

The following table sets forth, for the periods indicated, the high and low sale prices per share of our common stock as reported on NASDAQ during the period indicated.

	High	Low
Year ended December 31, 2015:		
Fourth Quarter 2015:	$ 87.50	$ 63.00
Third Quarter 2015:	$ 94.00	$ 62.24
Second Quarter 2015:	$ 92.00	$ 74.14
First Quarter 2015:	$ 91.47	$ 66.04
Year ended December 31, 2014:		
Fourth Quarter 2014:	$ 91.08	$ 67.14
Third Quarter 2014:	$ 110.22	$ 89.10
Second Quarter 2014:	$ 111.24	$ 75.13
First Quarter 2014:	$ 109.79	$ 72.57

Performance Comparison Graph

The following graph provides a comparison of the total stockholder return from December 21, 2011 to December 31, 2015 of an investment of $100 in cash on December 21, 2011 for TripAdvisor, Inc. common stock and an investment of $100 in cash on November 30, 2011 for (i) the Standard and Poor's 500 Index (the "S&P 500 Index"), (ii) the NASDAQ Composite Index, and (iii) the Research Data Group ("RDG") Internet Composite Index. The RDG Internet Composite Index is an index of stocks representing the Internet industry, including Internet software and service companies and e-commerce companies. The stock price performance shown on the graph below is not necessarily indicative of future price performance. Data for the S&P 500 Index, the NASDAQ Composite Index, and the RDG Internet Composite Index assume reinvestment of dividends. We have never paid dividends on our common stock.



This performance comparison graph is not "soliciting material," is not deemed filed with the Securities and Exchange Commission and is not deemed to be incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing of TripAdvisor, Inc. under the Securities Act of 1933, as amended (the "Securities Act"), or any filing under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically request that the information be treated as soliciting material or specifically incorporate this information by reference into any such filing, and will not otherwise be deemed incorporated by reference into any other filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference.

Holders of Record

As of February 5, 2016, there were 132,465,170 outstanding shares of our common stock held by 2,735 stockholders of record, and 12,799,999 outstanding shares of our Class B common stock held by one stockholder of record: LTRIP.

Dividends

We have never declared or paid dividends and do not expect to pay any dividends for the foreseeable future. Our ability to pay dividends is limited by the terms of a credit agreement, dated as of June 26, 2015, that provides for a revolving credit facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – 2015 Credit Facility" for additional information regarding our revolving credit facility. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our Board of Directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our Board of Directors may deem relevant.

Unregistered Sales of Equity Securities

Effective December 28, 2015, we issued 801,042 shares of our common stock to The TripAdvisor Charitable Foundation (the "Foundation") in full satisfaction of all future annual contribution obligations under the Pledge Agreement between the Company and the Foundation. These shares were issued in a private transaction exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

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

Issuer Purchases of Equity Securities

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

In February 2013, we announced that our Board of Directors authorized the repurchase of $250 million of our shares of common stock under a share repurchase program. As of December 31, 2015, we had $105 million remaining to repurchase shares of our common stock under this share repurchase program. The repurchase program has no expiration date but may be suspended or terminated by the Board of Directors at any time. The Executive Committee of 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. See "Note 14 —*Stockholders' Equity*" in the notes to the consolidated financial statements in Item 8 for additional information regarding our treasury shares.

Equity Compensation Plan Information

Our equity plan information required by this item is incorporated by reference to the information in Part III. Item 12. of this Annual Report on Form 10-K.

Item 6. Selected Financial Data

We have derived the following selected financial data presented below from our consolidated financial statements and related notes. The information set forth below is not necessarily indicative of future results and should be read in conjunction with the consolidated financial statements and related notes appearing in Item 8. "Financial Statements and Supplementary Data" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K. Historical results are not necessarily indicative of the results to be expected in any future period.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions, except per share data)				
Consolidated Statements of Operations Data:					
Revenue	$ 1,492	$ 1,246	$ 945	$ 763	$ 637
Operating income (1)	232	340	294	296	273
Net Income	198	226	205	195	178
Net income attributable to TripAdvisor, Inc.	198	226	205	194	178
Earnings per share attributable to common stockholders:					
Basic (2)	$ 1.38	$ 1.58	$ 1.44	$ 1.39	$ 1.33
Diluted (2)	1.36	1.55	1.41	1.37	1.32
Shares used in computing net income per share:					
Basic (2)	144	143	143	139	133
Diluted (2)	146	146	145	141	135

	December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents, short and long term marketable securities (3)	$ 698	$ 594	$ 670	$ 586	$ 184
Working capital (3)(4)	553	356	387	437	152
Total assets (3)	2,128	1,948	1,473	1,299	836
Long-term debt, less current portion (5)	200	259	300	340	380
Other long-term obligations under financing obligation	84	67	8	—	—
Total stockholders' equity (6)	1,412	1,125	865	727	294

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Other Financial Data:					
Adjusted EBITDA (7)	$ 466	$ 468	$ 379	$ 352	$ 323

(1) Includes a non-cash charitable contribution to the Foundation of $67 million for the year ended December 31, 2015. In comparison, charitable contributions to the Foundation, which were paid in cash, were $8 million, $7 million and $7 million for the years ended December 31, 2014, 2013, and 2012, respectively. See "Note 12 —*Commitments and Contingencies*" in the notes to the consolidated financial statements in Item 8 for further information regarding the Foundation.

(2) See "Note 2 —*Significant Accounting Policies*" in the notes to the consolidated financial statements in Item 8 for further information regarding our calculation of earnings per share numbers.

(3) Includes one-time exercise proceeds of $215 million related to stock warrant exercises for the year ended December 31, 2012.

(4) Amount does not include available for sale long-term marketable securities of $37 million, $31 million, $188 million, and $99 million, as of December 31, 2015, 2014, 2013, and 2012, respectively.

(5) See "Note 8— *Debt*" in the notes to the consolidated financial statements in Item 8 for information regarding our long-term debt.

(6) See our consolidated statements of changes in stockholders' equity and "Note 14— *Stockholders' Equity*" in the notes to the consolidated financial statements in Item 8 for additional information on changes to our stockholders' equity.

(7) To provide investors with additional information regarding our financial results, we have disclosed Adjusted EBITDA, a non-GAAP financial measure, within this Annual Report on Form 10-K. Adjusted EBITDA is the primary metric by which

management evaluates the performance of our business and on which internal budgets and forecasts are based. We define Adjusted EBITDA as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments; and (7) other non-recurring expenses. Such amounts are detailed below. See a discussion of "Adjusted EBITDA" in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" within this Annual Report on Form 10-K.

We have provided a reconciliation below of Adjusted EBITDA to net income, the most directly comparable GAAP financial measure.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
			(in millions)		
Adjusted EBITDA	**$ 466**	**$ 468**	**$ 379**	**$ 352**	**$ 323**
Depreciation (1)	(57)	(47)	(30)	(20)	(18)
Amortization of intangible assets	(36)	(18)	(6)	(6)	(8)
Stock-based compensation	(72)	(63)	(49)	(30)	(17)
Non-cash charitable contribution (2)	(67)	—	—	—	—
Spin-off costs and other non-recurring expenses	(2)	—	—	—	(7)
Other income (expense), net (3)	7	(18)	(10)	(14)	(1)
Provision for income taxes	(41)	(96)	(79)	(87)	(94)
Net income	**$ 198**	**$ 226**	**$ 205**	**$ 195**	**$ 178**

(1) Includes amortization of internal use software and website development costs.

(2) Represents a charitable foundation obligation which was settled in stock. Refer to "Note 12 – *Commitments and Contingencies*" in the notes to our consolidated financial statements in Item 8 for a discussion of charitable contributions to the Foundation.

(3) Includes a $20 million gain on sale of subsidiary for the year ended December 31, 2015. Refer to "Note 3 – *Acquisitions and Dispositions*" in the notes to our consolidated financial statements in Item 8.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain revenue information in this section entitled "— Revenue by Product— Foreign Exchange Impact on Revenue" is presented on a constant currency basis. This information is a non-GAAP financial measure. To calculate revenue on a constant currency basis, we translated revenue for the year ended December 31, 2015 using the prior year's quarter to date average exchange rates for our settlement currencies other than the U.S. dollar. This non-GAAP financial measure is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. This measure may be different from non-GAAP financial measures used by other companies, limiting its usefulness for comparison purposes. Moreover, presentation of revenue on a constant currency basis is provided for year-over-year comparison purposes, and investors should be cautioned that the effect of changing foreign currency exchange rates has an actual effect on our operating results. We believe this non-GAAP financial measure provides investors with useful supplemental information about the financial performance of our business, enables comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business.

Overview

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

Our TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the TripAdvisor website in 46 countries worldwide. Our TripAdvisor-branded websites reached 350 million average monthly unique visitors during the year ended December 31, 2015, according to our internal log files. We currently feature 320 million reviews and opinions on 6.2 million places to stay, places to eat and things to do – including 995,000 hotels and accommodations and 770,000 vacation rentals, 3.8 million restaurants and 625,000 attractions around the world. In addition to user-generated content, our websites feature price comparison tools and links to partner websites, including travel advertisers, on which users can book their travel arrangements. Users may now also complete hotel bookings directly with our partners through tripadvisor.com and also through the TripAdvisor mobile application, where coverage is available. In addition to the flagship TripAdvisor brand, we now manage and operate 23 other travel media brands, connected by the common goal of providing users the most comprehensive travel-planning and trip-taking resources in the travel industry.

Executive Summary

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

Key Drivers of Click-Based Advertising Revenue

For the years ended December 31, 2015, 2014 and 2013, 64%, 70% and 74%, respectively, of our total revenue came from our CPC product. All of our CPC revenue is included in our Hotel segment. The key drivers of our CPC revenue include the growth in monthly unique hotel shoppers and particularly revenue per hotel shopper.

- *Hotel shoppers:* We believe total traffic growth, or growth in monthly visits from unique visitors, is reflective of our overall brand growth. Additionally, we track and analyze sub-segments of our traffic and their correlation to revenue generation and utilize data regarding hotel shoppers as a key indicator of revenue growth. We use the term "hotel shoppers" to refer to visitors who view either a listing of hotels in a city or a specific hotel page. The number of hotel shoppers tends to vary based on seasonality of the travel industry and general economic conditions, as well as other factors outside of our control. Given these factors, as well as the trend towards increased usage on mobile devices (for which usage trends continue to evolve) and international growth, quarterly and annual hotel shopper growth is difficult to forecast. Average monthly unique hotel shoppers on TripAdvisor sites increased 16% for the year ended December 31, 2015 over 2014 and increased 10% for the year ended December 31, 2014 over 2013, according to our internal log files. The increase in hotel shoppers for the year ended December 31, 2015 is primarily due to success in our online marketing strategy, a growing number of hotel shoppers visiting our websites on mobile devices, as well as favorable comparatives for search engine optimization ("SEO") due to lower average monthly unique hotel shopper growth, during the majority of the year ended December 31, 2014. Increasing the number of hotel shoppers on our sites remains a top strategic priority.
- *Revenue per hotel shopper:* Revenue per hotel shopper is designed to measure how effectively we convert hotel shoppers into revenue on TripAdvisor-branded websites. Revenue per hotel shopper is made up of three factors—the number of monthly unique hotel shoppers on TripAdvisor-branded websites, the rate of conversion of a hotel shopper to a paid click or a booking in the case of our instant booking feature, and the price per click or commission per booking that we receive.
    - *Conversion:* Conversion of a hotel shopper to a paid click or booking on a TripAdvisor site is driven primarily by three factors: merchandising, commerce coverage and choice. We define merchandising as the number and location of ads that are available on a page; we define commerce coverage as whether we have a partner who can take an online booking for a particular property; and we define choice as the number of partners available for any given property. Hotel shoppers visiting via mobile generally monetize at a significantly lower rate than hotel shoppers visiting via desktop and tablet.
    - *Cost per click (CPC):* Cost per click is the effective price that partners are willing to pay for a hotel shopper lead, and is determined through a competitive bidding process. CPCs are generally lower in international markets as well as on mobile.

Revenue per hotel shopper decreased 6% for the year ended December 31, 2015 in comparison to 2014, and increased 15% for the year ended December 31, 2014 in comparison to 2013, according to our internal log files. The decrease in revenue per hotel shopper for the year ended December 31, 2015 over 2014, is primarily due to pricing pressure experienced during 2015 particularly in the second half of the year; which includes the impact from (i) product changes, such as our decision to accelerate the rollout of our instant booking feature to our US and UK markets on all devices in the third quarter of 2015, (ii) the prolonged weakness of the Euro, which has decreased our CPCs, and (iii) a growing number of hotel shoppers visiting our websites on mobile devices. Revenue per hotel shopper increased 15% for the year ended December 31, 2014 over 2013, largely due to our implementation of hotel metasearch completed in June 2013, which resulted in higher CPC pricing paid by our partners, due to higher quality clicks being delivered, offset by relatively lower rates of hotel shopper conversion.

Key Drivers of Display-Based Advertising Revenue

For the years ended December 31, 2015, 2014 and 2013, 11%, 11% and 13%, respectively, of our total revenue came from our display-based advertising products. Substantially all of our display-based advertising revenue is included in our Hotel segment. The key drivers of our display-based advertising revenue include the growth in number of impressions sold, or the number of times an ad is displayed on our site, and the revenue we received for such impressions, measured in cost per thousand impressions ("CPM"). According to our internal log files, the number of impressions sold increased 14% for the year ended December 31, 2015 over 2014 and increased 19% for the year ended December 31, 2014 over 2013, primarily due to increased sales productivity, as well as increased sellable inventory due to traffic growth and introduction of new products and features, while pricing decreased 1% for both the years, respectively.

Key Growth Areas

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

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

Mobile. Innovating and improving our mobile products is a key priority. As of December 31, 2015, we reached 290 million downloads of our mobile app and average monthly unique visitors via smartphone and tablet devices grew 32% year-over-year, according to our internal log files. We anticipate that the rate of growth in mobile visitors will continue to exceed the growth rate of our overall unique monthly visitors, and that an increasing proportion of users will use mobile devices to access the full range of services available on our sites. We are investing significant resources to improve the features, functionality and commercialization of our mobile websites and applications.

Direct Hotel Bookings on Our Websites. We believe that allowing users to book directly online without leaving our TripAdvisor websites will result in a better user experience as well as, ultimately, additional revenue to the Company. Instant booking is a feature that enables users to book a hotel reservation directly with a hotel or OTA partner while remaining on the TripAdvisor website. We have been gradually rolling this feature out in the U.S. since June 2014, and in 2015, accelerated the rollout of instant booking for hotels across our U.S. and U.K. platforms to all users on all devices. We also plan to continue rolling out this feature to additional international markets in 2016. Our business success depends in large part on our ability to maintain and expand relationships with our partners in the travel industry. These partners power the instant booking feature on our website and we believe that these partners will also benefit from this feature, through increased reservations and more direct relationships with travelers.

International Expansion. We are focused on strengthening our broad global footprint as we believe that penetrating international markets represent a long-term opportunity for us. We continue to improve localization and grow our user base in Europe, Asia and South America, especially in emerging markets, such as Brazil, Russia and China. In addition, we currently have a lead product offering in the Chinese market—re-branded Mao Tu Ying (or TripAdvisor China) — headquartered in Beijing. During the year ended December 31, 2015, international revenue accounted for 50% of our worldwide revenue.

Attractions & Restaurants. TripAdvisor has information and user-generated content on 3.8 million restaurants and 625,000 attractions around the world. As a significant percentage of our users are not hotel shoppers, we believe TripAdvisor has a unique opportunity to monetize its community of these non-hotel shoppers looking for places to eat and things to do. With the acquisitions of our online restaurant reservation businesses, including Lafourchette, and Viator for online bookable tours and attractions, we are attempting to match more users with more businesses.

Vacation Rentals. We offer individual property owners and property managers the ability to list their properties using a free-to-list, commission-based structure or a subscription-based fee option and we believe our highly-engaged and motivated user community creates a competitive advantage for us in this market. In the year ended December 31, 2015, Vacation Rental property listings grew 18% to 770,000 properties, driven by strong listings growth in our free-to-list model.

Current Trends Affecting Our Business

There are a number of trends that affect our business. Following are some examples:

Continued Shift to Online Travel and Social Media to Access Travel Information. According to Phocuswright, global travel spending is expected to be greater than $1.3 trillion in 2016. Travel related commerce, information and advertising continue to migrate to the Internet and away from traditional media outlets. For example, consumers are increasingly using online social media channels, such as Facebook and Twitter, as a means to communicate and exchange information, including travel information and opinions. We believe this trend will continue to create strategic growth opportunities, allowing us to attract new consumers and develop unique and effective advertising solutions. Over the years, we have made significant progress using social networking to leverage the expanding use of these channels and enhance traffic diversification and user engagement.

We believe that the Internet will continue to become even more integral to the travel-planning process due to increasing worldwide online penetration, particularly given the capabilities that the Internet provides travelers, including the ability to refine searches, compare destinations, view real-time pricing, complete bookings, and access information while in-destination. We will continue to adapt our user experience in response to a changing Internet environment and usage trends.

Increasing Competition. The travel planning industry and, more generally, the business of collecting and aggregating travel-related resources and information as well as enabling consumers to purchase travel-related products, continues to be increasingly competitive. There are an increasing number of companies including search companies, such as Google, Inc. and Baidu.com, Inc., large and increasingly consolidating online travel agencies, or OTAs (such as Expedia and Priceline and their respective subsidiaries), as well as new global entrants such as Airbnb, Inc. and Alibaba, who collect and aggregate travel information and resources and enable consumers to plan and book travel. We plan to continue to invest in order to remain the leading source of travel reviews as well as continue to enhance our user experience. In addition, we face strong competition in our Other segment: Attractions, Restaurants and Vacation Rentals. Refer to our discussion above in "—Competition" in Item 1. "Business" section for additional information on our competition.

Accelerated Rollout of Instant Booking. Revenue from our instant booking feature is included in click-based advertising revenue. Currently our instant booking feature is monetizing at a lower revenue per hotel shopper rate compared to our metasearch feature. While we expect to close this monetization gap, primarily by continuing to streamline our booking path to enhance user experience, persistently promoting the TripAdvisor brand as the place to "plan, compare and book" and continuing to seek partners with strong branding and supply channels, there is no guarantee that these initiatives will ultimately be successful and, if not, our click-based advertising revenue may be materially adversely affected.

In addition, our instant booking revenue recorded under the consumption model is recognized at the time the traveler consumes the stay. Comparatively, instant booking revenue under the transaction model is recorded at the time the user books the stay and our metasearch feature revenue is recorded when a traveler makes the click-through to the travel partners' websites. Based on our internal data, we currently estimate the average time between a user booking a stay to consuming a stay is approximately three to five weeks, subject to seasonal variations. In future periods, greater contribution from our instant booking consumption model to click-based advertising revenue could result in additional revenue recognized at the time of a consumed stay and therefore a shift in the timing of our revenue recognition.

Evolution of the 360 Degree Travel Experience. We believe our role in the overall travel experience continues to grow in importance in the travel industry, as we emphasize to travelers that we are the place to come "plan, compare and book" their trip. Our websites globally reached 350 million average monthly unique visitors during the year ended December 31, 2015, according to our internal log files. With 320 million reviews and opinions on 6.2 million places to stay, places to eat and things to do – including 995,000 hotels and accommodations and 770,000 vacation rentals, 3.8 million restaurants and 625,000 attractions in 125,000 destinations throughout the world, we believe we have the best content in the travel industry for research and travel planning decision-making. When combined with our hotel metasearch capabilities to compare and find the best prices, our instant booking feature, allowing users to book their hotels on all devices directly on our website, and subsequent to their trip the ability to submit a traveler review, TripAdvisor has become a 360 degree or end to end travel experience.

Growth in Mobile Phone and Other Handheld Devices. To access the internet, users are increasingly using devices other than desktop computers, including mobile phone devices and handheld computers such as notebooks and tablets. To address these growing user demands, we continue to extend our platform to develop mobile phone and tablet applications to deliver travel information and resources. Although the substantial majority of our mobile phone users also access and engage with our websites on personal computers and tablets where we display advertising, our users could decide to access our products primarily through mobile phone devices. We do display graphic advertising on mobile phone devices; however, our mobile phone monetization strategies are still developing, as mobile phone monetization is significantly less than desktop and tablet monetization. Mobile phone growth and development remains a key strategy and we will continue to invest and innovate in this growing platform to help us maintain and grow our user base, engagement and monetization over the long term.

Segments

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

For further description of our segments see Item 1. "Business" in this Annual Report on Form 10-K.

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

	Year ended December 31, 2015	2014	2013	% Change 2015 vs. 2014	2014 vs. 2013
Revenue	$ 1,492	$ 1,246	$ 945	20%	32%
Costs and expenses:					
Cost of revenue (1)	58	40	18	45%	122%
Selling and marketing (2)	692	502	368	38%	36%
Technology and content (2)	207	171	131	21%	31%
General and administrative (2)(3)	210	128	98	64%	31%
Depreciation	57	47	30	21%	57%
Amortization of intangible assets	36	18	6	100%	200%
Total costs and expenses	1,260	906	651	39%	39%
Operating income	232	340	294	(32)%	16%
Other income (expense):					
Interest expense	(10)	(9)	(10)	11%	(10)%
Interest income and other, net	17	(9)	-	(289)%	100%
Total other income (expense), net	7	(18)	(10)	(139)%	80%
Income before income taxes	239	322	284	(26)%	13%
Provision for income taxes	(41)	(96)	(79)	(57)%	22%
Net income	$ 198	$ 226	$ 205	(12)%	10%
Earnings per share attributable to common stockholders:					
Basic	$ 1.38	$ 1.58	$ 1.44	(13)%	10%
Diluted	$ 1.36	$ 1.55	$ 1.41	(12)%	10%
Weighted average common shares outstanding:					
Basic	144	143	143	1%	0%
Diluted	146	146	145	0%	1%
Other financial data:					
Adjusted EBITDA (4)	$ 466	$ 468	$ 379	0%	23%
(1) Excludes amortization as follows:					
Amortization of acquired technology included in amortization of intangibles assets	$ 9	$ 4	$ 1		
Amortization of website development costs included in depreciation	37	30	20		
	$ 46	$ 34	$ 21		
(2) Includes stock-based compensation expense as follows:					
Selling and marketing	$ 16	$ 13	$ 11		
Technology and content	28	27	21		
General and administrative	28	23	17		

(3) Includes a non-cash charitable contribution to the Foundation of $67 million for the year ended December 31, 2015. See "Note 12— *Commitments and Contingencies*" in the notes to the consolidated financial statements in Item 8 for additional information regarding our charitable contributions to the Foundation.

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

Adjusted EBITDA

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

We define Adjusted EBITDA as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments; and (7) other non-recurring expenses. Adjusted EBITDA is the primary metric by which management evaluates the performance of its business and on which internal budgets and forecasts are based. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis. We believe that by excluding certain non-cash expenses, such as stock-based compensation, Adjusted EBITDA corresponds more closely to the cash that operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

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

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

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

Refer to "Note 16— *Segment and Geographic Information"* in the notes to our consolidated financial statements in Item 8 for a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented above.

Consolidated Revenue and Segments

Revenue by Product

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

	Year ended December 31,			% Change	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
		(in millions)			
Click-based advertising	$ 956	$ 870	$ 696	10%	25%
Display-based advertising	159	140	119	14%	18%
Subscription, transaction and other*	377	236	130	60%	82%
Total revenue	$ 1,492	$ 1,246	$ 945	20%	32%

* Substantially all revenue reported in our Other segment is from our subscription, transaction and other products.

2015 vs. 2014

Revenue increased $246 million during the year ended December 31, 2015 when compared to the same period in 2014, primarily due to an increase in click-based advertising revenue of $86 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers of 16%, partially offset by a decrease in revenue per hotel shopper of 6% for the year ended December 31, 2015. Display-based advertising increased by $19 million during the year ended December 31, 2015, primarily as a result of a 14% increase in the number of impressions sold when compared to the same period in 2014, partially offset by a decrease in pricing by 1% for the same period. Subscription, transaction and other revenue increased by $141 million during the year ended December 31, 2015, primarily due to growth in Attractions, Restaurants, Business Listings, and Vacation Rentals, which includes incremental revenue for the year ended December 31, 2015 of $96 million, related to our Attraction and Restaurant businesses.

2014 vs. 2013

Revenue increased $301 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to an increase in click-based advertising revenue of $174 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers of 10% and an increase in revenue per hotel shopper of 15% for the year ended December 31, 2014. Display-based advertising increased by $21 million during the year ended December 31, 2014, primarily as a result of a 19% increase in the number of impressions sold when compared to the same period in 2013, partially offset by a decrease in pricing by 1% for the same period. Subscription, transaction and other revenue increased by $106 million during the year ended December 31, 2014, primarily due to growth in Business Listings and Vacation Rentals, as well as revenue generated by the businesses we acquired during 2014 of $43 million.

Foreign Exchange Impact on Revenue

The general strengthening of the U.S. dollar relative to certain foreign currencies (primarily the Euro) from the year ended December 31, 2015 to the same periods in 2014 had an unfavorable impact on our revenue. If we had translated revenue for the year ended December 31, 2015 using the prior year's quarter to date average exchange rates for our settlement currencies other than the U.S. dollar, we estimate our total revenue and click-based advertising revenue would have been $1,584 million and $1,027 million, respectively, or $92 million and $71 million higher, respectively, than our actual revenue as reported, of $1,492 million and $956 million, respectively, for the year ended December 31, 2015.

The general movement of the U.S. dollar relative to certain foreign currencies (primarily the Euro) from the year ended December 31, 2014 to the same periods in 2013 had a minimal impact on our revenue. If we had translated revenue for the year ended December 31, 2014 using the prior year's quarter to date average exchange rates for our settlement currencies other than the U.S. dollar, we estimate our total revenue and click-based advertising revenue would have been $1,244 million and $869 million, respectively, or $2 million and $1 million lower, respectively, than our actual revenue as reported, of $1,246 million and $870 million, respectively, for the year ended December 31, 2014.

Revenue and Adjusted EBITDA by Segment

	Year ended December 31,			% Change	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
REVENUE:		(in millions)			
Hotel	$ 1,263	$ 1,135	$ 899	11%	26%
Other	229	111	46	106%	141%
Total revenue	$ 1,492	$ 1,246	$ 945	20%	32%
ADJUSTED EBITDA (1):					
Hotel	$ 472	$ 472	$ 384	0%	23%
Other	(6)	(4)	(5)	(50)%	20%
Total Adjusted EBITDA	$ 466	$ 468	$ 379	0%	23%
ADJUSTED EBITDA Margin (2):					
Hotel	37%	42%	43%		
Other	(3)%	(4)%	(11)%		

(1) Included in Adjusted EBITDA is a general and administrative expense allocation for each segment, which is based on the segment's percentage of our total personnel costs, excluding stock-based compensation. See "Note 16 — *Segment and Geographic Information*," in the notes to our consolidated financial statements in Item 8 for more information and for a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented above.

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

Hotel

Our Hotel segment revenue increased $128 million during the year ended December 31, 2015 when compared to the same period in 2014, and increased $236 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to an increase in click-based advertising revenue of $86 million and $174 million, respectively, and an increase in display-based advertising of $19 million and $21 million, respectively. Subscription, transaction and other revenue increased by $23 million during the year ended December 31, 2015 when compared to the same period in 2014, and increased by $41 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to growth in Business Listings.

Our Hotel segment revenue growth rate decelerated to 11% during the year ended December 31, 2015 when compared to the same period in 2014, primarily due to a decline in revenue per hotel shopper. As discussed above, the decline in revenue per hotel shopper was primarily due to pricing pressure experienced during 2015 particularly in the second half of the year; which includes the impact from (i) product changes, such as our decision to accelerate the rollout of our instant booking feature to our US and UK markets on all devices in the third quarter of 2015, (ii) the prolonged weakness of the Euro, which has decreased our CPCs, and (iii) a growing number of hotel shoppers visiting our websites on mobile devices.

Adjusted EBITDA in our Hotel segment for the year ended December 31, 2015, was flat when compared to the same period in 2014, and increased $88 million during the year ended December 31, 2014 when compared to the same period in 2013, due to an increase in revenue, offset primarily by increased personnel and overhead costs, search engine marketing, or SEM costs, and other online traffic acquisition costs, and TV advertising. Our Hotel segment adjusted EBITDA margin decelerated slightly during the year ended December 31, 2015 when compared to the same period in 2014, primarily due to the deceleration in revenue growth year over year. The segment's Adjusted EBITDA margin for the year ended December 31, 2014, was essentially flat when compared to the same period in 2013.

Other

Our Other segment revenue increased $118 million during the year ended December 31, 2015 when compared to the same period in 2014, and increased $65 million during the year ended December 31, 2014 when compared to the same period in 2013. This was driven by growth in our Vacation Rentals business, primarily due to our free-to-list commission-based booking model, and $96 million and $43 million in incremental revenue during the years ended December 31, 2015 and 2014, respectively, related to our Attraction and Restaurant businesses.

Adjusted EBITDA in our Other segment decreased $2 million during the year ended December 31, 2015 when compared to the same period in 2014 and was essentially flat during the year ended December 31, 2014 when compared to the same period in 2013. This was primarily due to investments to fund growth initiatives at our Attractions, Restaurants, and Vacation Rentals businesses, which are all at earlier stages of their growth and business life cycle, and is a contributing factor to this reportable segment operating at a loss.

Revenue by Geography

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

	Year ended December 31, 2015	2014	2013	% Change 2015 vs 2014	2014 vs 2013
		(in millions)			
Revenue by geographic region:					
North America (1)	$ 775	$ 629	$ 494	23%	27%
EMEA (2)	473	405	291	17%	39%
APAC (3)	172	156	122	10%	28%
LATAM (4)	72	56	38	29%	47%
Total	$ 1,492	$ 1,246	$ 945	20%	32%

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

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

International revenue increased $100 million and $171 million during the years ended December 31, 2015 and 2014, respectively, compared to the same periods in 2014 and 2013. International revenue represented 50%, 52%, and 51% of total revenue during the years ended December 31, 2015, 2014, and 2013, respectively. Although international revenue increased, our international revenue growth rate decelerated and international revenue, as a percentage of total revenue, declined slightly during the year ended December 31, 2015 when compared to the same periods in 2014 and 2013, primarily due to the impact of fluctuations in foreign exchange rates, specifically the prolonged weakness of the Euro, in addition to our accelerated rollout of instant booking in the U.K. during 2015 and generally lower CPC's, or monetization, in markets outside the U.S. overall.

Consolidated Expenses

Cost of Revenue

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

	Year ended December 31, 2015	2014	2013	% Change 2015 vs 2014	2014 vs 2013
		(in millions)			
Direct costs	$ 43	$ 31	$ 18	39%	72%
Personnel and overhead	15	9	-	67%	100%
Total cost of revenue	$ 58	$ 40	$ 18	45%	122%
% of revenue	3.9%	3.2%	1.9%		

<u>*2015 vs. 2014*</u>

Cost of revenue increased $18 million during the year ended December 31, 2015, respectively, when compared to the same periods in 2014, primarily due to increased merchant credit card and transaction fees, driven by additional transaction costs from our 2014 business acquisitions in Attractions and Restaurants and growth in our Vacation Rental free-to-list business; increased personnel costs from additional headcount to support business growth and customer support; and incremental personnel costs related to Attractions and Restaurants. Our Attraction and Restaurant businesses contributed an incremental $15 million to our cost of revenue for the year ended December 31, 2015, of which an incremental $6 million was related to personnel and overhead.

2014 vs. 2013

Cost of revenue increased $22 million during the year ended December 31, 2014, respectively, when compared to the same periods in 2013, primarily due to increased data center costs, driven by higher site traffic; increased merchant credit card and transaction fees, driven by additional transaction costs from our 2014 business acquisitions and free-to-list growth in our Vacation Rental business; and customer support costs. In total, our Attraction and Restaurant businesses contributed $6 million to our cost of revenue in 2014, of which $3 million related to personnel and overhead.

Selling and Marketing

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

	Year ended December 31,			% Change	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
		(in millions)			
Direct costs	$ 514	$ 347	$ 243	48%	43%
Personnel and overhead	178	155	125	15%	24%
Total selling and marketing	$ 692	$ 502	$ 368	38%	36%
% of revenue	46.4%	40.3%	38.9%		

2015 vs. 2014

Direct selling and marketing costs increased $167 million during the year ended December 31, 2015 when compared to the same period in 2014, primarily due to increased SEM costs and other online traffic acquisition costs, increased costs related to our television campaign, and incremental costs related to our 2014 business acquisitions in Attractions and Restaurants. During the year ended December 31, 2015, we spent $51 million on our television advertising campaign. Personnel and overhead costs increased $23 million during the year ended December 31, 2015 when compared to the same period in 2014, primarily due to incremental personnel costs related to our 2014 business acquisitions in Attractions and Restaurants. Our Attraction and Restaurant businesses contributed an incremental $68 million to our selling and marketing expenses for the year ended December 31, 2015, of which an incremental $20 million was related to personnel and overhead.

2014 vs. 2013

Direct selling and marketing costs increased $104 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to increased SEM costs, other online traffic acquisition costs, costs related to our television campaign, in addition to incremental costs from our recent business acquisitions, partially offset by a decrease in spending in social media costs and other offline advertising costs, excluding television advertising. We spent $33 million on our television campaign during the year ended December 31, 2014, which was launched in May 2014. Personnel and overhead costs increased $30 million during the year ended December 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 joining us through recent business acquisitions, which also increased stock-based compensation costs. In total, our Attraction and Restaurant businesses contributed $25 million to our selling and marketing expense in 2014, of which $8 million related to personnel and overhead.

Technology and Content

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

	Year ended December 31,			% Change	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
		(in millions)			
Personnel and overhead	$ 174	$ 147	$ 114	18%	29%
Other	33	24	17	38%	41%
Total technology and content	$ 207	$ 171	$ 131	21%	31%
% of revenue	13.9%	13.7%	13.9%		

2015 vs. 2014

Technology and content costs increased $36 million during the year ended December 31, 2015 when compared to the same period in 2014, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion and enhanced site features, as well as incremental personnel costs related to our 2014 business acquisitions in Attractions and Restaurants. Our Attraction and Restaurant businesses contributed an incremental $15 million to our technology and content expenses for the year ended December 31, 2015, of which an incremental $9 million was related to personnel and overhead.

2014 vs. 2013

Technology and content costs increased $40 million during the year ended December 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 and enhanced site features, as well as additional personnel costs related to employees joining us through business acquisitions and also increased stock-based compensation costs. In total, our Attraction and Restaurant businesses contributed $6 million to our technology and content expense in 2014, of which $4 million related to personnel and overhead.

General and Administrative

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

	Year ended December 31,			% Change	
	2015	2014	2013	2015 vs 2014	2014 vs 2013
		(in millions)			
Personnel and overhead	$ 106	$ 87	$ 66	22%	32%
Professional service fees and other	104	41	32	154%	28%
Total general and administrative	$ 210	$ 128	$ 98	64%	31%
% of revenue	14.1%	10.3%	10.4%		

2015 vs. 2014

General and administrative costs increased $82 million during the year ended December 31, 2015, when compared to the same period in 2014, primarily due to an increase in charitable contributions of $59 million. During the year ended December 31, 2015, we made a $67 million non-cash contribution to settle our pledge obligation to the Foundation, while we recorded a charitable contribution of $8 million in the year ending December 2014, which was settled in cash. See "Note 12— *Commitments and Contingencies*" in the notes to our consolidated financial statements in Item 8 for additional information regarding our charitable contributions to the Foundation. Personnel costs and overhead costs also increased $19 million, which was related to an increase in headcount to support our business operations, as well as incremental personnel costs related to our 2014 business acquisitions in Attractions and Restaurants. Our Attraction and Restaurant businesses contributed an incremental $11 million to our general and administrative expenses for the year ended December 31, 2015, of which an incremental $8 million was related to personnel and overhead.

<u>*2014 vs. 2013*</u>

General and administrative costs increased $30 million during the year ended December 31, 2014, when compared to the same period in 2013, primarily due to personnel costs and overhead costs related to an increase in headcount to support our business operations, as well as additional personnel costs related to employees joining us through recent business acquisitions and professional fees primarily related to our 2014 business acquisitions, higher charitable contributions and increased bad debt expense. In total, our Attraction and Restaurant businesses contributed $8 million to our general and administrative expenses in 2014, of which $5 million related to personnel and overhead.

Depreciation

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

	Year ended December 31,		
	2015	2014	2013
		(in millions)	
Depreciation	$ 57	$ 47	$ 30
% of revenue	3.8%	3.8%	3.2%

Depreciation expense increased $10 million during the year ended December 31, 2015 when compared to the same period in 2014, and increased $17 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to increased amortization related to capitalized software and website development costs and depreciation on our corporate headquarters building.

Amortization of Intangible Assets

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

	Year ended December 31,		
	2015	2014	2013
		(in millions)	
Amortization of intangible assets	$ 36	$ 18	$ 6
% of revenue	2.4%	1.4%	0.6%

Amortization of intangible assets increased $18 million during the year ended December 31, 2015 when compared to the same period in 2014, and increased $12 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to incremental amortization from purchased definite lived intangibles related to our 2014 business acquisitions. Refer to "Note 3— *Acquisitions and Dispositions*" in the notes to our consolidated financial statements in Item 8 for additional information on our acquisitions.

Interest Expense

Interest expense primarily consists of interest incurred, commitment fees and debt issuance cost amortization related to our 2011 Credit Facility, 2015 Credit Facility, and Chinese Credit Facilities (as such, facilities are described in greater detail below), as well as interest on our financing obligation related to our corporate headquarters.

	Year ended December 31,		
	2015	2014	2013
		(in millions)	
Interest expense	$ (10)	$ (9)	$ (10)

Interest expense increased $1 million during the year ended December 31, 2015 when compared to the same period in 2014, primarily due to interest imputed on our financing obligation related to our corporate headquarters lease of approximately $4 million in 2015, partially offset by a decrease in interest incurred due to lower average outstanding borrowings during 2015. Interest expense did not materially change during the year ended December 31, 2014, when compared to the same period in 2013. Refer to "Note 8— *Debt*" and "Note 12— *Commitments and Contingencies*" in the notes to our consolidated financial statements in Item 8 for additional information on our outstanding borrowing facilities and our financing obligation related to our corporate headquarters, respectively.

Interest Income and Other, Net

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

	Year ended December 31,		
	2015	2014	2013
		(in millions)	
Interest income and other, net	$ 17	$ (9)	$ -

2015 vs. 2014

Interest income and other, net increased during the year ended December 31, 2015, respectively, when compared to the same periods in 2014, primarily due to the fluctuation of foreign exchange rates and a $20 million gain from the sale of one of our Chinese subsidiaries during 2015. Refer to "Note 3— *Acquisitions and Dispositions*" in the notes to our consolidated financial statements in Item 8 for additional information on the sale of this business.

2014 vs. 2013

Interest income and other, net decreased $9 million during the year ended December 31, 2014, respectively, when compared to the same periods in 2013, primarily due to the fluctuation of foreign exchange rates.

Provision for Income Taxes

	Year ended December 31,		
	2015	2014	2013
		(in millions)	
Provision for income taxes	$ 41	$ 96	$ 79
Effective tax rate	17.2%	29.8%	27.8%

2015 vs. 2014

Our effective tax rate decreased to 17.2% during the year ended December 31, 2015 from 29.8% in the same period in 2014. The change in the effective tax rate for 2015 compared to the 2014 rate was primarily due to a change in jurisdictional earnings, which includes an incremental $59 million of expense related to charitable contributions in the U.S. during 2015, and the recognition of a tax benefit of $13 million in response to a recent U.S. Tax Court ruling in regards to Altera Corporation on the treatment of stock-based compensation in cost-sharing arrangements. Refer to "Note 9— *Income Taxes*" in the notes to our consolidated financial statements in Item 8 for a discussion regarding the Altera Corporation court ruling.

Our effective tax rate is generally less than the federal statutory rate primarily due to earnings in jurisdictions outside the United States, where our effective tax rate is lower. This is partly driven by a decrease in the statutory tax rate in the United Kingdom from 21% to 20% in 2015, and our tax incentive on qualifying income in Singapore granted by the Singapore Economic Development Board in 2011. 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. Our effective tax rate is partially offset by state income taxes, non-deductible stock compensation and accruals on uncertain tax positions.

2014 vs. 2013

Our effective tax rate increased 2% during the year ended December 31, 2014 over the same period in 2013. The change in the effective tax rate for 2014 compared to the 2013 rate was primarily due to a change in jurisdictional earnings and certain discrete items.

Our effective tax rate is generally less than the federal statutory rate primarily due to earnings in jurisdictions outside the United States, where our effective tax rate is lower. This is partly driven by a decrease in the statutory tax rate in the United Kingdom from 23% to 21% in 2014, and our tax incentive on qualifying income in Singapore granted by the Singapore Economic Development Board in

2011. Our effective tax rate is partially offset by state income taxes, non-deductible stock compensation and accruals on uncertain tax positions.

Liquidity and Capital Resources

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

Cash Requirements

The following table aggregates our material contractual obligations and minimum commercial commitments as of December 31, 2015:

		By Period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
			(in millions)		
2015 Credit Facility and Chinese Credit Facilities (1)	$ 201	$ 1	$ —	$ 200	$ —
Expected interest payments on 2015 Credit Facility (1)	15	3	7	5	—
Property leases, net of sublease income (2)	250	22	45	44	139
Total (3)	$ 466	$ 26	$ 52	$ 249	$ 139

(1) The amounts included as expected interest payments on the 2015 Credit Facility in this table are based on the current effective interest rate as of December 31, 2015, but, could change significantly in the future. Amounts assume that our existing debt is repaid at maturity and do not assume additional borrowings or refinancing of existing debt. See "Note 8— *Debt*" in the notes to the consolidated financial statements in Item 8 for additional information on our 2015 Credit Facility and Chinese Credit Facilities.

(2) Estimated future minimum rental payments under operating leases with non-cancelable lease terms, including our corporate headquarters lease in Needham, MA. See discussion under "Office Lease Commitments" below.

(3) Excluded from the table was $87 million of unrecognized tax benefits, including interest, 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 do not anticipate any material changes in the next year.

2015 Credit Facility

On June 26, 2015, we entered into a five year credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent; J.P. Morgan Europe Limited, as London Agent; Morgan Stanley Bank, N.A.; Bank of America, N.A.; BNP Paribas; SunTrust Bank; Wells Fargo Bank, National Association; Royal Bank of Canada; Barclays Bank PLC; U.S. Bank National Association; Citibank, N.A.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Goldman Sachs Bank USA; and Deutsche Bank AG New York Branch (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 the Company'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.

We immediately borrowed $290 million from this revolving credit facility, which was used to repay all outstanding borrowings pursuant to the 2011 Credit Facility (as described in "Note 8— *Debt*" in the notes to the consolidated financial statements in Item 8) and is recorded in long term liabilities on our consolidated balance sheet as of December 31, 2015. There is no specific repayment date prior to the five-year maturity date for borrowings under this revolving credit facility, however, the Company may determine to make payments on this debt, based on current interest rates and liquidity requirements, at various times during the five-year period. During the year ended December 31, 2015, the Company has repaid $90 million of our outstanding borrowings on the 2015 Credit Facility. Based on the Company's current leverage ratio, our borrowings bear interest at LIBOR plus 125 basis points, or the Eurocurrency Spread. The Company is currently borrowing under a one-month interest period of approximately 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 the Company is borrowing under the one-month interest rate period.

We are also required to pay a quarterly commitment fee, on the 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 20.0 basis points, given the Company'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 December 31, 2015, we had issued $2 million of outstanding letters of credit under the 2015 Credit Facility.

We 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 the Company have agreed to guarantee the Company's obligations under the 2015 Credit Facility.

The 2015 Credit Facility 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 2015 Credit Facility also requires us 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 2015 Credit Facility. As of December 31, 2015, we are in compliance with all of our debt covenants.

Chinese Credit Facilities

In addition to our borrowings under the 2015 Credit Facility, we maintain our Chinese Credit Facilities. As of December 31, 2015 and 2014, we had $1 million and $38 million of short term borrowings outstanding, respectively.

Our Chinese subsidiary is entered into 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. Our Chinese Credit Facility—BOA currently bears interest based at a 100% of the People's Bank of China's base rate, which was 4.35% as of December 31, 2015. During the year ended December 31, 2015, the Company made a $22 million repayment of our outstanding borrowings on our Chinese Credit Facilities- BOA. As of December 31, 2015, we had $1 million of outstanding borrowings from the Chinese Credit Facility—BOA.

In addition, our Chinese subsidiary is 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"). Our Chinese Credit Facility—JPM currently bears interest based at a 100% of the People's Bank of China's base rate, which was 4.35% as of December 31, 2015. During the year ended December 31, 2015, the Company made a $19 million repayment of our outstanding borrowings on our Chinese Credit Facilities-JPM. As of December 31, 2015, there are no outstanding borrowings under our Chinese Credit Facility – JPM.

Office Lease Commitments

In June 2013, TripAdvisor LLC ("TA LLC"), our indirect, wholly owned subsidiary, entered into a lease, for a new corporate headquarters (the "Lease"). Pursuant to the Lease, the landlord built an approximately 280,000 square foot rental building in Needham, Massachusetts (the "Premises"), and leased the Premises to TA LLC as our new corporate headquarters for an initial term of 15 years and 7 months or through December 2030. TA LLC also has an option to extend the term of the Lease for two consecutive terms of five years each.

Because we were involved in the construction project and were responsible for paying a portion of the costs of normal finish work and structural elements of the Premises, the Company was deemed for accounting purposes to be the owner of the Premises during the construction period under build to suit lease accounting guidance under GAAP. Therefore, the Company recorded project construction costs during the construction period incurred by the landlord as a construction-in-progress asset and a related construction financing obligation on our consolidated balance sheets. The amounts that the Company has paid or incurred for normal tenant improvements and structural improvements had also been recorded to the construction-in-progress asset.

Upon completion of construction at end of the second quarter of 2015, we evaluated the construction-in-progress asset and construction financing obligation for de-recognition under the criteria for "sale-leaseback" treatment under GAAP. We concluded that we have forms of continued economic involvement in the facility, and therefore did not meet the provisions for sale-leaseback accounting. This determination was based on the Company's continuing involvement with the property in the form of non-recourse financing to the lessor. Therefore, the Lease has been accounted for as a financing obligation. Accordingly, we began depreciating the building asset over its estimated useful life and incurring interest expense related to the financing obligation imputed using the effective interest rate method. We will bifurcate our lease payments pursuant to the Premises into: (i) a portion that is allocated to the building (a reduction to the financing obligation) and; (ii) a portion that is allocated to the land on which the building was constructed. The portion of the lease obligations allocated to the land is treated as an operating lease that commenced in 2013. The financing obligation is considered a long-term finance lease obligation and is recorded to long-term liabilities on our consolidated balance sheet. At the end of the lease term, the carrying value of the building asset and the remaining financing obligation are expected to be equal, at which time we may either surrender the leased asset as settlement of the remaining financing obligation or extend the initial term of the lease for the continued use of the asset. In 2015, the Company recorded $4 million in interest expense, $2 million in depreciation expense and $1 million in rent expense related to the Premises.

We also lease an aggregate of approximately 410,000 square feet at approximately 40 other locations across North America, Europe and Asia Pacific, in cities such as, New York, Boston, London, and Beijing, primarily for our sales offices, subsidiary headquarters, and international management teams, pursuant to leases with expiration dates through June 2027.

As of December 31, 2015, future minimum commitments under our corporate headquarters lease and other non-cancelable operating leases for office space with terms of more than one year and contractual sublease income were as follows:

Year	Corporate Headquarters Lease (1)	Other Operating Leases	Sublease Income	Total Lease Commitments (Net of Sublease Income)
		(in millions)		
2016	$ 9	$ 15	$ (2)	$ 22
2017	9	15	(1)	23
2018	9	14	(1)	22
2019	9	14	(1)	22
2020	9	13	—	22
Thereafter	97	42	—	139
Total minimum lease payments	$ 142	$ 113	$ (5)	$ 250

(1) Amount includes an $84 million financing obligation, which we have recorded in other long-term liabilities on our consolidated balance sheet at December 31, 2015, related to our corporate headquarters lease.

Letters of Credit

As of December 31, 2015, we have issued unused letters of credit totaling $2 million, related to our property leases, which includes $1 million delivered to the landlord of our corporate headquarters as security deposit, which amount is subject to increase under certain circumstances.

Sources and Uses of Cash

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

	Year ended December 31,		
	2015	2014	2013
		(in millions)	
Net cash provided by (used in):			
Operating activities	$ 382	$ 387	$ 349
Investing activities	(60)	(234)	(196)
Financing activities	(153)	(41)	(170)

Our principal source of liquidity is cash flows generated from operations, although liquidity needs can also be met through drawdowns under our credit facilities discussed above. As of December 31, 2015 and 2014, we had $698 million and $594 million of cash, cash equivalents and short and long-term available-for-sale marketable securities. As of December 31, 2015 approximately $521 million of our cash, cash equivalents and short and long-term marketable securities are held by our international subsidiaries, primarily in the United Kingdom, and are related to earnings we intend to reinvest permanently outside the United States. Cumulative undistributed earnings of foreign subsidiaries that we intend to indefinitely reinvest outside of the United States totaled approximately $759 million as of December 31, 2015. Should we distribute, or be treated under certain U.S. tax rules as having distributed, the earnings of foreign subsidiaries in the form of dividends or otherwise, we may be subject to U.S. income taxes. Determination of the amount of any unrecognized deferred income tax liability on this temporary difference is not practicable because of the complexities of the hypothetical calculation. Cash held is primarily denominated in U.S. dollars.

As of December 31, 2015, we had $798 million of borrowing capacity available under our 2015 Credit Facility. In addition, we had approximately $49 million of available borrowing capacity under our Chinese Credit Facilities, which currently bear interest at a rate based on 100% of the People's Bank of China's base rate, or 4.35% as of December 31, 2015.

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

2015 vs. 2014

Operating Activities

For the year ended December 31, 2015, net cash provided by operating activities decreased by $5 million or 1% when compared to the same period in 2014, primarily due to a decrease in net income of $28 million and working capital movements of $16 million, offset by an increase in non-cash items affecting cash flows of $39 million, which is primarily due to an increase in the following items; stock-based compensation; depreciation; amortization of intangibles; and charitable contributions, partially offset by a decrease in excess tax benefits from stock-based awards; deferred tax benefits; fluctuation of foreign exchange rates; and the gain on sale of a business. The decrease in working capital movements of $16 million was primarily related to an overall lower income tax provision for 2015, partially offset by an increase in operating cash flow from deferred merchant payables.

Investing Activities

For the year ended December 31, 2015, net cash used in investing activities decreased by $174 million when compared to the same period in 2014, primarily due to a net decrease in cash paid for business acquisitions of $302 million and net proceeds from the sale of one of our Chinese subsidiaries of $25 million in 2015, partially offset by a net increase in cash used for the purchases, sales and maturities of our marketable securities of $125 million, and an increase in capital expenditures of $28 million, primarily driven by expenditures on our corporate headquarters.

Financing Activities

For the year ended December 31, 2015, net cash used in financing activities increased by $112 million when compared to the same period in 2014, primarily due to the repayment of our Term Loan of $300 million in 2015, or an incremental outflow of $260 million, partial repayment of our outstanding borrowings related to our 2015 Credit Facility of $90 million, incremental repayments of our outstanding borrowings related to our Chinese Credit Facilities of $38 million, and an increase in tax withholdings payments of $40 million primarily related to the exercise of our stock options, partially offset by net borrowings on our 2015 Credit Facility of $287 million, incremental excess tax benefits related to stock-based compensation of $16 million, and receipts of $12 million in lease incentive payments related to our corporate headquarters building financing obligation.

2014 vs. 2013

Operating Activities

For the year ended December 31, 2014, net cash provided by operating activities increased by $38 million or 11% when compared to the same period in 2013, primarily due to an increase in net income of $21 million and an increase in non-cash items affecting cash flows of $23 million, which is primarily due to an increase in the following items; stock-based compensation; depreciation; amortization of intangibles; fluctuation of foreign exchange rates, offset by an increase in excess tax benefits from stock-based awards and deferred tax benefits. Working capital movements decreased $6 million mainly related to the timing of customer receipts, income tax payments, vendor and merchant payments, partially offset by growth in our business.

Investing Activities

For the year ended December 31, 2014, net cash used in investing activities increased by $38 million when compared to the same period in 2013, primarily due to an increase in cash paid for acquisitions of businesses in 2014 of $296 million and an increase in capital expenditures of $26 million in 2014, when compared against 2013, partially offset by a net decrease in cash used for the purchases, sales and maturities of marketable securities of $284 million.

Financing Activities

For the year ended December 31, 2014, net cash used in financing activities decreased by $129 million when compared to the same period in 2013, primarily due to an increase of $8 million in excess tax benefits related to stock compensation, a decrease of $12 million in repayments of our outstanding borrowings on our Chinese Credit Facilities in 2014, and payments of $145 million for common stock share repurchases under our authorized share repurchase program in 2013, which did not reoccur in 2014. This was offset by a reduction in proceeds from the exercise of our stock options of $21 million in 2014, due to the introduction in the third quarter of 2013 of the net share settlement of the majority of our stock options and an increase in payments of minimum withholding taxes related to net share settlement of equity awards of $19 million in 2014.

Off-Balance Sheet Arrangements

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

Contingencies

In the ordinary course of business, we and our subsidiaries are parties to regulatory and legal matters. These matters may relate to claims involving alleged infringement of third-party intellectual property rights, defamation, taxes, regulatory compliance and other claims. Periodically, we review the status of all significant outstanding matters to assess the potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred, and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated statements of operations. We provide disclosure in the notes to the consolidated statements for loss contingencies that do not meet both of 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. Although occasional adverse decisions or settlements may occur, the Company does not believe that the final disposition of any of these matters will have a material adverse effect on the business. However, the final outcome of these matters could vary significantly from our estimates. There may be claims or actions pending or threatened against us of which we are currently not aware and the ultimate disposition of which would have a material adverse effect on us.

We are also under audit by the Internal Revenue Service (IRS) and various other domestic and foreign tax authorities with regards to income tax matters. We have reserved for potential adjustments to our provision for income taxes that may result from examinations by, or any negotiated agreements with, these tax authorities. Although we believe our tax estimates are reasonable, the final determination of audits could be materially different from our historical income tax provisions and accruals. The results of an audit could have a material effect on our financial position, results of operations, or cash flows in the period for which that determination is made.

Additionally, we earn an increasing portion of our income, and accumulate a greater portion of cash flows, in foreign jurisdictions which we consider indefinitely reinvested. 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 our U.S. tax expense and cash flows. See "Note 9— *Income Taxes*" in the notes to our consolidated financial statements in Item 8 for further information on potential contingencies surrounding income taxes.

Related Party Transactions

For information on our relationships with Expedia and Liberty TripAdvisor Holdings, Inc. refer to "Note 15 —*Related Party Transactions*" in the notes to our consolidated financial statements in Item 8.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those that we believe are important in the preparation of our consolidated financial statements because they require that management use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with GAAP.

Preparation of the consolidated financial statements and accompanying notes requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as revenue and expenses during the periods reported. Management bases its estimates on historical experience, where applicable, and other assumptions that it believes are reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions.

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

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

Our significant accounting policies and estimates are more fully described in "Note 2— *Significant Accounting Policies*" in the notes to our consolidated financial statements in Item 8. A discussion of information about the nature and rationale for our critical accounting estimates is below.

Business Combination Valuations and Recoverability of Goodwill, Indefinite and Definite-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 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). Each of our operating segments with goodwill represents a reporting unit for the purpose of assessing impairment. Goodwill is allocated to our reporting units at the date the goodwill is initially recorded. Once goodwill has been allocated to the reporting units, it no longer retains its identification with a particular acquisition and becomes identified with the reporting unit in its entirety. Accordingly, the fair value of the reporting unit as a whole is available to support the recoverability of its goodwill.

In the evaluation of goodwill for impairment, we generally first perform a qualitative assessment to determine whether it is more likely than not (i.e., a likelihood of more than 50%) that the implied 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 implied 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 implied fair value of the goodwill is less than its carrying amount, we then perform a quantitative assessment and compare the implied fair value of the reporting unit to the carrying value. If the carrying value of a reporting unit exceeds its implied 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.

In determining the estimated fair value of assets acquired and liabilities assumed in business combinations and for determining implied fair values of reporting units in a quantitative goodwill impairment test, we use one, or a blend, of the following recognized valuation methods: the income approach (including discounted cash flows), the market approach or the cost approach. Our significant estimates in those fair value measurements may include identifying business factors such as size, growth, profitability, risk and return on investment and assessing comparable revenue and/or operating income multiples. Further, when measuring fair value based on discounted cash flows, we make assumptions about risk-adjusted discount rates, rates of increase in revenue, cost of revenue, and operating expenses, weighted average cost of capital, rates of long-term growth, and income tax rates. Valuations are performed by management or third party valuation specialists under management's supervision, where appropriate. We believe that the fair values assigned to the assets acquired and liabilities assumed in business combinations and impairment tests are based on reasonable assumptions that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates.

As part of our qualitative assessment for our 2015 goodwill impairment analysis , the factors that we considered 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, and (f) changes in excess market capitalization over book value based on our common stock price and other market specific information. 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 that it was more likely than not that goodwill was not impaired for any of our reporting units.

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 implied 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 implied 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 implied fair value of the indefinite-lived intangible asset is less than its carrying amount, we compare the implied fair value of the indefinite-lived asset with its carrying amount. If the carrying value of an individual indefinite-lived intangible asset exceeds its implied 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 2015 impairment analysis, the factors that we considered for our 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 common stock price, and (g) the amount of 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 that it was more likely than not that these assets were not impaired.

There were no impairment charges recognized to our consolidated statements of operations during the years ended December 31, 2015, 2014 and 2013 related to our goodwill and indefinite lived intangible assets.

Definite-Lived Intangible Assets 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 one to twelve 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 primary asset of the group. 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 and would be included in operating income on the consolidated statement of operations. We have not identified any circumstances that would warrant an impairment charge of any recorded assets in our consolidated balance sheet at December 31, 2015.

The use of different estimates or assumptions in determining the fair value of our goodwill, indefinite-lived and definite-lived intangible assets may result in different values for these assets, which could result in different fair values at the date of acquisition or in an impairment or, in period in which an impairment is recognized, could result in a materially different impairment charge.

For additional information on our goodwill, indefinite-lived intangibles and definite-lived intangibles refer to "Note 7—*Goodwill and Intangible Assets, Net*" in the notes to our consolidated financial statements in Item 8.

Income Taxes

We record income taxes under the asset and 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 record liabilities to address uncertain tax positions we have taken in previously filed tax returns or that we expect to take 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 our tax position, based on technical merits, will be sustained upon examination. For those positions for which we conclude it is more likely than not it will be sustained, we recognize the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the taxing authority. 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.

We have not provided for deferred U.S. income taxes on undistributed earnings of our foreign subsidiaries, which we intend to reinvest permanently outside the United States. Should we distribute 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.

See "Note 9— *Income Taxes*" in the notes to our consolidated financial statements in Item 8 for further information on income taxes.

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. Stock options granted during the year ended December 31, 2015 have a term of ten years from the date of grant and generally vest over a four-year requisite service period.

During the year ended December 31, 2015, we issued 586,851 of primarily service based stock non-qualified stock options under the 2011 Incentive Plan with a weighted average grant-date fair value per option of $33.02. We will amortize the fair value, 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. We use historical data to estimate pre-vesting option forfeitures and record share-based compensation expense only for those awards that are expected to vest.

The estimated fair value of the options granted under the 2011 Incentive Plan to date, have been 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. Our expected volatility is calculated by equally weighting the historical volatility and implied volatility on our own stock. Historical volatility is determined using actual daily price observations of our stock price over a period equivalent to or approximate to the expected term of our stock option grants to date. Implied volatility represents the volatility of our actively traded options on our stock, with remaining maturities in excess of six months and market prices approximate to the exercise prices of the stock option grant. We estimate our expected term using historical exercise behavior and expected post-vest termination data. 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)

RSUs are stock awards that are granted to employees entitling the holder to shares of our common stock as the award vests. During the year ended December 31, 2015, we issued 1,016,626 of primarily service based RSUs under the 2011 Incentive Plan with a weighted average grant date fair value per option of $82.95. 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, net of estimated forfeitures, as stock-based compensation expense over the vesting term (generally a four-year requisite service period) 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. Estimated forfeitures are calculated consistent with the methodology used for our stock options using historical data to estimate pre-vesting RSU forfeitures.

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 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.

Refer to "Note 4— *Stock Based Awards and Other Equity Instruments*" in the notes to our consolidated financial statements in Item 8 for further information on our equity award activity.

Websites and Internal Use Software Development Costs

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. Such costs are amortized on a straight-line basis over the estimated useful life of the related asset, generally estimated to be three years. 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. To the extent that we change the manner in which we develop and test new features and functionalities related to our websites and internal use software, assess the ongoing value of capitalized assets or determine the estimated useful lives over which the costs are amortized, the amount of website and internal use software development costs we capitalize and amortize could change in future periods.

Refer to "Note 6— *Property and Equipment, Net*" in the notes to our consolidated financial statements in Item 8 for further information on our development of websites and internal use software.

Revenue Recognition

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

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.

Instant booking commission revenue is also included in click-based advertising revenue and is recorded at the time a traveler books a hotel transaction on our site where we do not assume cancellation risk, or the transaction model. In transactions in which we assume cancellation risk, we record revenue in the month in which the traveler's stay at a hotel occurs, or the consumption model. We have no post-booking service obligations for instant booking transactions.

Display-based 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 contractual period over which service is delivered.

Attractions. We receive cash from the consumer at the time of booking of the destination activity and record these amounts, net of commissions, as deferred merchant payables on our consolidated balance sheet. Commission revenue is recorded as deferred revenue at the time of booking and later recognized when the consumer has completed the destination activity. We pay the destination activity operators after the travelers' use.

Restaurants. We recognize reservation revenues (or per seated diner fees) on a transaction-by-transaction basis as diners are seated by our restaurant customers. Subscription-based revenue is recognized ratably over the related contractual period over which the service is delivered.

Vacation Rentals. We generate revenue from customers for online advertising services related to the listing of their properties for rent primarily on either a subscription basis over a fixed-term, or on a commission basis for transactions that are booked on our platform. Payments for term-based subscriptions received in advance of services being rendered are recorded as deferred revenue and recognized ratably to revenue on a straight-line basis over the listing period. Our commission revenue is primarily generated on our free-to-list option, in lieu of a pre-paid subscription fee. When a commissionable transaction is booked on our platform, we receive cash from the traveler that includes both our commission, which is recorded as deferred revenue, and the amount due to the property owner, which is recorded to deferred merchant payables on our consolidated balance sheet. We pay the amount due to the property owner and recognize our commission revenue at the time of the traveler's stay. Additional revenues are derived on a pay-per-lead basis, as we provide leads for rental properties to property managers. Pay-per-lead revenue is billed and recognized in the period when the leads are delivered to the property managers.

New and Recently Adopted Accounting Pronouncements

New Accounting Pronouncements Not Yet Adopted

In September 2015, the Financial Accounting Standards Board ("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 of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. This update is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted. The planned adoption of this guidance in 2016 is not expected to have a material impact on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective approach or a modified retrospective approach, which requires the initial cumulative effect to be recognized at the date of initial application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 and early adoption is permitted for fiscal years beginning after December 15, 2016. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on our consolidated financial statements or related disclosures.

Recently Adopted Accounting Pronouncements

In November 2015, the FASB issued new accounting guidance which requires an entity to present deferred tax assets and deferred tax liabilities as noncurrent on the consolidated balance sheet. This guidance is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company has early adopted this guidance and has applied the requirements retrospectively to all periods presented. The adoption of this guidance resulted in the reclassification of $10 million from current deferred income tax assets to noncurrent deferred income tax liabilities on the consolidated balance sheet as of December 31, 2014.

In April 2015, the FASB issued new accounting guidance which requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. In August 2015, additional accounting guidance was issued on this topic that clarifies the April 2015 guidance for debt issuance costs associated with line-of-credit arrangements, which states the FASB would not object to the continued deferral and presentation of debt issuance costs as an asset, which would be subsequently amortized over the term of the arrangement. This guidance is effective for fiscal years, and the interim periods within those fiscal years, beginning after December 15, 2015, with early application permitted. The Company has early adopted this guidance. The retrospective application of this guidance decreased "Other long-term assets" and "Long-term debt" by $1 million on the consolidated balance sheet as of December 31, 2014.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Management

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

Interest Rates

Our current exposure to changes in interest rates relate primarily to our investment portfolio and the outstanding borrowings on our 2015 Credit Facility. Our interest income and expense is most sensitive to fluctuations in U.S. interest rates and Libor. Changes in interest rates affect the interest earned on our cash, cash equivalents and marketable securities and the fair value of those securities, as well as the amount of interest we pay on our outstanding debt.

We currently invest our excess cash in cash deposits at major global banks, money market mutual funds and marketable securities. Our investment policy and strategy are focused on preservation of capital and supporting our liquidity requirements. We invest in highly-rated securities, and our investment policy limits the amount of credit exposure to any one issuer. The policy requires investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss.

In order to provide a meaningful assessment of the interest rate risk associated with our investment portfolio, we performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of our current investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on our investment positions as of December 31, 2015, a hypothetical 100 basis point increase in interest rates across all maturities would result in an approximate $1 million incremental decline in the fair market value of the portfolio. Such losses would only be realized if we sold the investments prior to maturity.

As of December 31, 2015, we had $200 million of debt under our 2015 Credit Facility, which has a variable rate. The variable interest rate on the 2015 Credit Facility is based on current assumptions, leverage and LIBOR rates. Based on our current outstanding balance through December 31, 2015, a 25 basis point change in our interest rate on the 2015 Credit Facility would result in an increase or decrease to interest expense that would be less than $1 million per annum. We currently do not hedge our interest rate risk; however, we are continually evaluating the interest rate market, and if we become increasingly exposed to potentially volatile movements in interest rates, and if these movements are material, this could cause us to adjust our financing strategy.

We did not experience any significant impact from changes in interest rates for the years ended December 31, 2015, 2014 or 2013.

Foreign Currency Exchange Rates

We conduct business in certain international markets, primarily the European Union, the United Kingdom, Singapore, Australia and China. Because we operate in international markets, we have exposure to different economic climates, political arenas, tax systems and regulations that could affect foreign exchange rates.

Some of our foreign subsidiaries maintain their accounting records in their respective local currencies other than the U.S. dollar (primarily in British pounds). Consequently, changes in currency exchange rates may impact the translation of foreign financial statements into U.S. dollars. As a result, we face exposure to adverse movements in currency exchange rates as the financial results of our international operations are translated from local currency, or functional currency, into U.S. dollars upon consolidation. If the U.S. dollar weakens against the local currency, the translation of these foreign-currency-denominated balances will result in increased net assets, revenue, operating expenses, operating income and net income. Similarly, our net assets, revenue, operating expenses, operating income and net income will decrease if the U.S. dollar strengthens against local currency. The effect of foreign exchange on our business historically has varied from quarter to quarter and may continue to do so, potentially materially. A hypothetical 10% decrease of the foreign exchange rates relative to the U.S. Dollar, or strengthening of the U.S. Dollar, would generate an unrealized loss of approximately $22 million related to a decrease in our net assets held in functional currencies other than the U.S. Dollar as of December 31, 2015, which would be initially recorded to accumulated other comprehensive loss on our consolidated balance sheet.

In addition, foreign exchange rate fluctuations on transactions denominated in currencies other than the functional currency result in gains and losses. We recognize these transactional gains and losses (primarily Euro currency transactions) in our consolidated statements of operations and have recorded foreign exchange losses of $6 million, $11 million and $0 million for the years ended December 31, 2015, 2014 and 2013, respectively, in interest income and other, net on our consolidated statements of operations.

We currently manage our exposure to foreign currency risk through internally established policies and procedures. To the extent practicable, we minimize our foreign currency exposures by maintaining natural hedges between our current assets and current liabilities in similarly denominated foreign currencies, as well as, using derivative financial instruments. We use foreign exchange derivative contracts to manage certain short-term foreign currency risk to try and reduce the effects of fluctuating foreign currency exchange rates on our cash flows denominated in foreign currencies. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives.

Our objective is to hedge only those currency exposures that can be confidently identified and quantified and that may result in significant impacts to our cash or the consolidated statement of operations. Our policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures. We account for our derivative instruments as either assets or liabilities and carry them at fair value.

Our current derivative contracts principally address foreign exchange fluctuation risk for the Euro versus the U.S. Dollar. As of December 31, 2015 and 2014, we had outstanding forward currency contracts not designated as hedging contracts with a notional value of $25 million and $20 million, respectively. These contracts had maturities of less than 90 days. The fair value of these derivatives at both December 31, 2015 and 2014, were not material. For the years ended December 31, 2015 and 2014, gains related to our derivatives contracts were recorded to interest income and other, net on our consolidated statements of operations of $2 million and $1 million, respectively. A hypothetical 10% change of the foreign exchange rates relative to the U.S. Dollar, with all other variables held constant, would result in an approximate change of less than $3 million in the fair value of our outstanding forward currency contracts at December 31, 2015, and a resulting equivalent gain or loss on our consolidated statement of operations. Refer to "Note 5— *Financial Instruments*" in the notes to the consolidated financial statements in Item 8 for further detail on our derivative instruments.

As we increase our operations in international markets, our exposure to potentially volatile movements in foreign currency exchange rates increases. The economic impact to us of foreign currency exchange rate movements is linked to variability in real growth, inflation, interest rates, governmental actions and other factors. These changes, if material, could cause us to adjust our foreign currency risk strategies.

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements and Supplementary Data:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
TripAdvisor, Inc.:

We have audited the accompanying consolidated balance sheets of TripAdvisor, Inc. and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of TripAdvisor, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), TripAdvisor, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 18, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Boston, Massachusetts
February 18, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
TripAdvisor, Inc.:

We have audited the accompanying consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows of TripAdvisor, Inc. for the year 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of TripAdvisor, Inc. for the year ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 11, 2014, except for Note 2 and Note 16,
as to which the date is
February 17, 2015

TRIPADVISOR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	Year ended December 31, 2015	2014	2013
Revenue	$ 1,492	$ 1,246	$ 945
Costs and expenses:			
Cost of revenue (1)	58	40	18
Selling and marketing (2)	692	502	368
Technology and content (2)	207	171	131
General and administrative (2) (Note 12)	210	128	98
Depreciation	57	47	30
Amortization of intangible assets	36	18	6
Total costs and expenses	1,260	906	651
Operating income	232	340	294
Other income (expense):			
Interest expense	(10)	(9)	(10)
Interest income and other, net (Note 17)	17	(9)	-
Total other income (expense), net	7	(18)	(10)
Income before income taxes	239	322	284
Provision for income taxes	(41)	(96)	(79)
Net income	$ 198	$ 226	$ 205
Earnings per share attributable to common stockholders (Note 2):			
Basic	$ 1.38	$ 1.58	$ 1.44
Diluted	$ 1.36	$ 1.55	$ 1.41
Weighted average common shares outstanding (Note 2):			
Basic	144	143	143
Diluted	146	146	145
(1) Excludes amortization expense as follows:			
Amortization of acquired technology included in amortization of intangibles assets	$ 9	$ 4	$ 1
Amortization of website development costs included in depreciation	37	30	20
	$ 46	$ 34	$ 21
(2) Includes stock-based compensation expense as follows:			
Selling and marketing	$ 16	$ 13	$ 11
Technology and content	$ 28	$ 27	$ 21
General and administrative	$ 28	$ 23	$ 17

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

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

	Year ended December 31, 2015	2014	2013
Net income	$ 198	$ 226	$ 205
Other comprehensive income (loss):			
Foreign currency translation adjustments (1)	(33)	(31)	1
Reclassification adjustment on sale of business included in total other income (expense), net (Note 3)	1	-	-
Total other comprehensive (loss) income	(32)	(31)	1
Comprehensive income	$ 166	$ 195	$ 206

(1) Foreign currency translation adjustments exclude income taxes due to our practice and intention to indefinitely reinvest the earnings of our foreign subsidiaries in those operations. See "Note 14 — *Stockholders' Equity*".

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

TRIPADVISOR, INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share data)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents (Note 5)	$ 614	$ 455
Short-term marketable securities (Note 5)	47	108
Accounts receivable, net of allowance for doubtful accounts of $6 and $7 at December 31, 2015 and December 31, 2014, respectively (Note 2)	180	151
Prepaid expenses and other current assets	24	23
Total current assets	865	737
Long-term marketable securities (Note 5)	37	31
Property and equipment, net (Note 6)	247	195
Intangible assets, net (Note 7)	176	214
Goodwill (Note 7)	732	734
Other long-term assets	71	37
TOTAL ASSETS	$ 2,128	$ 1,948
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10	$ 19
Deferred merchant payables (Note 2)	105	93
Deferred revenue	64	57
Current portion of debt (Note 8)	1	78
Taxes payable (Note 9)	9	20
Accrued expenses and other current liabilities (Note 10)	123	114
Total current liabilities	312	381
Deferred income taxes, net (Note 9)	15	29
Other long-term liabilities (Note 11)	189	154
Long-term debt (Note 8)	200	259
Total Liabilities	716	823
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	—	—
Authorized shares: 1,600,000,000		
Shares issued: 133,836,242 and 132,315,465		
Shares outstanding: 132,443,111 and 130,121,292		
Class B common stock, $0.001 par value	—	—
Authorized shares: 400,000,000		
Shares issued and outstanding: 12,799,999 and 12,799,999		
Additional paid-in capital	741	673
Retained earnings	826	628
Accumulated other comprehensive income (loss)	(63)	(31)
Treasury stock-common stock, at cost, 1,393,131 and 2,194,173 shares	(92)	(145)
Total Stockholders' Equity	1,412	1,125
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,128	$ 1,948

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

TRIPADVISOR, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in millions, except share data)

	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, 2012	**130,060,138**	**$ -**	**12,799,999**	**$ -**	**$ 531**	**$ 197**	**$ (1)**	**-**	**$ -**	**$ 727**
Net income						205				205
Other comprehensive income							1			1
Issuance of common stock related to exercise of options and vesting of RSUs	1,477,660	-			27					27
Repurchase of common stock								(2,120,709)	(145)	(145)
Tax benefits on equity awards, net					12					12
Minimum withholding taxes on net share settlements of equity awards					(14)					(14)
Stock-based compensation					52					52
Balance as of December 31, 2013	**131,537,798**	**$ -**	**12,799,999**	**$ -**	**$ 608**	**$ 402**	**$ -**	**(2,120,709)**	**$ (145)**	**$ 865**
Net income						226				226
Other comprehensive loss							(31)			(31)
Issuance of common stock related to exercise of options and vesting of RSUs	777,667	-			3					3
Tax benefits on equity awards, net					20					20
Minimum withholding taxes on net share settlements of equity awards					(33)					(33)
Fair value of stock options assumed in connection with acquisition					5					5
Stock-based compensation					70					70
Other								(73,464)		-
Balance as of December 31, 2014	**132,315,465**	**$ -**	**12,799,999**	**$ -**	**$ 673**	**$ 628**	**$ (31)**	**(2,194,173)**	**$ (145)**	**$ 1,125**
Net income						198				198
Other comprehensive loss							(32)			(32)
Issuance of common stock related to exercise of options and vesting of RSUs	1,520,777	-			12					12
Issuance of treasury stock as charitable contribution (Note 12)					14			801,042	53	67
Tax benefits on equity awards, net					35					35
Minimum withholding taxes on net share settlements of equity awards					(73)					(73)
Stock-based compensation					80					80
Balance as of December 31, 2015	**133,836,242**	**$ -**	**12,799,999**	**$ -**	**$ 741**	**$ 826**	**$ (63)**	**(1,393,131)**	**$ (92)**	**$ 1,412**

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

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

	Year ended December 31, 2015	2014	2013
Operating activities:			
Net income	$ 198	$ 226	$ 205
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	57	47	30
Amortization of intangible assets	36	18	6
Stock-based compensation expense	72	63	49
Non-cash contribution to charitable foundation (Note 12)	67	-	-
Gain on sale of business (Note 3)	(20)	-	-
Deferred tax (benefit) expense	(37)	(17)	5
Excess tax benefits from stock-based compensation	(36)	(20)	(12)
Other, net	9	18	8
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable, prepaid expenses and other assets	(31)	(26)	(12)
Accounts payable, accrued expenses and other liabilities	13	18	17
Deferred merchant payables	15	(9)	17
Income taxes, net	32	60	27
Deferred revenue	7	9	9
Net cash provided by operating activities	382	387	349
Investing activities:			
Capital expenditures, including internal-use software and website development	(109)	(81)	(55)
Acquisitions, net of cash acquired	(29)	(331)	(35)
Proceeds from sale of business, net of cash sold	25	-	-
Purchases of marketable securities	(205)	(251)	(432)
Sales of marketable securities	187	336	175
Maturities of marketable securities	71	93	151
Net cash used in investing activities	(60)	(234)	(196)
Financing activities:			
Repurchase of common stock	-	-	(145)
Proceeds from Chinese credit facilities	4	13	10
Payments to Chinese credit facilities	(41)	(3)	(15)
Principal payments on term loan	(300)	(40)	(40)
Proceeds from revolving credit facility, net of financing costs	287	-	-
Payments to revolving credit facility	(90)	-	-
Proceeds from exercise of stock options	12	3	24
Payment of minimum withholding taxes on net share settlements of equity awards	(73)	(33)	(14)
Excess tax benefits from stock-based compensation	36	20	12
Other financing activities, net	12	(1)	(2)
Net cash used in financing activities	(153)	(41)	(170)
Effect of exchange rate changes on cash and cash equivalents	(10)	(8)	1
Net increase (decrease) in cash and cash equivalents	159	104	(16)
Cash and cash equivalents at beginning of period	455	351	367
Cash and cash equivalents at end of period	$ 614	$ 455	$ 351
Supplemental disclosure of cash flow information			
Cash paid during the period for income taxes, net of refunds	$ 43	$ 54	$ 50
Cash paid during the period for interest	$ 7	$ 7	$ 8
Supplemental disclosure of non-cash investing and financing activities:			
Capitalization of construction in-process related to build to suit lease	$ 6	$ 52	$ 8
Capital expenditures incurred but not yet paid primarily related to build to suit lease	$ -	$ 10	$ -

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

TRIPADVISOR, INC.
NOTES TO CONSOLIDATED 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 financial statements.

On December 20, 2011 Expedia, Inc. completed a spin-off of TripAdvisor into a separate publicly traded Delaware corporation. We refer to this transaction as the "Spin-Off." TripAdvisor's common stock began trading on the NASDAQ as an independent public company on December 21, 2011 under the trading symbol "TRIP."

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, Liberty beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock.

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty was indirectly acquired by Liberty TripAdvisor Holdings, Inc. ("LTRIP") by means of a spin-off (the "Liberty Spin-Off"). In the Liberty Spin-Off, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. As a result of the Liberty Spin-Off, LTRIP became a separate, publicly traded company and 100% of Liberty's interest in TripAdvisor is now held by LTRIP.

As of December 31, 2015, LTRIP beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.7% of the outstanding shares of Common Stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.3% 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, LTRIP may be deemed to beneficially own equity securities representing approximately 56.1% of our voting power.

Description of Business

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

Our flagship brand is TripAdvisor. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 46 countries worldwide. In addition to the flagship TripAdvisor brand, we manage and operate 23 other media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector, which include; www.airfarewatchdog.com, www.bookingbuddy.com, www.cruisecritic.com, www.everytrail.com, www.familyvacationcritic.com, www.flipkey.com, www.gateguru.com, www.holidaylettings.co.uk, www.holidaywatchdog.com, www.independenttraveler.com, www.jetsetter.com, www.thefork.com (including www.lafourchette.com, www.eltenedor.com, www.iens.nl, www.besttables.com, and www.dimmi.com.au), www.niumba.com, www.onetime.com, www.oyster.com, www.seatguru.com, www.smartertravel.com, www.tingo.com, www.travelpod.com, www.tripbod.com, www.vacationhomerentals.com, www.viator.com, and www.virtualtourist.com.

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

We have two reportable segments: Hotel and Other. Our Other segment consists of the aggregation of three operating segments, which include our Vacation Rentals, Restaurants and Attractions businesses. Our operating segments are determined based on how our chief operating decision maker manages our business, regularly assesses information and evaluates performance for operating decision-making purposes, including allocation of resources. For further information on our reportable segments see "Note 16 — *Segment and Geographic Information*," in the notes to our consolidated financial statements.

Seasonality

The global travel market is large and traveler expenditures tend to follow a seasonal pattern. As such, expenditures by travel advertisers to market to potential travelers, and, therefore, our financial performance, tend to be seasonal as well. As a result, our third quarter tends to be our seasonal high, as it is a key period for travel research and trip-taking, and our seasonal low generally occurs in the first and/or fourth quarter. Significant shifts in our business mix or adverse economic conditions could influence the typical trend of our seasonality in the future.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include TripAdvisor, our wholly-owned subsidiaries, and entities we control, or in which we have a variable interest and are the primary beneficiary of expected cash profits or losses. We have eliminated significant intercompany transactions and accounts. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

We have an operating subsidiary in China that has variable interests in an affiliated entity 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 this Chinese affiliate, we consolidate its results as we are the primary beneficiary of the cash losses or profits of this variable interest affiliate and have the power to direct the activities of this affiliate. Our variable interest entity is not material for all periods presented.

Accounting Estimates

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

Reclassifications

Refer to our discussion in "Recently Adopted Accounting Pronouncements" below for required prior period reclassifications resulting from the early adoption of new accounting guidance. All other reclassifications, made to conform the prior period to the current presentation, were not material and had no net effect on our consolidated financial statements.

Revenue Recognition

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

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.

Instant booking commission revenue is also included in click-based advertising revenue and is recorded at the time a traveler books a hotel transaction on our site where we do not assume cancellation risk, or the transaction model. In transactions in which we assume cancellation risk, we record revenue in the month in which the traveler's stay at a hotel occurs, or the consumption model. We have no post-booking service obligations for instant booking transactions.

Display-based Advertising. We recognize display-based 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 contractual period over which service is delivered.

Attractions. We receive cash from the consumer at the time of booking of the destination activity and record these amounts, net of commissions, as deferred merchant payables on our consolidated balance sheet. Commission revenue is recorded as deferred revenue at the time of booking and later recognized when the consumer has completed the destination activity. We pay the destination activity operators after the travelers' use.

Restaurants. We recognize reservation revenues (or per seated diner fees) on a transaction-by-transaction basis as diners are seated by our restaurant customers. Subscription-based revenue is recognized ratably over the related contractual period over which the service is delivered.

Vacation Rentals. We generate revenue from customers for online advertising services related to the listing of their properties for rent primarily on either a subscription basis over a fixed-term, or on a commission basis for transactions that are booked on our platform. Payments for term-based subscriptions received in advance of services being rendered are recorded as deferred revenue and recognized ratably to revenue on a straight-line basis over the listing period. Our commission revenue is primarily generated on our free-to-list option, in lieu of a pre-paid subscription fee. When a commissionable transaction is booked on our platform, we receive cash from the traveler that includes both our commission, which is recorded as deferred revenue, and the amount due to the property owner, which is recorded to deferred merchant payables on our consolidated balance sheet. We pay the amount due to the property owner and recognize our commission revenue at the time of the traveler's stay. Additional revenues are derived on a pay-per-lead basis, as we provide leads for rental properties to property managers. Pay-per-lead revenue is billed and recognized in the period when the leads are delivered to the property managers.

Cost of Revenue

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

Selling and Marketing

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

Technology and Content

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

General and Administrative

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

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, 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 stockholders' 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, according to our investment policy.

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.

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 do not use derivatives for trading or speculative purposes. We account for our derivative instruments as either assets or liabilities and carry them at fair value.

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 entered into which are not designated as hedges as of December 31, 2015 are disclosed below in "Note 5—*Financial Instruments*" in the notes to the consolidated financial statements. Derivatives that do not qualify for hedge accounting must be adjusted to fair value through current income. 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 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 to date, have generally had maturities at inception of 90 days or less. The net cash received or paid related to our derivative instruments are classified as an operating activity in our consolidated statements of cash flow, which is based on the objective of the derivative instruments. These net cash flows have not been material in any reporting period to date.

We have not entered into any cash flow, fair value or net investment hedges to date as of December 31, 2015.

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. 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,		
	2015	2014	2013
		(in millions)	
Allowance for doubtful accounts:			
Balance, beginning of period	$ 7	$ 3	$ 3
Charges (recoveries) to earnings	3	3	1
Write-offs, net of recoveries and other adjustments	(4)	1	(1)
Balance, end of period	$ 6	$ 7	$ 3

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, capitalized software and website development, office 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. We depreciate our corporate headquarter building, which is considered an asset for accounting purposes as the building lease is considered a financing obligation under GAAP, over its estimated useful life of 40 years.

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 GAAP. 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 under GAAP. If we continue to be the deemed owner, for accounting purposes, the facilities are accounted for as financing obligations.

We establish assets and liabilities for the present value of estimated future costs to return certain of our leased facilities to their original condition for asset retirement obligations. Such assets are depreciated over the lease period into operating expense, and the recorded liabilities are accreted to the future value of the estimated restoration costs and are included in other long-term liabilities on our consolidated balance sheet.

Business Combination Valuations and 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 on 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). Each of our operating segments with goodwill represents a reporting unit for the purpose of assessing impairment. Goodwill is allocated to our reporting units at the date the goodwill is initially recorded. Once goodwill has been allocated to the reporting units, it no longer retains its identification with a particular acquisition and becomes identified with the reporting unit in its entirety. Accordingly, the fair value of the reporting unit as a whole is available to support the recoverability of its goodwill.

In the evaluation of goodwill for impairment, we generally first perform a qualitative assessment to determine whether it is more likely than not (i.e., a likelihood of more than 50%) that the implied 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 implied 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 implied fair value of the goodwill is less than its carrying amount, we then perform a quantitative assessment and compare the implied fair value of the reporting unit to the carrying value. If the carrying value of a reporting unit exceeds its implied 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.

In determining the estimated fair value of assets acquired and liabilities assumed in business combinations and for determining implied fair values of reporting units in a quantitative goodwill impairment test, we use one, or a blend, of the following recognized valuation methods: the income approach (including discounted cash flows), the market approach or the cost approach. Our significant estimates in those fair value measurements include identifying business factors such as size, growth, profitability, risk and return on investment and assessing comparable revenue and/or operating income multiples. Further, when measuring fair value based on discounted cash flows, we make assumptions about risk-adjusted discount rates, future price levels, rates of increase in revenue, cost of revenue, and operating expenses, weighted average cost of capital, rates of long-term growth, and income tax rates. Valuations are performed by management or third party valuation specialists under management's supervision, where appropriate. We believe that the fair values assigned to the assets acquired and liabilities assumed in business combinations and impairment tests are based on reasonable assumptions that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates.

As part of our qualitative assessment for our 2015 goodwill impairment analysis, the factors that we considered 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, and (f) changes in excess market capitalization over book value based on our common stock price and other market specific information. 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 that it was more likely than not that goodwill was not impaired for any of our reporting units.

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 implied 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 implied 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 implied fair value of the indefinite-lived intangible asset is less than its carrying amount, we compare the implied fair value of the indefinite-lived asset with its carrying amount. If the carrying value of an individual indefinite-lived intangible asset exceeds its implied 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 2015 impairment analysis, the factors that we considered for our 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 common stock price, and (g) the amount of 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 that it was more likely than not that these assets were not impaired.

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 one to twelve 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 group by determining if the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset of the group. If the recoverability test indicates that the carrying value of the asset group is not recoverable, we will estimate the fair value of the asset group 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 asset groups exceed their fair value and would be included in operating income on the consolidated statement of operations. We have not identified any circumstances that would warrant an impairment charge for any recorded definite lived or other long term assets on our consolidated balance sheet at December 31, 2015.

Income Taxes

We record income taxes under the asset and 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 record liabilities to address uncertain tax positions we have taken in previously filed tax returns or that we expect to take 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 our tax position, based on technical merits, will be sustained upon examination.

Foreign Currency Translation and Transaction Gains and Losses

Our consolidated 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 statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment is recorded as a component of accumulated other comprehensive income(loss) in stockholders' equity on our consolidated balance sheet.

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 our consolidated statements of operations as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions, in interest income and other, net.

Accordingly, we have recorded foreign exchange losses of $4 million, $10 million and $0 million for the years ended December 31, 2015, 2014 and 2013, respectively, in interest income and other, net on our consolidated statement of operations. These amounts also include gains and losses, realized and unrealized, on foreign currency forward contracts.

Advertising Expense

We incur advertising expense, which includes traffic generation costs from search engines and Internet portals, other online and offline (including television) advertising expense, promotions and public relations to promote our business. We expense the costs associated with communicating the advertisements in the period in which the advertisement takes place. We initially capitalize and then expense the production costs associated with television advertisements in the period in which the advertisement first takes place. For the years ended December 31, 2015, 2014 and 2013, our advertising expense was $507 million, $341 million, and $237 million, respectively. As of December 31, 2015 and 2014, we had $2 million and $5 million of prepaid marketing expenses included in prepaid expenses and other current assets. We expect to fully expense our prepaid marketing asset of $2 million as of December 31, 2015 to the consolidated statement of operations during 2016.

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 grant-date 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. Our expected volatility is calculated by equally weighting the historical volatility and implied volatility on our own stock. Historical volatility is determined using actual daily price observations of our stock price over a period equivalent to or approximate to the expected term of our stock option grants to date. Implied volatility represents the volatility of our actively traded options on our stock, with remaining maturities in excess of twelve months and market prices approximate to the exercise prices of the stock option grant. We estimate our expected term using historical exercise behavior and expected post-vest termination data. 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.

Our stock options generally have a term of ten years from the date of grant and generally vest equitably over a four-year requisite service period. We amortize the grant-date fair value of our stock option 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.

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 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.

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 a performance-based award 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 individual 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.

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.

Treasury Stock

Shares of our common stock repurchased are recorded at cost as treasury stock and result in the reduction of stockholders' equity in our consolidated balance sheet. We may reissue these treasury shares. When treasury shares are reissued, we use the average cost method for determining the cost of reissued shares. If the issuance price is higher than the cost, the excess of the issuance price over the cost is credited to additional paid-in-capital. If the issuance price is lower than the cost, the difference is first charged against any credit balance in additional paid-in-capital from the previous issuances of treasury stock and the remaining balance is charged to retained earnings.

Deferred Merchant Payables

We receive cash from travelers at the time of booking related to our vacation rental, attractions 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, attraction provider or vacation rental owner after the travelers' use and subsequent billing from the hotel, attraction provider or vacation rental owner. Therefore, we receive cash from the traveler prior to paying the hotel, attraction provider or vacation rental owner, and this operating cycle represents a working capital source or use of cash to us. As long as these businesses grow, we expect that changes in working capital related to these transactions, depending on timing of payments and seasonality, will continue to impact operating cash flows. Our deferred merchant payables balance was $105 million and $93 million for the years ended December 31, 2015 and 2014, respectively.

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, Australian dollars 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.

Our business is also subject to certain risks due to concentrations related to dependence on our relationships with our customers. For the years ended December 31, 2015, 2014 and 2013 our two most significant advertising partners, Expedia and Priceline, each accounted for more than 10% of our consolidated revenue and combined accounted for 46%, 46% and 47% of our consolidated revenue, respectively. This concentration of revenue is recorded in our Hotel segment for these reporting periods. As of December 31, 2015 and 2014, Expedia accounted for 11% and 15%, respectively, of our total accounts receivable. Our overall credit risk related to accounts receivable is also 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 statements of operations. We provide disclosure in the notes to the consolidated financial statements for loss contingencies that do not meet both these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the financial statements. Significant judgment may be 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 financial statements.

Comprehensive Income (Loss)

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

Earnings Per Share ("EPS")

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

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

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

	Year ended December 31,		
	2015	2014	2013
Numerator:			
Net income	$ 198	$ 226	$ 205
Denominator:			
Weighted average shares used to compute Basic EPS	143,836	142,721	142,854
Weighted average effect of dilutive securities:			
Stock options	1,839	2,734	2,131
RSUs	292	345	278
Weighted average shares used to compute Diluted EPS	145,967	145,800	145,263
Basic EPS	$ 1.38	$ 1.58	$ 1.44
Diluted EPS	$ 1.36	$ 1.55	$ 1.41

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

	Year ended December 31,		
	2015(1)	2014(2)	2013(3)
Stock options	2,142	1,450	2,244
RSUs	562	191	27
Total	2,704	1,641	2,271

(1) These totals do not include 66,666 performance based options and 12,799 performance based RSUs representing the right to acquire 79,465 shares of common stock 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 EPS for those reporting periods.
(2) These totals do not include 66,666 performance based options and 44,000 performance based RSUs representing the right to acquire 110,666 shares of common stock 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 EPS for those reporting periods.
(3) 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, 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 EPS for those reporting periods.

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

New Accounting Pronouncements Not Yet Adopted

In September 2015, the Financial Accounting Standards Board ("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 of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. This update is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted. The planned adoption of this guidance in 2016 is not expected to have a material impact on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective approach or a modified retrospective approach, which requires the initial cumulative effect to be recognized at the date of initial application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 and early adoption is permitted for fiscal years beginning after December 15, 2016. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on our consolidated financial statements or related disclosures.

Recently Adopted Accounting Pronouncements

In November 2015, the FASB issued new accounting guidance which requires an entity to present deferred tax assets and deferred tax liabilities as noncurrent on the consolidated balance sheet. This guidance is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company has early adopted this guidance and has applied the requirements retrospectively to all periods presented. The adoption of this guidance resulted in the reclassification of $10 million from current deferred income tax assets to noncurrent deferred income tax liabilities on the consolidated balance sheet as of December 31, 2014.

In April 2015, the FASB issued new accounting guidance which requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. In August 2015, additional accounting guidance was issued on this topic that clarifies the April 2015 guidance for debt issuance costs associated with line-of-credit arrangements, which states the FASB would not object to the continued deferral and presentation of debt issuance costs as an asset, which would be subsequently amortized over the term of the arrangement. This guidance is effective for fiscal years, and the interim periods within those fiscal years, beginning after December 15, 2015, with early application permitted. The Company has early adopted this guidance. The retrospective application of this guidance decreased “Other long-term assets” and “Long-term debt” by $1 million on the consolidated balance sheet as of December 31, 2014. Refer to “Note 8— *Debt*” below for the current year presentation.

NOTE 3: ACQUISITIONS AND DISPOSITIONS

We acquired a number of businesses during the years ended December 31, 2015, 2014 and 2013. These business combinations were accounted for as purchases of businesses under the acquisition method. The fair value of purchase consideration has been allocated to tangible and identifiable intangible assets acquired and liabilities assumed, based on their respective fair values on the acquisition date, with the remaining amount recorded to goodwill. Acquired goodwill represents the premium we paid over the fair value of the net tangible and intangible assets acquired. We paid a premium in each of these transactions for a number of reasons, including expected operational synergies, the assembled workforces, and the future development initiatives of the assembled workforces. The results of each of these acquired businesses have been included in the consolidated financial statements beginning on the respective acquisition dates. For the years ended December 31, 2015, 2014 and 2013, acquisition-related costs were expensed as incurred and were $1 million, $4 million and $2 million, respectively, and are included in general and administrative expenses on our consolidated statements of operations.

2015 Acquisition of Businesses

During the year ended December 31, 2015, we completed three acquisitions for a total purchase price consideration of $28 million and paid in cash. The cash consideration was paid primarily from our international subsidiaries. We acquired 100% of the outstanding capital stock of the following companies: ZeTrip, a personal journal app that helps users log activities, including places they have visited and photos they have taken, purchased in January 2015; BestTables, a provider of an online and mobile reservations platform for restaurants in Portugal and Brazil, purchased in March 2015; and Dimmi, a provider of an online and mobile reservations platform for restaurants in Australia, purchased in May 2015.

The purchase price allocation of our 2015 acquisitions is preliminary and subject to revision as more information becomes available, but in any case will not be revised beyond twelve months after the acquisition date and any change to the fair value of assets acquired or liabilities assumed will lead to a corresponding change to the purchase price allocable to goodwill on a retroactive basis. The primary area of the purchase price allocation which is not yet finalized is related to income tax net operating losses for all 2015 acquisitions. Acquired goodwill related to our 2015 acquisitions was primarily allocated to our Other segment and is not deductible for tax purposes. Pro-forma results of operations for these acquisitions have not been presented as the financial impact to our consolidated financial statements, both individually and in aggregate, would not be materially different from historical results.

The following table presents the purchase price allocations recorded on our consolidated balance sheet for all 2015 acquisitions (in millions):

		Total
Goodwill	$	17
Intangible assets (1)		12
Net tangible assets		1
Deferred tax liabilities, net		(2)
Total purchase price consideration (2)	$	28

(1) Identifiable definite-lived intangible assets acquired during 2015 were comprised of trade names of $2 million with a weighted average life of approximately 10 years, customer lists and supplier relationships of $7 million with a weighted average life of approximately 6 years and technology and other of $3 million with a weighted average life of approximately 2 years. The overall weighted-average life of the identifiable definite-lived intangible assets acquired in the purchase of these businesses during 2015 was 6 years, and will be amortized on a straight-line basis over their estimated useful lives from acquisition date.

(2) Subject to adjustment based on indemnification obligations for general representations and warranties of the acquired company stockholders.

2015 Sale of Business

In August 2015, we sold 100% interest in one of our Chinese subsidiaries to an unrelated third party for $28 million in cash consideration. Accordingly, we deconsolidated $11 million of assets (which included $3 million of cash sold) and $4 million of liabilities from our consolidated balance sheet and recognized a $20 million gain on sale of subsidiary in our consolidated statements of operations in "Interest income and other, net" during the year ended December 31, 2015.

2014 Acquisition of Businesses

In August 2014, we completed our acquisition of Viator, Inc. Viator, which is headquartered in San Francisco and has offices in Las Vegas, London, and Sydney, is a leading resource for researching and booking destination activities around the world. Our total purchase price was $192 million, for all the outstanding shares of capital stock of Viator, consisting of approximately $187 million in cash consideration (or $132 million, net of cash acquired from Viator of $55 million) and the value of certain Viator stock options that were assumed. We issued 100,595 TripAdvisor stock options related to the assumed Viator stock options. The fair value of the earned portion of assumed stock options was $5 million and is included in the purchase price, with the remaining fair value of $3 million resulting in post-acquisition compensation expense that will generally be recognized ratably over three years from the date of acquisition. The total cash consideration was paid from one of our U.S. based subsidiaries.

During the year ended December 31, 2014, we completed six other acquisitions for a total purchase price consideration of $208 million, for which the Company paid total cash consideration of $199 million, which is net of cash acquired of $7 million and approximately $2 million in holdbacks for general representations and warranties of the respective sellers, of which $1 million was paid in 2015. The cash consideration was paid primarily from our international subsidiaries. We acquired 100% of the outstanding shares of capital stock for the following companies; Vacation Home Rentals, a U.S.-based vacation rental website featuring properties around the world purchased in May 2014; London-based Tripbod, a travel community that helps connect travelers to local experts purchased in May 2014; Lafourchette, a provider of an online and mobile reservations platform for restaurants in Europe purchased in May 2014; MyTable and Restopolis, both providers of an online and mobile reservations platform for restaurants in Italy purchased in October 2014; and Iens, a provider of an online and mobile reservations platform for restaurants in the Netherlands purchased in December 2014. During 2014, all 2014 acquisitions accounted for approximately 3% of consolidated revenue for the year. Pro-forma results of operations for these acquisitions have not been presented as the financial impact to our consolidated financial statements, both individually and in aggregate, would not have been materially different from historical results.

The following table presents the purchase price allocations recorded on our consolidated balance sheet for all 2014 acquisitions (in millions):

		Total
Goodwill (1)	$	253
Intangible assets (2)		194
Net tangible assets (liabilities) (3)		(7)
Deferred tax liabilities, net		(40)
Total purchase price consideration (4)	$	400

(1) Goodwill in the amount of $5 million is expected to be deductible for tax purposes.
(2) Identifiable definite-lived intangible assets acquired during 2014 were comprised of trade names of $44 million with a weighted average life of 10 years, customer lists and supplier relationships of $82 million with an approximate weighted average life of 7 years, subscriber relationships of $25 million with a weighted average life of 6 years and developed technology and other of $43 million with an approximate weighted average life of 5 years. The overall weighted-average life of the identifiable definite-lived intangible assets acquired in the purchase of the companies during 2014 was approximately 7 years, and will be amortized on a straight-line basis over their estimated useful lives from acquisition date.
(3) Includes assets acquired, including cash of $62 million and accounts receivable of $25 million and liabilities assumed, including deferred merchant payables of $76 million, accrued expenses and other current liabilities of $15 million and deferred revenue of $5 million which reflect their respective fair values at acquisition date.
(4) Subject to adjustment based on indemnification obligations for general representations and warranties of the acquired company stockholders.

2013 Acquisition of Businesses

During the year ended December 31, 2013, we completed six acquisitions for a total purchase price consideration of $40 million, for which the Company paid total cash consideration of $35 million, net of cash acquired of $3 million and approximately $2 million in holdbacks for general representations and warranties of the respective sellers, which have subsequently been paid. The cash consideration was paid primarily from our international subsidiaries. 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 around the world, all of which complemented our existing brands in those areas of the travel ecosystem. The purchase price of our 2013 acquisitions is considered final.

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 statements of operations during the periods presented:

	Year ended December 31, 2015	2014	2013
		(in millions)	
Selling and marketing	$ 16	$ 13	$ 11
Technology and content	28	27	21
General and administrative	28	23	17
Total stock-based compensation expense	72	63	49
Income tax benefit from stock-based compensation expense	(26)	(24)	(18)
Total stock-based compensation expense, net of tax effect	$ 46	$ 39	$ 31

During the years ended December 31, 2015, 2014 and 2013, we capitalized $8 million, $8 million and $5 million, respectively, of stock-based compensation expense as website development costs.

Stock and Incentive Plans

On December 20, 2011, our 2011 Stock and Annual Incentive Plan became effective and 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."

On September 12, 2014, we filed a Registration Statement on Form S-8 with respect to up to 100,595 shares of our common stock for issuance under the Viator, Inc. 2010 Stock Incentive Plan, as amended (the "Viator Plan"). Pursuant to the Amended and Restated Agreement and Plan of Merger among TripAdvisor LLC; Vineyard Acquisition Corporation and Viator, Inc., dated as of July 24, 2014 (the "Merger Agreement"), Vineyard Acquisition Corporation merged with and into Viator, Inc. with Viator, Inc. surviving as a wholly-owned subsidiary of the Company. In accordance with the Merger Agreement, we assumed certain outstanding options to purchase shares of common stock of Viator granted under the Viator Plan (the "Assumed Options"). As a result of this assumption, the Assumed Options were converted into options to purchase shares of our common stock. We do not intend to grant new equity or equity-based awards under the Viator Plan.

Pursuant to the 2011 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, 2015, the total number of shares available for issuance under the 2011 Incentive Plan is 17,200,758 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

2015 Stock Option Activity

During the year ended December 31, 2015, we have issued 586,851 of service based non-qualified stock options from the 2011 Incentive Plan. These stock options generally have a term of ten years from the date of grant and generally vest equitably over a four-year requisite service period.

A summary of our stock option activity is presented below:

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in millions)
Options outstanding at December 31, 2014	8,651	$ 44.47		
Granted	587	83.78		
Exercised (1)	(3,187)	33.78		
Cancelled or expired	(331)	57.44		
Options outstanding at December 31, 2015	5,720	$ 53.71	5.6	$ 187
Exercisable as of December 31, 2015	2,480	$ 36.69	4.3	$ 122
Vested and expected to vest after December 31, 2015	5,610	$ 53.30	5.6	$ 186

(1) Inclusive of 1,978,692 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. 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, 2015 was $85.25. The total intrinsic value of stock options exercised for the years ended December 31, 2015, 2014, and 2013 were $149 million, $75 million, and $58 million, respectively.

The fair value of stock option grants 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,		
	2015	2014	2013
Risk free interest rate	1.58%	1.79%	1.41%
Expected term (in years)	5.42	5.80	6.06
Expected volatility	41.79%	44.04%	50.78%
Expected dividend yield	— %	— %	— %

The weighted-average grant date fair value of options granted, excluding assumed acquisition-related options, was $33.02, $46.65, and $28.30 for the years ended December 31, 2015, 2014, and 2013, respectively. The weighted-average grant date fair value of assumed acquisition-related options was $80.31 for the year ended December 31, 2014. Refer to "Note 3— *Acquisitions and Dispositions"* in the notes to our consolidated financial statements for additional information on our acquisitions. The total fair value of stock options vested for the years ended December 31, 2015, 2014, and 2013 were $36 million, $34 million, and $27 million, respectively.

2015 RSU Activity

During the year ended December 31, 2015, we issued 1,016,626 RSUs under the 2011 Incentive Plan for which the fair value was measured based on the quoted price of our common stock on the date of grant. These RSUs generally vest over a four-year requisite service period.

The following table presents a summary of our RSU activity:

	RSUs Outstanding (in thousands)	Weighted Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value (in millions)
Unvested RSUs outstanding as of December 31, 2014	1,448	$ 71.33	
Granted	1,017	82.95	
Vested and released (1)	(440)	66.58	
Cancelled	(275)	72.76	
Unvested RSUs outstanding as of December 31, 2015	1,750	$ 79.02	$ 149
Expected to vest after December 31, 2015	1,556	$ 78.77	$ 133

(1) Inclusive of 128,341 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.

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, 2015 related to our non-vested stock options and RSU awards is presented below (in millions, except per year information):

	Stock Options	RSUs
Unrecognized compensation expense (net of forfeitures)	$ 56	$ 94
Weighted average period remaining (in years)	2.5	2.7

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 cash and cash equivalents or short and long-term marketable securities as of December 31, 2015 and December 31, 2014 (in millions):

	December 31, 2015						
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities	Long-Term Marketable Securities
Cash	$ 598	$ —	$ —	$ 598	$ 598	$ —	$ —
Level 1:							
Money market funds	11	—	—	11	11	—	—
Level 2:							
U.S. agency securities	13	—	—	13	—	9	4
U.S. treasury securities	16	—	—	16	4	12	—
Certificates of deposit	5	—	—	5	—	4	1
Commercial paper	1	—	—	1	—	1	—
Corporate debt securities	54	—	—	54	1	21	32
Subtotal	89	—	—	89	5	47	37
Total	$ 698	$ —	$ —	$ 698	$ 614	$ 47	$ 37

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

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, 2015 and 2014, 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, 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, 2015, 2014, and 2013. We consider any individual investments in an unrealized loss position to be temporary in nature and do not consider any of our investments other-than-temporarily impaired as of December 31, 2015.

Derivative Financial Instruments

Our current forward contracts are not designated as hedges and have current maturities of less than 90 days. Consequently, any gain or loss resulting from the change in fair value was recognized in our consolidated statement of operations. We recorded a net gain of $2 million and $1 million for the years ended December 31, 2015 and 2014, respectively, related to our settled and outstanding forward contracts in our consolidated statements of operations in "Interest income and other, net." All gains and losses for the year ended December 31, 2013 were not material.

The following table shows the notional principal amounts of our outstanding derivative instruments that are not designated as hedging instruments for the periods presented:

	December 31, 2015	December 31, 2014
	(in millions)	
Foreign exchange-forward contracts (1)(2)	$ 25	$ 20

(1) Derivative contracts address foreign exchange fluctuations for the Euro versus the U.S. Dollar.

(2) The fair value of our derivatives are not material for all periods presented and are reported as assets in prepaid expenses and other current assets on our consolidated balance sheets. We measure the fair value of our outstanding or unsettled derivatives using Level 2 fair value inputs, as we use a pricing model that takes into account the contract terms as well as current foreign currency exchange rates in active markets.

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 and any credit risk amounts associated with our outstanding or unsettled derivative instruments are deemed to be not material for any period presented.

Other Financial Instruments

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

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

NOTE 6: PROPERTY AND EQUIPMENT, NET

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

	December 31, 2015	December 31, 2014
	(in millions)	
Capitalized software and website development	$ 127	$ 104
Building (1)	123	-
Leasehold improvements	32	40
Computer equipment	36	31
Furniture, office equipment and other	17	11
	335	186
Less: accumulated depreciation	(88)	(77)
Construction in progress (1)	-	86
Total	$ 247	$ 195

(1) These amounts represent construction costs incurred by the landlord and the Company, related to our corporate headquarters in Needham, MA. During the years ended December 31, 2015 and 2014, we capitalized $6 million and $52 million, respectively, in non-cash construction costs which were incurred by the landlord, with a corresponding liability recorded in other long-term

liabilities. Upon completion of construction at the end of the second quarter of 2015, this asset was reclassified to a building asset and we began depreciating it over an estimated useful life of 40 years on a straight-line basis. Refer to "Note 12 – *Commitments and Contingencies*," for additional information on our corporate headquarters lease.

As of December 31, 2015 and 2014, our recorded capitalized software and website development costs, net of accumulated amortization, were $71 million and $61 million, respectively. For the years ended December 31, 2015 and 2014, we capitalized $52 million and $47 million, respectively, related to software and website development costs. For the years ended December 31, 2015, 2014 and 2013, we recorded amortization of capitalized software and website development costs of $37 million, $30 million and $20 million, respectively, which is included in depreciation expense on our consolidated statements of operations for those years.

During the year ended December 31, 2015, we retired and disposed of property and equipment, primarily capitalized software and website development and leasehold improvements, which were no longer in use and fully depreciated with a total cost of $39 million.

NOTE 7: GOODWILL AND INTANGIBLE ASSETS, NET

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

	TripAdvisor	Hotel	Other	Consolidated
		(in millions)		
Balance as of December 31, 2013	$ 502	$ -	$ -	$ 502
Acquisitions (1)	253	-	-	253
Other adjustments (2)	(21)	-	-	(21)
Allocation to new segments (3)	(734)	442	292	-
Balance as of December 31, 2014	$ -	$ 442	$ 292	$ 734
Acquisitions (1)	-	1	16	17
Disposition	-	(1)	-	(1)
Other adjustments (2)	-	-	(18)	(18)
Ending balance as of December 31, 2015	$ -	$ 442	$ 290	$ 732

(1) The additions to goodwill relate to our business acquisitions. See "Note 3— *Acquisitions and Dispositions*," for further information.
(2) Primarily related to impact of changes in foreign exchange rates to goodwill.
(3) Reflects initial allocation of goodwill related to our reporting segment changes in the fourth quarter of 2014. See "Note 16— *Segment and Geographic Information*" for information on our segments.

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, 2015	December 31, 2014
	(in millions)	
Intangible assets with definite lives	$ 198	$ 202
Less: accumulated amortization	(52)	(18)
Intangible assets with definite lives, net	146	184
Intangible assets with indefinite lives	30	30
Total	$ 176	$ 214

Amortization expense was $36 million, $18 million, and $6 million, respectively, for the years ended December 31, 2015, 2014 and 2013. Our indefinite-lived assets relate to trade names and trademarks.

There were no impairment charges recognized to our consolidated statement of operations during the years ended December 31, 2015, 2014 and 2013 related to our goodwill or indefinite-lived intangible assets.

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

	Weighted Average Remaining Life (in years)	December 31, 2015 Gross Carrying Amount	December 31, 2015 Accumulated Amortization	December 31, 2015 Net Carrying Amount	December 31, 2014 Gross Carrying Amount	December 31, 2014 Accumulated Amortization	December 31, 2014 Net Carrying Amount
			(in millions)			(in millions)	
Trade names and trademarks	8.5	$ 53	$ (9)	$ 44	$ 52	$ (5)	$ 47
Customer lists and supplier relationships	5.4	82	(20)	62	77	(5)	72
Subscriber relationships	4.8	29	(9)	20	31	(4)	27
Technology and other	3.3	34	(14)	20	42	(4)	38
Total	6.0	$ 198	$ (52)	$ 146	$ 202	$ (18)	$ 184

Refer to "Note 3— *Acquisitions and Dispositions*" above for a discussion of definite lived intangible assets acquired in business combinations during the years ended December 31, 2015 and 2014.

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

2016	$ 29
2017	28
2018	25
2019	22
2020	17
2021 and thereafter	25
Total	$ 146

NOTE 8: DEBT

The Company's outstanding debt consisted of the following for the periods presented:

	December 31, 2015	December 31, 2014
	(in millions)	
Short-Term Debt:		
Chinese Credit Facilities	$ 1	$ 38
Term Loan	-	40
Total Short-Term Debt	$ 1	$ 78
Long-Term Debt:		
2015 Credit Facility	$ 200	$ -
Term Loan	-	260
Less: Unamortized discount and debt issuance costs	-	(1)
Total Long-Term Debt	$ 200	$ 259

2011 Credit Facility

On December 20, 2011, we entered into a credit agreement (the "2011 Credit Facility"), which provided $600 million of borrowing including:

- a term loan facility in an aggregate principal amount of $400 million with a term of five years due December 2016 ("Term Loan"); 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.

On June 26, 2015, the entire outstanding principal on our Term Loan in the amount of $290 million was repaid with borrowings from our 2015 Credit Facility (described below) and the 2011 Credit Facility was subsequently terminated. The Company was able to repay the Term Loan debt and terminate the 2011 Credit Facility without premium or penalty. There was no resulting loss on early extinguishment of this debt.

During the years ended December 31, 2015, 2014 and 2013, we recorded total interest and commitment fees on our 2011 Credit Facility of $3 million, $6 million and $8 million, respectively, to interest expense on our consolidated statements of operations. All unpaid interest and commitment fee amounts as of December 31, 2014 were not material.

2015 Credit Facility

On June 26, 2015, we entered into a five year credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent; J.P. Morgan Europe Limited, as London Agent; Morgan Stanley Bank, N.A.; Bank of America, N.A.; BNP Paribas; SunTrust Bank; Wells Fargo Bank, National Association; Royal Bank of Canada; Barclays Bank PLC; U.S. Bank National Association; Citibank, N.A.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Goldman Sachs Bank USA; and Deutsche Bank AG New York Branch (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 the Company’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 Sterling or Euro, the applicable rate plus 2.00% per annum and (iii) in the case of interest denominated in US Dollars, 2.00% per annum plus the Alternate Base Rate plus the interest rate spread applicable to ABR loans. The Company may borrow from the revolving credit facility in U.S dollars, Euros and British pound sterling with a term of five years expiring June 26, 2020.

We immediately borrowed $290 million from this revolving credit facility, which was used to repay all outstanding borrowings pursuant to the 2011 Credit Facility and is recorded in long term liabilities on our consolidated balance sheet as of December 31, 2015. There is no specific repayment date prior to the five-year maturity date for borrowings under this revolving credit facility. During the year ended December 31, 2015, the Company has repaid $90 million of our outstanding borrowings on the 2015 Credit Facility. Based on the Company’s current leverage ratio, our borrowings bear interest at LIBOR plus 125 basis points, or the Eurocurrency Spread. The Company 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 the Company is borrowing under the one-month interest rate period.

We are also required to pay a quarterly commitment fee, on the 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 20.0 basis points, given the Company’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 December 31, 2015, we had issued $2 million of outstanding letters of credit under the 2015 Credit Facility.

During the year ended December 31, 2015, we recorded total interest and commitment fees on our 2015 Credit Facility of $2 million, respectively, to interest expense on our consolidated statements of operations. All unpaid interest and commitment fee amounts as of December 31, 2015 were not material.

In connection with the 2015 Credit Facility, we incurred lender fees and debt financing costs totaling $3 million, which were capitalized as deferred financing costs and recorded to other long-term assets on the consolidated balance sheet. During the year ended December 31, 2015, amortization expense recorded to interest expense on our consolidated statements of operations was not material. These costs will continue to be amortized over the term of the 2015 Credit Facility using the effective interest rate method.

We 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 the Company have agreed to guarantee the Company’s obligations under the 2015 Credit Facility.

The 2015 Credit Facility 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 2015 Credit Facility also requires us 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 2015 Credit Facility. As of December 31, 2015, we are in compliance with all of our debt covenants.

The full text of the credit agreement entered into in connection with the 2015 Credit Facility is incorporated by reference in this Annual Report on Form 10-K as Exhibit 10.27 of the Company's Current Report on Form 8-K filed June 30, 2015.

Chinese Credit Facilities

In addition to our borrowings under the 2015 Credit Facility, we maintain our Chinese Credit Facilities. As of December 31, 2015 and 2014, we had short-term borrowings outstanding of $1 million and $38 million, respectively.

Our Chinese subsidiary is entered into 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. Our Chinese Credit Facility—BOA currently bears interest at a 100% of the People's Bank of China's base rate which was 4.35% as of December 31, 2015. During the year ended December 31, 2015, the Company made a $22 million repayment of our outstanding borrowings on our Chinese Credit Facilities- BOA. As of December 31, 2015, we had $1 million of outstanding borrowings from the Chinese Credit Facility—BOA.

In addition, our Chinese subsidiary is 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"). Our Chinese Credit Facility—JPM currently also bears interest at a rate based on 100% of the People's Bank of China's base rate, which was 4.35% as of December 31, 2015. During the year ended December 31, 2015, the Company made a $19 million repayment of our outstanding borrowings on our Chinese Credit Facilities-JPM. As of December 31, 2015, there are no outstanding borrowings under our Chinese Credit Facility – JPM.

NOTE 9: INCOME TAXES

The following table presents a summary of our domestic and foreign income before income taxes:

	Year Ended December 31,		
	2015	2014	2013
		(in millions)	
Domestic	$ 67	$ 146	$ 129
Foreign	172	176	155
Total	$ 239	$ 322	$ 284

The following table presents a summary of the components of our provision for income taxes:

	Year Ended December 31,		
	2015	2014	2013
		(in millions)	
Current income tax expense:			
Federal	$ 48	$ 93	$ 48
State	8	14	9
Foreign	22	6	17
Current income tax expense	78	113	74
Deferred income tax (benefit) expense:			
Federal	(29)	(12)	6
State	(2)	(1)	1
Foreign	(6)	(4)	(2)
Deferred income tax (benefit) expense:	(37)	(17)	5
Provision for income taxes	$ 41	$ 96	$ 79

The significant components of our deferred tax assets and deferred tax liabilities as of December 31, 2015 and 2014 are as follows:

	December 31,	
	2015	2014
	(in millions)	
Deferred tax assets:		
Stock-based compensation	$ 40	$ 43
Net operating loss carryforwards	31	34
Provision for accrued expenses	12	13
Deferred rent	5	5
Lease financing obligation	33	26
Foreign advertising spend	8	9
Deferred expense related to cost-sharing arrangement	20	-
Charitable contribution carryforward	24	-
Other	4	5
Total deferred tax assets	$ 177	$ 135
Less: valuation allowance	(17)	(19)
Net deferred tax assets	$ 160	$ 116
Deferred tax liabilities:		
Intangible assets	$ (81)	$ (88)
Property and equipment	(27)	(25)
Prepaid expenses	(4)	(4)
Building	(31)	(26)
Deferred income related to cost-sharing arrangement	(7)	-
Other	-	(1)
Total deferred tax liabilities	$ (150)	$ (144)
Net deferred tax asset (liability) (1)	$ 10	$ (28)

(1) Includes non-current deferred tax assets of $25 million and $1 million as of December 31, 2015 and 2014, respectively, reported in "Other long-term assets" on our consolidated balance sheets.

At December 31, 2015, we had federal, state and foreign net operating loss carryforwards ("NOLs") of approximately $16 million, $13 million and $85 million. If not utilized, the federal and state NOLs will expire at various times between 2020 and 2035 and the foreign NOLs will expire at various times between 2016 and 2033.

At December 31, 2015, we had a valuation allowance of $17 million primarily related to foreign net operating loss carryforwards for which it is more likely than not that the tax benefit will not be realized. This amount represented an overall decrease of $2 million over the amount recorded as of December 31, 2014. The decrease is primarily related to the sale of one of our Chinese subsidiaries that previously had a full valuation allowance. Except for certain deferred tax assets, we expect to realize all of our deferred tax assets based on a strong history of earnings in the US and other jurisdictions, as well as future reversals of taxable temporary differences.

We have not provided for deferred U.S. income taxes on undistributed earnings of our foreign subsidiaries that we have or intend to reinvest permanently outside the United States; the total amount of such earnings as of December 31, 2015 was $759 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,		
	2015	2014	2013
		(in millions)	
Income tax expense at the federal statutory rate of 35%	$ 84	$ 113	$ 100
Foreign rate differential	(53)	(49)	(41)
State income taxes, net of effect of federal tax benefit	4	13	8
Unrecognized tax benefits and related interest	12	14	9
Change in cost-sharing treatment of stock-based compensation	(13)	-	-
Non-deductible transaction costs	1	1	-
Change in valuation allowance	5	5	2
Other, net	1	(1)	1
Provision for income taxes	$ 41	$ 96	$ 79

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 has been extended until June 30, 2021 as we have met certain employment and investment thresholds. This benefit resulted in a decrease to the 2015 tax provision of $4 million or added an incremental $0.03 to our Diluted EPS for 2015.

By virtue of previously filed consolidated income tax returns filed with Expedia, we are currently under an IRS audit for the 2009 and 2010 tax years, and have various ongoing state income tax audits. We are separately under examination by the IRS for the 2012 and 2013 tax years and have commenced an employment tax audit with the IRS for the 2013 and 2014 tax years. These audits include questioning of the timing and the amount of income and deductions and the allocation of income among various tax jurisdictions. These examinations may lead to proposed or ordinary course adjustments to our taxes. We are no longer subject to tax examinations by tax authorities for years prior to 2007. As of December 31, 2015, no material assessments have resulted.

During the year ended December 31, 2015, we received notification of a draft proposed adjustment from the IRS for the 2009 and 2010 tax years and we anticipate receiving additional notices of proposed adjustments for the same years. These proposed adjustments are related to transfer pricing with our foreign subsidiaries, and would result in an increase to U.S. taxable income and federal tax expense for 2009 and 2010, subject to interest. Our policy is to review and update tax reserves as facts and circumstances change. Based on our interpretation of the regulations and available case law, we believe the position we have taken with regard to transfer pricing with our foreign subsidiaries is sustainable. We intend to defend our position through IRS administrative and, if necessary, by judicial remedies. As of December 31, 2015, no additional adjustments have been proposed.

In July 2015, the United States Tax Court (the "Court") issued an opinion favorable to Altera Corporation ("Altera") with respect to Altera's litigation with the Internal Revenue Service ("IRS"). This opinion was submitted as a final decision under Tax Court ("T.C.") Rule 155 during December 2015. The litigation relates to the treatment of stock-based compensation expense in an inter-company cost-sharing arrangement with Altera's foreign subsidiary. In its opinion, the Court accepted Altera's position of excluding stock based compensation from its inter-company cost-sharing arrangement. The IRS has the right to appeal the Court decision. At this time, the U.S. Department of the Treasury has not withdrawn the requirement from its regulations to include stock-based compensation in intercompany cost-sharing arrangements. The Company has evaluated the impact of the court case and recorded a tax benefit of $13 million in its consolidated statement of operations for the year ended December 31, 2015. The Company will continue to monitor this matter and related potential impacts to its consolidated financial statements.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits (excluding interest and penalties) is as follows:

	December 31, 2015	2014	2013
		(in millions)	
Balance, beginning of year	$ 67	$ 36	$ 24
Increases to tax positions related to the current year	15	13	12
Increases to tax positions related to the prior year	7	18	4
Reductions due to lapsed statute of limitations	-	-	-
Decreases to tax positions related to the prior year	-	-	(4)
Settlements during current year	-	-	-
Balance, end of year	$ 89	$ 67	$ 36

As of December 31, 2015, we had $89 million of unrecognized tax benefits, net of interest, which is classified as long-term and included in other long-term liabilities on our consolidated balance sheet. The amount of unrecognized tax benefits, if recognized, would reduce income tax expense by $53 million, due to correlative adjustments in other tax jurisdictions. We recognize interest and penalties related to unrecognized tax benefits in income tax expense on our consolidated statement of operations. As of December 31, 2015 and 2014, total gross interest accrued was $6 million and $4 million, respectively. We do not anticipate any material changes in 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, 2015	December 31, 2014
	(in millions)	
Accrued salary, bonus, and related benefits	$ 47	$ 41
Accrued marketing costs	43	24
Accrued charitable foundation payments (1)	-	8
Other	33	41
Total	$ 123	$ 114

(1) See "Note 12— *Commitments and Contingencies*" for information regarding costs associated with the Foundation.

NOTE 11: OTHER LONG-TERM LIABILITIES

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

	December 31, 2015	December 31, 2014
	(in millions)	
Unrecognized tax benefits (1)	$ 87	$ 68
Financing obligation, net of current portion (2)	84	67
Other (3)	18	19
Total	$ 189	$ 154

(1) See "Note 9—*Income Taxes*" for additional information on our unrecognized tax benefits. Amount includes accrued interest related to this liability.
(2) Refer to "Note 12 – *Commitments and Contingencies*," for additional information on our corporate headquarters lease.
(3) Amounts primarily consist of long term deferred rent balances related to operating leases for office space.

NOTE 12: COMMITMENTS AND CONTINGENCIES

We have material commitments and obligations that include office space leases and expected interest on long-term debt, which are not accrued on the consolidated balance sheet at December 31, 2015 but we expect to require future cash outflows.

The following table summarizes our material commitments and obligations as of December 31, 2015:

	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
		By Period			
			(in millions)		
Property leases, net of sublease income (1)	$ 250	$ 22	$ 45	$ 44	$ 139
Expected interest payments on 2015 Credit Facility (2)	15	3	7	5	—
Total (3)	$ 265	$ 25	$ 52	$ 49	$ 139

(1) Estimated future minimum rental payments under operating leases with non-cancelable lease terms, including our corporate headquarters lease in Needham, MA.

(2) The amounts included as expected interest payments on the 2015 Credit Facility in this table are based on the current effective interest rate and outstanding borrowings as of December 31, 2015, but, could change significantly in the future. Amounts assume that our existing debt is repaid at expiration date and do not assume additional borrowings or refinancings of existing debt. Refer to "Note 8— *Debt*" for additional information on our 2015 Credit Facility.

(3) Excluded from the table was $87 million of unrecognized tax benefits, including accrued interest, that we have recorded in other long-term liabilities on our consolidated balance sheet for which we cannot make a reasonably reliable estimate of the amount and period of payment. We do not anticipate any material changes in the next year.

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, 2015, 2014 and 2013, we recorded rental expense of $19 million, $17 million and $11 million, respectively.

Corporate Headquarters Lease

In June 2013, TripAdvisor LLC ("TA LLC"), our indirect, wholly owned subsidiary, entered into a lease, for a new corporate headquarters (the "Lease"). Pursuant to the Lease, the landlord built an approximately 280,000 square foot rental building in Needham, Massachusetts (the "Premises"), and leased the Premises to TA LLC as our new corporate headquarters for an initial term of 15 years and 7 months or through December 2030. TA LLC also has an option to extend the term of the Lease for two consecutive terms of five years each.

Because we were involved in the construction project and were responsible for paying a portion of the costs of normal finish work and structural elements of the Premises, the Company was deemed for accounting purposes to be the owner of the Premises during the construction period under build to suit lease accounting guidance under GAAP. Therefore, the Company recorded project construction costs during the construction period incurred by the landlord as a construction-in-progress asset and a related construction financing obligation on our consolidated balance sheets. The amounts that the Company has paid or incurred for normal tenant improvements and structural improvements had also been recorded to the construction-in-progress asset.

Upon completion of construction at end of the second quarter of 2015, we evaluated the construction-in-progress asset and construction financing obligation for de-recognition under the criteria for "sale-leaseback" treatment under GAAP. We concluded that we have forms of continued economic involvement in the facility, and therefore did not meet the provisions for sale-leaseback accounting. This determination was based on the Company's continuing involvement with the property in the form of non-recourse financing to the lessor. Therefore, the Lease has been accounted for as a financing obligation. Accordingly, we began depreciating the building asset over its estimated useful life and incurring interest expense related to the financing obligation imputed using the effective interest rate method. We will bifurcate our lease payments pursuant to the Premises into: (i) a portion that is allocated to the building (a reduction to the financing obligation) and; (ii) a portion that is allocated to the land on which the building was constructed. The portion of the lease obligations allocated to the land is treated as an operating lease that commenced in 2013. The financing obligation is considered a long-term finance lease obligation and is recorded to long-term liabilities on our consolidated balance sheet. At the end of the lease term, the carrying value of the building asset and the remaining financing obligation are expected to be equal, at which time we may either surrender the leased asset as settlement of the remaining financing obligation or extend the initial term of the lease for the continued use of the asset. In 2015, the Company recorded $4 million in interest expense, $2 million in depreciation expense and $1 million in rent expense related to the Premises.

Additional United States and International Locations

We also lease an aggregate of approximately 410,000 square feet at approximately 40 other locations across North America, Europe and Asia Pacific, in cities such as, New York, Boston, London, and Beijing, primarily for our sales offices, subsidiary headquarters, and international management teams, pursuant to leases with expiration dates through June 2027.

As of December 31, 2015, future minimum commitments under our corporate headquarters lease and other non-cancelable operating leases for office space with terms of more than one year and contractual sublease income were as follows:

Year	Corporate Headquarters Lease (1)	Other Operating Leases	Sublease Income	Total Lease Commitments (Net of Sublease Income)
		(in millions)		
2016	$ 9	$ 15	$ (2)	$ 22
2017	9	15	(1)	23
2018	9	14	(1)	22
2019	9	14	(1)	22
2020	9	13	—	22
Thereafter	97	42	—	139
Total minimum lease payments	$ 142	$ 113	$ (5)	$ 250

(1) Amount includes an $84 million financing obligation, which we have recorded in other long-term liabilities on our consolidated balance sheet at December 31, 2015, related to our corporate headquarters lease.

Charitable Foundation

Excluded from the above table is our obligation to fund the Foundation. Our pledge obligation to the Foundation has been fully satisfied as of December 31, 2015. Our pledge agreement provided for an immediate satisfaction of all future annual contributions, by paying an amount equal to eight multiplied by our prior year contribution to the Foundation, which was calculated as 2% of our annual OIBA (see "Note 16 — *Segment and Geographic Information*"). We exercised this right under the pledge agreement in December 2015. Consequently, we recorded an expense for the year ended December 31, 2015 in the amount of $67 million for the contribution, which was recorded to general and administrative expense in our consolidated statement of operations. We settled this obligation with treasury shares based on the fair value of our common stock on the date the treasury shares were issued to the Foundation. We do not expect to make any future contributions to the Foundation. The Board of Directors of the Foundation is currently comprised of Stephen Kaufer- President and Chief Executive Officer of the Company, Julie M.B. Bradley- former Chief Financial Officer of the Company and Seth J. Kalvert- Senior Vice President, General Counsel and Secretary of the Company.

Letters of Credit

As of December 31, 2015, we have issued unused letters of credit totaling $2 million, related to our property leases, which includes $1 million delivered to the landlord of our corporate headquarters as security deposit, which amount is subject to increase under certain circumstances.

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, 2015.

Legal Proceedings

In the ordinary course of business, we and our subsidiaries are parties to regulatory and legal matters arising out of our operations. These matters may involve claims involving alleged infringement of third-party intellectual property rights (including patent infringement), defamation, taxes, regulatory compliance privacy issues and other claims. 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 financial statements of operations. We provide disclosures in the notes to the consolidated financial statements for loss contingencies that do not meet both of these conditions if there is a reasonable probability that a loss may have been incurred and whether such loss is reasonably estimable. We base accruals made on the best information available at the time which can be highly subjective. Although occasional adverse decisions or settlements may occur, the Company does not believe that the final disposition of any of these matters will have a material adverse effect on the business. However, the final outcome of these matters could vary significantly from our estimates. Finally, 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.

Income Taxes

We are also under audit by the IRS and various other domestic and foreign tax authorities with regards to income tax matters. We have reserved for potential adjustments to our provision for income taxes that may result from examinations by, or any negotiated agreements with, these tax authorities. Although we believe our tax estimates are reasonable, the final determination of audits could be materially different from our historical income tax provisions and accruals. The results of an audit could have a material effect on our financial position, results of operations, or cash flows in the period for which that determination is made.

Additionally, we earn an increasing portion of our income, and accumulate a greater portion of cash flows, in foreign jurisdictions which we consider indefinitely reinvested. 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 our U.S. tax expense and cash flows. See "Note 9— *Income Taxes*" above for further information on potential contingencies surrounding income taxes.

NOTE 13: EMPLOYEE BENEFIT PLANS

Retirement Savings Plan

The TripAdvisor Retirement Savings Plan (the "401(k) Plan"), qualifies under Section 401(k) of the Internal Revenue Code. The 401(k) Plan allows participating employees, most of our U.S. 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, or catch-up contributions. 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 6% pre-tax. 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. The Plan also 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.

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 $7 million, $5 million, and $5 million for the years ended December 31, 2015, 2014 and 2013, respectively, and recorded to our consolidated statements of operations, respectively, for those years.

TripAdvisor, Inc. Deferred Compensation Plan for Non-Employee Directors

The Company also has a Deferred Compensation Plan for Non-Employee Directors (the "Plan"). 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. From the inception of the Plan through December 31, 2015, a total of 557 shares have been reserved for such purpose.

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, 2015, 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 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, 2015. 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 133,836,242 and 132,443,111 shares of common stock issued and outstanding, respectively, at December 31, 2015 and 12,799,999 shares of Class B common stock issued and outstanding at December 31, 2015.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive loss is primarily comprised of accumulated foreign currency translation adjustments, as follows for the periods presented:

	December 31, 2015	December 31, 2014
	(in millions)	
Cumulative foreign currency translation adjustments (1)	$ (63)	$ (31)
Total accumulated other comprehensive loss	$ (63)	$ (31)

(1) We consider our foreign subsidiary earnings 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. 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.

As of December 31, 2015, we have repurchased 2,120,709 shares of outstanding common stock under the share repurchase program at an aggregate cost of $145 million. We did not repurchase any shares under this share repurchase program during the year ended December 31, 2015. As of December 31, 2015, from the authorized share repurchase program granted by the Board of Directors we have $105 million remaining to repurchase shares of our common stock.

In December 2015, we issued 801,042 treasury shares to the Foundation in settlement of all future pledge obligations. Refer to "Note 12 – *Commitments and Contingencies*," for a discussion of the Foundation. We have 1,393,131 treasury shares remaining as of December 31, 2015 with an aggregate cost of $92 million.

Dividends

During the years ended December 31, 2015, 2014 and 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.

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. However, we no longer consider Expedia a related party. 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 at the time of the Spin-Off, which TripAdvisor has satisfied its obligations. However, TripAdvisor continues to be subject to certain post-spin obligations under the Tax Sharing Agreement.

Under the Tax Sharing Agreement between us and Expedia, we are 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 us described in the covenants in the tax sharing agreement, (ii) any acquisition of our equity securities or assets or those of a member of our group, or (iii) any failure of the representations with respect to us or any member of our group to be true or any breach by us or any member of our 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. The full text of the Tax Sharing Agreement is incorporated by reference in this Annual Report on Form 10-K as Exhibit 10.2. Refer to "Note 9— *Income Taxes*" above for information regarding the status of completed and ongoing IRS audits of our consolidated income tax returns with Expedia to date.

Relationship between Liberty TripAdvisor Holdings, Inc. and TripAdvisor

We consider Liberty TripAdvisor Holdings, Inc. ("LTRIP") a related party. As of December 31, 2015, LTRIP beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constituted 13.7% of the outstanding shares of Common Stock and 100% of the outstanding shares of Class B Common Stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.3% of the outstanding common stock. Because each share of Class B common stock is generally entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing approximately 56.1% of our voting power. Refer to "Note 1— *Organization and Business Description*" above, which describes the evolution of our relationship with LTRIP.

We had no related party transactions with LTRIP during the years ended December 31, 2015, 2014 or 2013.

NOTE 16: SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

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

Hotel

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

Other

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

Restaurants. We have several websites that provide online and mobile reservation services that connect restaurants with diners. These websites are primarily focused currently on the European and Australian markets, primarily through Lafourchette or thefork.com (including www.lafourchette.com, www.eltenedor.com, www.iens.nl, www.besttables.com, and www.dimmi.com.au). thefork.com is an online restaurant booking platform with a network of restaurant partners primarily across Europe and Australia. Lafourchette also offers management software solutions helping restaurants to maximize business by providing a flexible online booking, discount and data tool. We generate revenue primarily by charging a fee for each restaurant guest seated through the online reservation systems.

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

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

Our primary operating metric for evaluating segment performance is Adjusted EBITDA, which is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments; and (7) other non-recurring expenses.. Such amounts are detailed in our segment reconciliation below. In addition, please see our discussion of Adjusted EBITDA in the section of this Annual Report on Form 10-K entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The following tables present our segment information for the years ended December 31, 2015, 2014 and 2013. We record depreciation of property and equipment, including amortization of internal-use software and website development, amortization of intangible assets, stock-based compensation and other stock-settled obligations, other income (expense), net, other non-recurring expenses, net, and income taxes, which are excluded from segment operating performance, in Corporate and unallocated. In addition, we do not report our assets or capital expenditures by segment as it would not be meaningful. We also do not regularly provide asset, capital expenditure or depreciation information by segment to our CODM. Our consolidated general and administrative expenses, excluding stock-based compensation costs, are shared by all operating segments. Each operating segment receives an allocated charge based on the segment's percentage of the Company's total personnel costs.

	Year ended December 31, 2015			
	Hotel	Other	Corporate and unallocated	Total
	(in millions)			
Revenue	$ 1,263	$ 229	$ —	$ 1,492
Adjusted EBITDA (1)	472	(6)	—	466
Depreciation	—	—	(57)	(57)
Amortization of intangible assets	—	—	(36)	(36)
Stock-based compensation	—	—	(72)	(72)
Non-cash charitable contribution (2)	—	—	(67)	(67)
Other non-recurring expenses	—	—	(2)	(2)
Operating income (loss)	$ 472	$ (6)	$ (234)	232
Other income, net				7
Income before income taxes				239
Provision for income taxes				(41)
Net income				$ 198

	Year ended December 31, 2014			
	Hotel	Other	Corporate and unallocated	Total
	(in millions)			
Revenue	$ 1,135	$ 111	$ —	$ 1,246
Adjusted EBITDA (1)(3)	472	(4)	—	468
Depreciation	—	—	(47)	(47)
Amortization of intangible assets	—	—	(18)	(18)
Stock-based compensation	—	—	(63)	(63)
Operating income (loss)	$ 472	$ (4)	$ (128)	340
Other expense, net				(18)
Income before income taxes				322
Provision for income taxes				(96)
Net income				$ 226

	Year ended December 31, 2013			
	Hotel	Other	Corporate and unallocated	Total
	(in millions)			
Revenue	$ 899	$ 46	$ —	$ 945
Adjusted EBITDA (1)(3)	384	(5)	—	379
Depreciation	—	—	(30)	(30)
Amortization of intangible assets	—	—	(6)	(6)
Stock-based compensation	—	—	(49)	(49)
Operating income (loss)	$ 384	$ (5)	$ (85)	294
Other expense, net				(10)
Income before income taxes				284
Provision for income taxes				(79)
Net income				$ 205

(1) Includes allocated general and administrative expenses in our Hotel segment of $85 million, $87 million and $72 million; and in our Other segment of $28 million, $18 million and $9 million for the years ended December 31, 2015, 2014 and 2013, respectively.
(2) Represents a charitable obligation which was settled in Company stock and therefore excluded from Adjusted EBITDA. Refer to "Note 12 – *Commitments and Contingencies*" for a discussion of the Foundation.
(3) Hotel segment Adjusted EBITDA includes charitable contributions to the Foundation which were funded in cash of $8 million and $7 million, for the years ended December 31, 2014 and 2013, respectively. Our pledge obligation was calculated at 2.0% of OIBA in 2014 and 2013, which was calculated as follows:

	Year ended December 31,	
	2014	2013
	(in millions)	
Adjusted EBITDA	**$ 468**	**$ 379**
Depreciation	(47)	(30)
OIBA (1)	421	349
Amortization of intangible assets	(18)	(6)
Stock-based compensation	(63)	(49)
Other expense, net	(18)	(10)
Provision for income taxes	(96)	(79)
Net income	**$ 226**	**$ 205**

(1) We defined OIBA as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) stock-based compensation; (4) amortization of intangible assets; and (5) non-recurring expenses. This operating metric was only used by our management to calculate our annual obligation to the Foundation.

Revenue and Geographic Information

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

The following table presents revenue by product for the periods presented:

	Year ended December 31,		
	2015	2014	2013
		(in millions)	
Click-based advertising	$ 956	$ 870	$ 696
Display-based advertising	159	140	119
Subscription, transaction and other	377	236	130
Total revenue	$ 1,492	$ 1,246	$ 945

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,		
	2015	2014	2013
		(in millions)	
Revenue			
United States	$ 739	$ 593	$ 463
United Kingdom	215	191	141
All other countries	538	462	341
Total revenue	$ 1,492	$ 1,246	$ 945

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,	
	2015	2014
	(in millions)	
Property and equipment, net		
United States	$ 217	$ 170
All other countries	30	25
Total	$ 247	$ 195

NOTE 17: INTEREST INCOME AND OTHER, NET

The following table presents the detail of interest income and other, net, for the periods presented:

	Year Ended December 31,		
	2015	2014	2013
		(in millions)	
Net loss, realized and unrealized, on foreign exchange and foreign currency derivative contracts and other, net	$ (4)	$ (10)	$ (2)
Interest income	1	1	2
Gain on sale of business (1)	20	-	-
Total	$ 17	$ (9)	$ -

(1) See "Note 3 – *Acquisitions and Dispositions*" for information regarding our gain on sale of business.

NOTE 18: QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table presents selected unaudited financial information for the eight quarters in the period ended December 31, 2015. 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 millions, except per share data)			
Year ended December 31, 2015				
Revenue	$ 363	$ 405	$ 415	$ 309
Operating income (loss) (1)	90	79	88	(25)
Net income	63	58	74	3
Basic earnings per share (2)	$ 0.44	$ 0.40	$ 0.51	$ 0.02
Diluted earnings per share (2)	$ 0.43	$ 0.40	$ 0.51	$ 0.02
Year ended December 31, 2014				
Revenue	$ 281	$ 323	$ 354	$ 288
Operating income	96	100	84	60
Net income	68	68	54	36
Basic earnings per share (2)	$ 0.48	$ 0.48	$ 0.38	$ 0.25
Diluted earnings per share (2)	$ 0.47	$ 0.47	$ 0.37	$ 0.25

(1) During the fourth quarter of 2015, we recognized an incremental $59 million charge over the third quarter of 2015, related to a non-cash charitable contribution recorded to general and administrative expense on our consolidated statement of operations. Refer to "Note 12 – *Commitments and Contingencies*" for a discussion of the Foundation.

(2) Earnings per share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share may not equal the total computed for the year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

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

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and President and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company's management evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. Pursuant to Exchange Act Rule 13a-15(d) or 15d-15(d), management has concluded that, as of December 31, 2015, our internal control over financial reporting was effective. Management has reviewed its assessment with the Audit Committee. KPMG LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2015, as stated in their report which is included below.

Limitations on Effectiveness of Controls and Procedures

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
TripAdvisor, Inc.:

We have audited TripAdvisor, Inc.'s (the Company) internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). TripAdvisor, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, TripAdvisor, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TripAdvisor, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2015, and our report dated February 18, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Boston, Massachusetts
February 18, 2016

Item 9B. Other Information

On February 15, 2016, the Company entered into an employment agreement with Dermot Halpin, President of Vacation Rentals. Originally, Mr. Halpin was hired to work from the Company's London office; however, more recently, Mr. Halpin relocated to the Company's corporate headquarters in Needham, Massachusetts, and his employment arrangement was modified to reflect that change, among other things. More specifically, the Company and Mr. Halpin have agreed as follows:

- Mr. Halpin will receive a base salary of $390,000;
- Mr. Halpin will have a target of 50% of his base salary for an annual discretionary bonus;
- While Mr. Halpin's employment may be terminated with or without cause, if Mr. Halpin is terminated without Cause (as defined in the agreement) or Mr. Halpin resigns for Good Reason (as defined in the agreement), Mr. Halpin will receive severance equivalent to six months of his base salary. In addition, in such event, the Company will consider an acceleration of equity that would have vested during the 6 month period following the termination, subject to approval of Compensation Committee.
- Mr. Halpin will also receive a personal travel allowance of $20,000 (grossed up for tax) and the Company will pay the cost of tax advice for Mr. Halpin in connection with his tax returns for 2015 and 2016.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated herein by reference to our 2016 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2015.

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference to our 2016 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2015.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference to our 2016 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2015.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required under this item is incorporated herein by reference to our 2016 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2015.

Item 14. Principal Accounting Fees and Services

The information required under this item is incorporated herein by reference to our 2016 Proxy Statement, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2015.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following is filed as part of this Annual Report on Form 10-K:

1. *Consolidated Financial Statements*: The consolidated financial statements and report of independent registered public accounting firms required by this item are included in Part II, Item 8.

All other schedules are omitted because they are not applicable or not required, or because the required information is shown either in the consolidated financial statements or in the notes thereto.

(b) Exhibits: The attached list of exhibits in the "Exhibit Index" immediately preceding the exhibits to this annual report is incorporated herein by reference in response to this item.

Signatures

Pursuant to the requirements of the Section 13 or 15(d) of Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRIPADVISOR, INC.

February 18, 2016

By: /s/ STEPHEN KAUFER
Stephen Kaufer
Chief Executive Officer and President

POWER OF ATTORNEY

We, the undersigned officers and directors of TripAdvisor, Inc., hereby severally constitute and appoint Stephen Kaufer and Ernst Teunissen, and each of them singly, our true and lawful attorneys, with full power to them and each of them singly, to sign for us in our names in the capacities indicated below, all amendments to this report, and generally to do all things in our names and on our behalf in such capacities to enable TripAdvisor, Inc. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 18, 2016.

Signature	Title
/s/ STEPHEN KAUFER Stephen Kaufer	Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ ERNST TEUNISSEN Ernst Teunissen	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ GREGORY B. MAFFEI Gregory B. Maffei	Chairman of the Board
/s/ JONATHAN F. MILLER Jonathan F. Miller	Director
/s/ DIPCHAND V. NISHAR Dipchand V. Nishar	Director
/s/ JEREMY PHILIPS Jeremy Philips	Director
/s/ SPENCER M. RASCOFF Spencer M. Rascoff	Director
/s/ ALBERT E. ROSENTHALER Albert E. Rosenthaler	Director
/s/ SUKINDER SINGH CASSIDY Sukinder Singh Cassidy	Director
/s/ ROBERT S. WIESENTHAL Robert S. Wiesenthal	Director

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Filed Herewith	Form	Incorporated by Reference SEC File No.	Exhibit No.	Filing Date
2.1	Separation Agreement by and between TripAdvisor, Inc. and Expedia, Inc., dated as of December 20, 2011		8-K	001-35362	2.1	12/27/11
3.1	Restated Certificate of Incorporation of TripAdvisor, Inc.		8-K	001-35362	3.1	12/27/11
3.2	Amended and Restated Bylaws of TripAdvisor, Inc.		8-K	001-35362	3.2	12/27/11
3.3	Amended No. 1 to Amended and Restated Bylaws of TripAdvisor, Inc.		8-K	001-35362	3.1	2/12/13
4.1	Equity Warrant Agreement by and between TripAdvisor, Inc. and Mellon Investor Services LLC, as Equity Warrant Agent, dated as of December 20, 2011		8-K	001-35362	4.1	12/27/11
4.2	Specimen TripAdvisor, Inc. Common Stock Certificate		S-4/A	333-175828-01	4.6	10/24/11
10.1	Governance Agreement, by and among TripAdvisor, Inc., Liberty Interactive Corporation and Barry Diller, dated as of December 20, 2011		8-K	001-35362	10.1	12/27/11
10.2	Tax Sharing Agreement by and between TripAdvisor, Inc. and Expedia, Inc., dated as of December 20, 2011		8-K	001-35362	10.2	12/27/11
10.3	Employee Matters Agreement by and between TripAdvisor, Inc. and Expedia, Inc., dated as of December 20, 2011		8-K	001-35362	10.3	12/27/11
10.4	Transition Services Agreement by and between TripAdvisor, Inc. and Expedia, Inc., dated as of December 20, 2011		8-K	001-35362	10.4	12/27/11
10.5	Sublease between Newton Technology Park LLC and TripAdvisor LLC, dated as of October 31, 2007		S-4/A	333-175828-01	10.12	10/24/11
10.6	First Amendment to Sublease between Newton Technology Park LLC and TripAdvisor LLC, dated as of June 15, 2009		S-4/A	333-175828-01	10.13	10/24/11
10.7	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		8-K	001-35362	4.2	12/27/11
10.8	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		10-K	001-35362	10.8	2/11/14
10.9+	TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan		S-8	333-178637	4.5	12/20/11
10.10+	First Amendment to TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan		10-Q	001-35362	4.1	7/24/13
10.11+	TripAdvisor, Inc. Deferred Compensation Plan for Non-Employee Directors		S-8	333-178637	4.6	12/20/11
10.12+	Form of Option Agreement (Domestic)		10-K	001-35362	10.12	2/17/15
10.13+	Form of Option Agreement (International)		10-K	001-35362	10.13	2/17/15
10.14+	Form of Restricted Stock Unit Agreement (Domestic)		10-K	001-35362	10.14	2/17/15
10.15+	Form of Restricted Stock Unit Agreement (PRC)		10-K	001-35362	10.15	2/17/15
10.16+	Form of Restricted Stock Unit Agreement (Other International)		10-K	001-35362	10.16	2/17/15
10.17+	Form of Restricted Stock Unit Agreement (Non-Employee Directors)		10-K	001-35362	10.17	2/17/15
10.18+	Form of Restricted Stock Unit Agreement (Performance Based)		10-K	001-35362	10.18	2/17/15
10.19	Corporate Headquarters Lease with Normandy Gap-V Needham Building 3, LLC, as landlord, dated as of June 20, 2013		10-Q	001-35362	10.1	7/24/13
10.20	Guaranty dated June 20, 2013 by TripAdvisor, Inc. for the benefit of Normandy Gap-V Needham Building 3, LLC, as landlord		10-Q	001-35362	10.2	7/24/13
10.21	Form of TripAdvisor Media Group Master Advertising Insertion Order		10-K	001-35362	10.21	2/11/14

Exhibit No.	Exhibit Description	Filed Herewith	Form	Incorporated by Reference SEC File No.	Exhibit No.	Filing Date
10.22+	Employment Agreement between TripAdvisor LLC and Seth Kalvert, effective as of March 31, 2014		10-Q	001-35362	10.2	5/6/14
10.23+	Employment Agreement between TripAdvisor LLC and Stephen Kaufer, effective as of February 11, 2014		10-Q	001-35362	10.3	5/6/14
10.24+	Viator, Inc. 2010 Stock Incentive Plan		S-8	333-198726	16.1	9/12/14
10.25+	Offer Letter dated November 29, 2011 between TripAdvisor Limited and Dermot Halpin		10-Q	001-35362	10.2	5/6/15
10.26+	Offer Letter dated July 22, 2014 between TripAdvisor LLC and Barrie Seidenberg		10-Q	001-35362	10.3	5/6/15
10.27	Credit Agreement dated as of June 26, 2015 by and among TripAdvisor, Inc., TripAdvisor Holdings, LLC, TripAdvisor LLC, JPMorgan Chase Bank, N.A., as Administrative Agent; J.P. Morgan Europe Limited, as London Agent; Morgan Stanley Bank, N.A.; Bank of America, N.A.; BNP Paribas; SunTrust Bank; Wells Fargo Bank, National Association; Royal Bank of Canada; Barclays Bank PLC; U.S. Bank National Association; Citibank, N.A.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Goldman Sachs Bank USA; and Deutsche Bank AG New York Branch.		8-K	001-35362	10.1	6/30/15
10.28+	Employment Agreement, dated as of October 6, 2015, between TripAdvisor, LLC and Ernst Teunissen		8-K	001-35362	10.1	10/8/15
16.1	Letter of Ernst & Young, LLP dated February 11, 2014		8-K	001-35362	16.1	2/11/14
21.1	Subsidiaries of the Registrant	X				
23.1	Consent of KPMG, LLP, Independent Registered Public Accounting Firm	X				
23.2	Consent of Ernst & Young, LLP, Independent Registered Public Accounting Firm	X				
24.1	Power of Attorney (included in signature page)	X				
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of the Chief Financial Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of the Chief Executive Officer pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of the Chief Financial Officer pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X				
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2015, formatted in XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.	X				

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

tripadvisor®

Notice of 2016 Annual Meeting and Proxy Statement

tripadvisor®

April 29, 2016

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of TripAdvisor, Inc. We will hold the Annual Meeting on Thursday, June 23, 2016, at 11:00 a.m. local time at the Sheraton Needham Hotel, 100 Cabot Street, Needham, MA 02494.

At the Annual Meeting, stockholders will be asked (1) to elect the eight directors named in this Proxy Statement, (2) to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016, (3) to approve the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan to, among other things, (i) limit the amount of annual awards that could be made to non-employee directors, (ii) disallow acceleration of equity awards upon a change in control only (a "single trigger") and (iii) provide for acceleration of equity awards upon the death of a participant, and (4) to consider and act upon any other business as may properly come before the meeting and any adjournments or postponements thereof. **The Board of Directors recommends a vote FOR proposals (1) through (3).**

You may vote if you were a stockholder of record on April 25, 2016. You may vote via the Internet or by telephone by following the instructions on your Notice of Internet Availability and on the website noted in the Notice of Internet Availability. In order to vote via the Internet or by telephone, you must have your stockholder identification number, which is provided in your Notice. If you have requested a proxy card by mail, you may vote by signing, voting and returning that proxy card in the envelope provided. If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or have voted via the Internet or by telephone.

Your vote is very important to us. Please review the instructions for each voting option described in the Notice and in this Proxy Statement. Your prompt cooperation will be greatly appreciated.

Sincerely,

STEPHEN KAUFER
President and Chief Executive Officer

TRIPADVISOR, INC.

400 1st Avenue
Needham, Massachusetts 02494

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on June 23, 2016

The Annual Meeting of Stockholders of TripAdvisor, Inc., a Delaware corporation, will be held on Thursday, June 23, 2016, at 11:00 a.m. local time at the Sheraton Needham Hotel, 100 Cabot Street, Needham, MA 02494. At the Annual Meeting, stockholders will be asked to consider the following:

1. To elect the eight directors named in this Proxy Statement, each to serve for a one-year term from the date of his or her election and until such director's successor is elected or until such director's earlier resignation or removal;

2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016;

3. To approve the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan to, among other things, (ii) disallow acceleration of equity awards upon a change in control only (a "single trigger") and (iii) provide for acceleration of equity awards upon the death of a participant; and

4. To consider and act upon any other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Only holders of record of outstanding shares of TripAdvisor capital stock at the close of business on April 25, 2016 are entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof.

In accordance with the rules of the U.S. Securities and Exchange Commission, we will furnish proxy materials over the Internet. We will send to our stockholders a Notice of Internet Availability of Proxy Materials on or about April 29, 2016, and provide access to our proxy materials over the Internet to our holders of record and beneficial owners of our capital stock as of the close of business on the record date.

Only stockholders and persons holding proxies from stockholders may attend the Annual Meeting. If your shares are registered in your name, you must bring a form of identification to the Annual Meeting. If your shares are held in the name of a broker, trust, bank or other nominee, you must bring a proxy or letter from that broker, trust, bank or other nominee that confirms that you are the beneficial owner of those shares.

By Order of the Board of Directors,

SETH J. KALVERT
Senior Vice President, General Counsel
and Secretary

April 29, 2016

Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to Be Held on June 23, 2016

This Proxy Statement and the 2015 Annual Report are available at:
http://ir.tripadvisor.com/annual-proxy.cfm

TRIPADVISOR, INC.

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

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PROCEDURAL MATTERS

This Proxy Statement is being furnished to holders of common stock and Class B common stock of TripAdvisor, Inc., a Delaware corporation, in connection with the solicitation of proxies by TripAdvisor's Board of Directors for use at its 2016 Annual Meeting of Stockholders or any adjournment or postponement thereof (the "Annual Meeting"). All references to "TripAdvisor," the "Company," "we," "our" or "us" in this Proxy Statement are to TripAdvisor, Inc. and our wholly-owned subsidiaries. An Annual Report to Stockholders, containing financial statements for the year ended December 31, 2015, and this Proxy Statement are being made available to all stockholders entitled to vote at the Annual Meeting.

TripAdvisor's principal executive offices are currently located at 400 1st Avenue, Needham, Massachusetts 02494. This Proxy Statement is being made available to TripAdvisor stockholders on or about April 29, 2016.

Date, Time and Place of Meeting

The Annual Meeting will be held on Thursday, June 23, 2016, at 11:00 a.m. local time at the Sheraton Needham Hotel, 100 Cabot Street, Needham, MA 02494.

Only stockholders and persons holding proxies from stockholders may attend the Annual Meeting. If your shares are registered in your name, you must bring a form of identification to the Annual Meeting. If your shares are held in the name of a broker, trust, bank or other nominee, otherwise known as holding in "street name," you must bring a proxy or letter from that broker, trust, bank or other nominee that confirms you are the beneficial owner of those shares. Cameras and recording devices will not be permitted at the Annual Meeting.

Record Date and Voting Rights

The Board of Directors established the close of business on April 25, 2016 as the record date for determining the holders of TripAdvisor common stock entitled to notice of and to vote at the Annual Meeting. On the record date, 132,897,713 shares of common stock and 12,799,999 shares of Class B common stock were outstanding and entitled to vote at the Annual Meeting. TripAdvisor stockholders are entitled to one vote for each share of common stock and ten votes for each share of Class B common stock held as of the record date, voting together as a single voting group, in (i) the election of six of the eight director nominees, (ii) the ratification of the appointment of KPMG LLP as TripAdvisor's independent registered public accounting firm for the year ending December 31, 2016, and (iii) the approval of the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan. TripAdvisor stockholders are entitled to one vote for each share of common stock held as of the record date in the election of the two director nominees that the holders of TripAdvisor common stock are entitled to elect as a separate class pursuant to TripAdvisor's restated certificate of incorporation.

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty Interactive Corporation ("Liberty") was transferred to Liberty TripAdvisor Holdings, Inc. ("LTRIP"). Simultaneously, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. We refer to this transaction as the Liberty Spin-Off. As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company and 100% of Liberty's interest in TripAdvisor was held by LTRIP. Liberty also assigned to LTRIP the rights and obligations under the Governance Agreement between TripAdvisor and Liberty, dated December 20, 2011 (the "Governance Agreement").

As a result of these transactions, as of the record date, LTRIP beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.7% 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 LTRIP's shares of Class B common stock into common stock, as of the record date LTRIP would beneficially own 21.3% of the outstanding common stock. Because each share of Class B common stock generally is entitled to ten votes per share and each share of common stock is entitled to one vote per share, as of the record date LTRIP may be deemed to beneficially own equity securities representing approximately 56.0% of our voting power. As a result, regardless of the vote of any other TripAdvisor stockholder, LTRIP has control over the vote relating to (i) the election of six of the eight director nominees, (ii) the ratification of the appointment of KPMG LLP as TripAdvisor's independent registered public accounting firm, and (iii) the approval of the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan.

Quorum; Abstentions; Broker Non-Votes

Transaction of business at the Annual Meeting may occur if a quorum is present. If a quorum is not present, it is expected that the Annual Meeting will be adjourned or postponed in order to permit additional time for soliciting and obtaining additional proxies or votes, and, at any subsequent reconvening of the Annual Meeting, all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the Annual Meeting, except for any proxies that have been effectively revoked or withdrawn.

With respect to (i) the election of six of the eight director nominees, (ii) the ratification of the appointment of KPMG LLP as TripAdvisor's independent registered public accounting firm, and (iii) the approval of the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan, the presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the total votes entitled to be cast constitutes a quorum. For the election of the two directors whom the holders of TripAdvisor common stock are entitled to elect as a separate class, the presence at the Annual Meeting, in person or by proxy, of the holders of a majority of shares of common stock constitutes a quorum.

If a share is represented for any purpose at the meeting, it is deemed to be present for quorum purposes and for all other matters as well. Shares of TripAdvisor capital stock represented by a properly executed proxy will be treated as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote or abstaining.

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote the shares on a proposal because the nominee does not have discretionary voting power for a particular item and has not received instructions from the beneficial owner regarding voting. Brokers who hold shares for the accounts of their clients have discretionary authority to vote shares if specific instructions are not given with respect to the ratification of the appointment of our independent registered public accounting firm. Brokers do not have discretionary authority to vote on (i) the election of our directors or (ii) the approval of the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan, so we encourage you to provide instructions to your broker regarding the voting of your shares.

Solicitation of Proxies

TripAdvisor will bear the cost of the solicitation of proxies from its stockholders. In addition to solicitation by mail, the directors, officers and employees of TripAdvisor, without additional compensation, may solicit proxies from stockholders by telephone, by letter, by facsimile, in person or otherwise. Following the original mailing of the proxies and other soliciting materials, TripAdvisor will ask brokers, trusts, banks or other nominees to forward copies of the proxy and other soliciting materials to persons for whom they hold shares of TripAdvisor capital stock and to request authority for the exercise of proxies. In such cases, TripAdvisor, upon the request of the brokers, trusts, banks and other stockholder nominees, will reimburse such holders for their reasonable expenses.

Voting of Proxies

The manner in which your shares may be voted depends on whether you are a:

- *Registered stockholder:* Your shares are represented by certificates or book entries in your name on the records of the TripAdvisor's stock transfer agent and you have the right to vote those shares directly; or
- *Beneficial stockholder:* You hold your shares "in street name" through a broker, trust, bank or other nominee and you have the right to direct your broker, trust, bank or other nominee on how to vote the

shares in your account; however, you must request and receive a valid proxy from your broker, trust, bank or other nominee.

Whether you hold shares directly as a registered stockholder or beneficially as a beneficial stockholder, you may direct how your shares are voted without attending the Annual Meeting. For directions on how to vote, please refer to the instructions below and those on the Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form provided. To vote using the Internet or by telephone, you will be required to enter the control number included on your Notice of Internet Availability of Proxy Materials or other voting instruction form provided by your broker, trust, bank or other nominee.

- *Using the Internet.* Registered stockholders may vote using the Internet by going to www.proxyvote.com and following the instructions. Beneficial stockholders may vote by accessing the website specified on the voting instruction forms provided by their brokers, trusts, banks or other nominees.
- *By Telephone.* Registered stockholders may vote, from within the United States, using any touch-tone telephone by calling 1-800-690-6903 and following the recorded instructions. Beneficial owners may vote, from within the United States, using any touch-tone telephone by calling the number specified on the voting instruction forms provided by their brokers, trusts, banks or other nominees.
- *By Mail.* Registered stockholders may submit proxies by mail by requesting printed proxy cards and marking, signing and dating the printed proxy cards and mailing them in the accompanying pre-addressed envelopes. Beneficial owners may vote by marking, signing and dating the voting instruction forms provided by their brokers, trusts, banks or other nominees and mailing them in the accompanying pre-addressed envelopes.

All proxies properly submitted and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated thereon. If no instructions are provided, such proxies will be voted FOR proposals (1) through (3) described in this Proxy Statement.

TripAdvisor is incorporated under Delaware law, which specifically permits electronically transmitted proxies, provided that each such proxy contains, or is submitted with, information from which the inspector of elections can determine that such proxy was authorized by the stockholder. The electronic voting procedures provided for the Annual Meeting are designed to authenticate each stockholder by use of a control number, to allow stockholders to vote their shares and to confirm that their instructions have been properly recorded.

Voting in Person at the Annual Meeting

You may also vote in person at the Annual Meeting. Votes in person will replace any previous votes you have made by mail or telephone or via the Internet. We will provide a ballot to registered stockholders who request one at the meeting. Shares held in your name as the stockholder of record may be voted on that ballot. Shares held beneficially in street name may be voted on a ballot only if you bring a legal proxy from the broker, trust, bank or other nominee that holds your shares giving you the right to vote the shares. Attendance at the Annual Meeting without voting or revoking a previous proxy in accordance with the voting procedures will not in and of itself revoke a proxy.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please take the time to vote via the Internet, by telephone or by returning your marked, signed and dated proxy card so that your shares will be represented at the Annual Meeting.

Revocation of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it any time before the taking of the vote at the Annual Meeting.

If you are a beneficial stockholder, you may revoke your proxy or change your vote only by following the separate instructions provided by your broker, trust, bank or other nominee.

If you are a registered stockholder, you may revoke your proxy at any time before it is exercised at the Annual Meeting by (i) delivering written notice, bearing a date later than the proxy, stating that the proxy is revoked, (ii) submitting a later-dated proxy relating to the same shares by mail or telephone or via the Internet prior to the vote at the Annual Meeting or (iii) attending the Annual Meeting and properly giving notice of revocation to the inspector of elections or voting in person. Registered holders may send any written notice or request for a new proxy card to TripAdvisor, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717, or follow the instructions provided on the Notice of Internet Availability of Proxy Materials and proxy card to submit a new proxy by telephone or via the Internet. Registered holders may also request a new proxy card by calling 1-800-579-1639.

Other Business

The Board of Directors does not presently intend to bring any business before the Annual Meeting other than the proposals discussed in this Proxy Statement and specified in the Notice of Annual Meeting of Stockholders. The Board of Directors has no knowledge of any other matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If any other matters should properly come before the Annual Meeting, the persons designated in the proxy will vote on them according to their best judgment.

PROPOSAL 1:
ELECTION OF DIRECTORS

Overview

Our Board of Directors currently consists of nine members. Pursuant to the terms of TripAdvisor's bylaws, each director serves for a one-year term from the date of his or her election and until such director's successor is elected or until such director's earlier resignation or removal. The Board of Directors has nominated the following eight directors and recommends that each be elected to serve a one-year term and until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation or removal:

Gregory B. Maffei
Stephen Kaufer
Dipchand (Deep) Nishar
Jeremy Philips
Spencer M. Rascoff
Albert E. Rosenthaler
Sukhinder Singh Cassidy
Robert S. Wiesenthal

The Board of Directors previously set the size of the Board at nine directors. However, only eight directors are being nominated for election at the Annual Meeting as the Board has not yet identified a ninth individual to serve on the Board of Directors. Proxies cannot be voted for a greater number of persons than the number of nominees named in this proxy statement. Our Board may appoint a director to fill a vacancy on the Board at any time following the Annual Meeting. A director elected by the Board to fill the vacancy shall serve for the remainder of the full term or until the director's successor is duly elected and qualified, or until the director's earlier death, resignation or removal.

TripAdvisor's 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 will be two directors as of the date of the Annual Meeting. The Board has designated Messrs. Philips and Wiesenthal as nominees for the positions on the Board to be elected by the holders of TripAdvisor common stock voting as a separate class.

Pursuant to the Governance Agreement, LTRIP has the right to nominate up to a number of directors equal to 20% of the total number of the directors on the Board of Directors (rounded up to the next whole number if the number of directors on the Board of Directors is not an even multiple of five) for election to the Board of Directors and has certain other rights regarding committee participation, so long as certain stock ownership requirements applicable to LTRIP are satisfied. LTRIP has designated Messrs. Maffei and Rosenthaler as its nominees to the Board of Directors.

Although management does not anticipate that any of the nominees named above will be unable or unwilling to stand for election, in the event of such an occurrence, proxies may be voted for a substitute nominee designated by the Board of Directors.

Information Regarding Director Nominees

The information provided below about each nominee is as of the date of this Proxy Statement. The information presented includes the names of each of the nominees, along with his or her age, any positions held with the company, term of office as a director, principal occupations or employment for the past five years or more, involvement in certain legal proceedings, if applicable, and the names of all other publicly-held companies for which he or she currently serves as a director or has served as a director during the past five years. The information also includes a description of the specific experience, qualifications, attributes and skills of each nominee that led our Board of Directors to conclude that he or she should serve as a director of the company for the ensuing term.

Gregory B. Maffei, age 55, has been the Chairman of the Board of Directors of TripAdvisor since February 2013. Mr. Maffei has served as a director as well as the President and Chief Executive Officer of Liberty Media Corporation ("LMC") (including its predecessor) since May 2007, LTRIP since July 2013 and Liberty Broadband Corporation ("LBC") since June 2014. He has served as President and Chief Executive Officer of Liberty since February 2006 and as a director since November 2005. He also served as CEO-Elect of Liberty from November 2005 through February 2006. Prior to joining Liberty in 2005, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation; Chairman and Chief Executive Officer of 360networks Corporation and Chief Financial Officer of Microsoft Corporation. Mr. Maffei also currently serves as a director of the following companies: Starz, Sirius XM Holdings Inc., Live Nation Entertainment, Inc., Charter Communications, Inc. and Zillow Group, Inc. Mr. Maffei served on the Board of Directors of Electronic Arts, Inc. from June 2003 to July 2013 and Barnes & Noble, Inc. from September 2011 to April 2014. Mr. Maffei holds an M.B.A. from Harvard Business School, where he was a Baker Scholar, and an A.B. from Dartmouth College.

Board Membership Qualifications: Mr. Maffei brings to our Board significant financial and operational experience based on his senior policy-making positions at Liberty, LMC, LBC, LTRIP, Oracle, 360networks and Microsoft and his other public company board experience. He provides our board with an executive and leadership perspective on the operation and management of large public companies and risk management principles.

Stephen Kaufer, age 53, co-founded TripAdvisor in February 2000 and has been the President and Chief Executive Officer of TripAdvisor since that date. Mr. Kaufer has been a director of TripAdvisor since the completion of the spin-off from Expedia, Inc. ("Expedia") in December 2011 (the "Spin-Off"). Mr. Kaufer also serves as President and Chairman of the Board of The TripAdvisor Charitable Foundation, a private charitable foundation. Prior to co-founding TripAdvisor, Mr. Kaufer served as President of CDS, Inc., an independent software vendor specializing in programming and testing tools, and co-founded CenterLine Software and served as its Vice President of Engineering. Mr. Kaufer serves on the boards of several privately-held companies, including CarGurus, LLC, LiveData, Inc., and GlassDoor, Inc., as well as the charity Neuroendocrine Tumor Research Foundation (formerly known as Caring for Carcinoid Foundation). Mr. Kaufer holds an A.B. in Computer Science from Harvard University.

Board Membership Qualifications: As co-founder of TripAdvisor and through his service as its Chief Executive Officer, Mr. Kaufer has extensive knowledge of TripAdvisor's business and operations, and significant experience in the online advertising sector of the global travel industry. Mr. Kaufer also possesses strategic and governance skills gained through his executive and director roles with several privately-held companies.

Dipchand (Deep) Nishar, age 47, has been a director of TripAdvisor since September 2013. Since June 2015, Mr. Nishar has been Managing Director of SoftBank. Prior to that, from January 2009 to October 2014, Mr. Nishar served in various roles with LinkedIn Corporation, most recently as Senior Vice President, Products and User Experience. From August 2003 to January 2009, Mr. Nishar served in various roles with Google Inc., most recently as the Senior Director of Products for the Asia-Pacific region. Mr. Nishar has served on the Board of Directors of OPower, Inc. since August 2013. Mr. Nishar holds an M.B.A. with highest honors (Baker Scholar) from Harvard Business School, an M.SEE from University of Illinois, Urbana-Champaign, and a B.Tech with honors from the Indian Institute of Technology.

Board Membership Qualifications: Mr. Nishar has significant operational experience in those areas which are directly applicable to TripAdvisor's business and areas of focus. Mr. Nishar has an extensive background in the Internet industry and, in particular, the digital media and online advertising sectors.

Jeremy Philips, age 43, has been a director of TripAdvisor since December 2011. He has been a general partner of Spark Capital since May 2014. From January 2012 until May 2014, Mr. Philips invested in private technology companies. From June 2010 to January 2012, Mr. Philips served as the Chief Executive Officer of Photon Group Limited, a holding company listed on the Australian Securities Exchange. From July 2004 to March 2010, Mr. Philips held various roles of increasing responsibility with News Corporation, most recently as an Executive Vice President in the Office of the Chairman. Prior to joining News Corporation, he served in several roles, including co-founder and Vice-Chairman of ecorp, a publicly traded Internet holding company, and as an analyst at McKinsey & Company. Mr. Philips is a director of several private Internet companies. He is an adjunct professor at Columbia Business School and holds a B.A. and LL.B. from the University of New South Wales and an MPA from the Harvard Kennedy School of Government.

Board Membership Qualifications: Mr. Philips has significant strategic and operational experience, acquired through his service as Chief Executive Officer of Photon Group Limited and other executive-level positions. He also possesses a high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions as well as an extensive background in the Internet industry.

Spencer M. Rascoff, age 40, has been a director of TripAdvisor since September 2013. Mr. Rascoff has served as the Chief Executive Officer of Zillow Group, Inc. since September 2010 and has served as a member of its Board of Directors since July 2011. Mr. Rascoff joined the founding team of Zillow in 2005, and served various roles including Chief Financial Officer and Chief Operating Officer, until his appointment as Chief Executive Officer in 2010. In 2015, Mr. Rascoff co-wrote and published his first book, the New York Times' Best Seller "Zillow Talk: Rewriting the Rules of Real Estate." From 2003 to 2005, Mr. Rascoff served as Vice President of Lodging for Expedia. In 1999, Mr. Rascoff co-founded Hotwire, Inc., an online travel company, and managed several of Hotwire's product lines before Hotwire was acquired in 2003 by IAC/InterActiveCorp, or IAC, Expedia's parent company at the time. Mr. Rascoff previously served in the mergers and acquisitions group at Goldman, Sachs & Co., an investment banking and securities firm, and at TPG Capital, a private equity firm. Mr. Rascoff serves on the Board of Directors of Julep Beauty Incorporated, a privately-held beauty products company. He also serves on the Seattle Children's Hospital Research Institute Advisory Board. Mr. Rascoff graduated cum laude with a B.A. in Government and Economics from Harvard University.

Board Membership Qualifications: Mr. Rascoff has significant operational and financial experience, acquired through his current service as Chief Executive Officer and prior service as Chief Financial Officer of Zillow. Mr. Rascoff also possesses a high level of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions as well as an extensive background in the Internet industry and global travel industry.

Albert E. Rosenthaler, age 56, has been a director of TripAdvisor since February 2016. Mr. Rosenthaler currently serves as Chief Tax Officer of LTRIP. He has also served as Chief Tax Officer of LMC, Liberty and LBC since January 2016. Prior to that, Mr. Rosenthaler served as a Senior Vice President of LMC (including its predecessor) from May 2007 to December 2015, a Senior Vice President of Liberty from April 2002 to December 2015 and a Senior Vice President of LBC from June 2014 to December 2015. Mr. Rosenthaler has also served on the Board of Directors of LTRIP since August 2014. He is a graduate of Olivet College (B.A.) and University of Illinois (M.A.S).

Board Membership Qualifications: Mr. Rosenthaler has significant executive and financial experience gained through his service as Senior Vice President of Liberty and LMC for many years and as a partner of a major national accounting firm for more than five years prior to joining Liberty. Mr. Rosenthaler brings a unique perspective to our 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.

Sukhinder Singh Cassidy, age 46, has been a director of TripAdvisor since December 2011. In January 2011, Ms. Singh Cassidy founded Joyus, a video commerce website, and currently serves as its Chief Executive Officer and Chairman of the Board. From March 2010 to September 2010, Ms. Singh Cassidy served as Chief Executive Officer and Chairman of the Board of Polyvore, Inc., a privately-held social commerce website. From April 2009 to March 2010, she was CEO-in-residence at Accel Partners, a global venture and growth equity firm. From October 2003 to April 2009, Ms. Singh Cassidy held various positions at Google Inc., including, most recently, Global Vice President of Sales and Operations for Asia Pacific and Latin America. Previously, Ms. Singh Cassidy worked with Yodlee.com, Amazon.com and News Corporation, and in investment banking with Merrill Lynch & Co., Inc. Ms. Singh Cassidy currently serves on the board of Ericsson (NASDAQ: ERIC) and, within the last five years, has previously served on the boards of J. Crew Group, Inc.; J. Hilburn, Inc. and Stitchfix, Inc. She has also served on the Princeton Computer Science Advisory Council as well as on the board of Jobtrain, a non-profit focused on vocational training for troubled youth and adults. Ms. Singh Cassidy graduated from the University of Western Ontario and earned her H.B.A. from the Richard Ivey School of Business.

Board Membership Qualifications: Through her experience as a consumer Internet and media executive, Ms. Singh Cassidy has in-depth knowledge of the online media and advertising sectors. Ms. Singh Cassidy also possesses extensive executive, strategic and operational experience.

Robert S. Wiesenthal, age 49, has been a director of TripAdvisor since December 2011. Since July 2015, Mr. Wiesenthal has served as founder and Chief Executive Officer of FlyBlade, Inc., a short distance aviation company that leverages mobile technology and crowdsourcing business processes. From January 2013 to July 2015, Mr. Wiesenthal served as Chief Operating Officer of Warner Music Group Corp., a leading global music conglomerate. From 2000 to 2012, Mr. Wiesenthal served in various senior executive capacities with Sony Corporation, most recently as Executive Vice President and Chief Financial Officer of Sony Corporation of America. Prior to joining Sony, from 1988 to 2000, Mr. Wiesenthal served in various capacities with Credit Suisse First Boston, most recently as Managing Director. Mr. Wiesenthal presently serves on the Board of Directors of Starz. Mr. Wiesenthal has a B.A. from the University of Rochester.

Board Membership Qualifications: Mr. Wiesenthal possesses extensive strategic, operational and financial experience, gained through his wide range of service in executive-level positions with a strong focus on networked consumer electronics, entertainment, and digital media. He also has a high degree of financial literacy and expertise regarding mergers, acquisitions, investments and other strategic transactions.

All of our nominees also have extensive management experience in complex organizations. In addition to the information presented regarding each nominee's specific experience, qualifications, attributes and skills that led the Board of Directors to the conclusion that he or she should be nominated as a director, each nominee has demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment to TripAdvisor and our Board of Directors as demonstrated by the nominee's past service. The Board of Directors considered the NASDAQ requirement that TripAdvisor's Audit Committee be composed of at least three independent directors, as well as specific NASDAQ and U.S. Securities and Exchange Commission ("SEC") requirements regarding financial literacy and expertise.

Required Vote

Election of Ms. Singh Cassidy and Messrs. Maffei, Kaufer, Nishar, Rascoff and Rosenthaler as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of shares of TripAdvisor common stock and Class B common stock, present in person or represented by proxy, voting together as a single class.

Election of Messrs. Philips and Wiesenthal as directors requires the affirmative vote of a plurality of the total number of votes cast by the holders of shares of TripAdvisor common stock, present in person or represented by proxy, voting together as a separate class.

Valid proxies received pursuant to this solicitation will be voted in the manner specified. With respect to the election of directors, you may vote "FOR" or "WITHHOLD". Where no specification is made, it is intended that the proxies received from stockholders will be voted FOR the election of the director nominees identified. Votes withheld and broker non-votes will have no effect because approval by a certain percentage of voting stock present or outstanding is not required.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR NAMED ABOVE.

CORPORATE GOVERNANCE

Executive Officers

Set forth below is certain background information, as of April 25, 2016, regarding TripAdvisor's executive officers. There are no family relationships among directors or executive officers of TripAdvisor.

Name	Age	Position
Stephen Kaufer	53	Director, President and Chief Executive Officer
Ernst Teunisssen	49	Senior Vice President, Chief Financial Officer and Treasurer
Seth J. Kalvert	46	Senior Vice President, General Counsel and Secretary
Dermot M. Halpin	45	President, Vacation Rentals
Barrie Seidenberg	51	Chief Executive Officer, Attractions

Ernst Teunissen has served as Senior Vice President, Chief Financial Officer and Treasurer of TripAdvisor since November 2015. From October 2009 to October 2015, Mr. Teunissen served in various capacities with Cimpress, N.V. (formerly known as Vistaprint, N.V.), most recently as Executive Vice President and Chief Financial Officer. Before joining Cimpress, Mr. Teunissen was a founder and director of two corporate finance and management consulting firms: Manifold Partners from May 2007 through September 2009 and ThreeStone Ventures Limited from June 2003 through September 2009. From August 1999 to February 2003, Mr. Teunissen served as an Executive Director in Morgan Stanley's Investment Banking Division in London. Mr. Teunissen holds a M.B.A. from the University of Oregon and a B.A. from Nijenrode University, The Netherlands School of Business.

Seth J. Kalvert has served as Senior Vice President, General Counsel and Secretary of TripAdvisor since August 2011. Mr. Kalvert also serves as Secretary and a director of The TripAdvisor Charitable Foundation, a private charitable foundation. Prior to joining TripAdvisor, from March 2005 to August 2011, Mr. Kalvert held positions at Expedia, most recently as Vice President and Associate General Counsel. Prior to that, Mr. Kalvert held a variety of internal legal positions at IAC and its subsidiaries. Mr. Kalvert began his career as an associate at Debevoise & Plimpton, LLP, a New York law firm. Mr. Kalvert also serves on the Board of Directors of the non-profit Citizen Schools and as Secretary and a director of the Internet Association, the industry trade group. Mr. Kalvert holds an A.B. from Brown University and a J.D. from Columbia Law School.

Dermot M. Halpin has served as President of the Vacation Rentals division of TripAdvisor since December 2011. Mr. Halpin served as a board member, commencing June 2009 and Chief Executive Officer commencing November 2009 of Autoquake, a venture-backed consumer Internet business, until his resignation in March 2011. Prior to Autoquake, from October 2001 to December 2008, Mr. Halpin worked at Expedia, most recently serving as President of Expedia EMEA (Europe, Middle East and Africa). Before joining Expedia, Mr. Halpin worked at several technology-driven businesses. Mr. Halpin holds an M.B.A. from INSEAD and studied engineering at University College Dublin, Ireland.

Barrie Seidenberg has served as the Chief Executive Officer of the Attractions division of TripAdvisor since TripAdvisor acquired Viator, Inc. in August 2014. Ms. Seidenberg joined Viator as President in 2005 and took on the additional role of Chief Executive Officer in 2008. Before joining Viator, Ms. Seidenberg was Chief Marketing Officer at Preview Travel, one of the early leaders in online travel. She has previously held senior-level positions with Atinera, Williams-Sonoma and American Express. Ms. Seidenberg received a B.A. from Yale University and an M.B.A. from the Stanford Graduate School of Business.

Board of Directors

Director Independence

Under the NASDAQ Stock Market Listing Rules (the "NASDAQ Rules"), the Board has a responsibility to make an affirmative determination that those members of the Board who serve as independent directors do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In connection with the independence determinations described below, the Board reviewed information regarding transactions, relationships and arrangements relevant to independence, including those required by the NASDAQ Rules. This information is obtained from director responses to questionnaires circulated by management, as well as our records and publicly available information. Following this determination, management monitors those transactions, relationships and arrangements that were relevant to such determination, as well as solicits updated information potentially relevant to independence from internal personnel and directors, to determine whether there have been any developments that could potentially have an adverse impact on the Board's prior independence determination.

The Board of Directors has determined that each of Ms. Singh Cassidy and Messrs. Miller, Nishar, Philips, Rascoff and Wiesenthal is an "independent director" as defined by the NASDAQ Rules. In making its independence determinations, the Board of Directors considered the applicable legal standards and any relevant transactions, relationships or arrangements. In addition to the satisfaction of the director independence requirements set forth in the NASDAQ Rules, members of the Audit Committee and Compensation Committee have also satisfied separate independence requirements under the current standards imposed by the SEC and the NASDAQ Rules for audit committee members and by the SEC, NASDAQ Rules and the Internal Revenue Service for compensation committee members.

Controlled Company Status

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty was transferred to LTRIP. Simultaneously, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. We refer to this transaction as the Liberty Spin-Off. As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company and 100% of Liberty's interest in TripAdvisor was held by LTRIP.

As of the record date, LTRIP beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.7% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock, respectively. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.3% of the outstanding common stock. Because each share of Class B common stock generally is entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing approximately 56.0% of our voting power. LTRIP has filed a Statement of Beneficial Ownership on Schedule 13D with respect to its TripAdvisor holdings and related voting arrangements with the SEC.

The NASDAQ Rules exempt "controlled companies," or companies of which more than 50% of the voting power is held by an individual, a group or another company, such as TripAdvisor, from certain governance requirements under the NASDAQ Rules, including, among other items, the requirement that our Board of Directors be comprised of a majority of independent directors. On this basis, TripAdvisor is relying on the exemption for controlled companies from certain requirements under the NASDAQ Rules, including, among others, the requirement that the Compensation Committee be composed solely of independent directors and certain requirements relating to the nomination of directors. We may, in the future, rely on other exemptions available to a controlled company, including, among others, the requirement that a majority of the Board of Directors be composed of independent directors.

Board Leadership Structure

Mr. Maffei serves as the Chairman of the Board of Directors, and Mr. Kaufer serves as President and Chief Executive Officer of TripAdvisor. The roles of Chief Executive Officer and Chairman of the Board of Directors are currently separated in recognition of the differences between the two roles. This leadership structure provides us with the benefit of Mr. Maffei's oversight of TripAdvisor's strategic goals and vision, coupled with the benefit of a full-time Chief Executive Officer dedicated to focusing on the day-to-day management and continued growth of TripAdvisor and its operating businesses. We believe that it is in the best interests of our stockholders for the Board of Directors to make a determination regarding the separation or combination of these roles each time it elects a new Chairman or Chief Executive Officer based on the relevant facts and circumstances applicable at such time.

Independent members of the Board of Directors chair our Audit Committee, Compensation Committee and Section 16 Committee.

Meeting Attendance

The Board of Directors met eight times in 2015. During such period, each member of the Board of Directors attended at least 75% of the meetings of the Board and the Board committees on which they served. The independent directors meet in regularly scheduled sessions, typically before or after each Board meeting, without the presence of management. We do not have a lead independent director or any other formally appointed leader for these sessions. Directors are encouraged but not required to attend annual meetings of TripAdvisor stockholders. All of the incumbent directors who were directors at the time have historically attended the annual meetings of stockholders.

Committees of the Board of Directors

The Board of Directors has the following standing committees: the Audit Committee, the Compensation Committee, the Section 16 Committee and the Executive Committee. The Audit, Compensation and Section 16 Committees operate under written charters adopted by the Board of Directors. These charters are available in the "Corporate Governance" section of the Investor Relations page of TripAdvisor's corporate website at ir.tripadvisor.com. At each regularly scheduled Board meeting, the Chairperson of each committee provides the full Board of Directors with an update of all significant matters discussed, reviewed, considered and/or approved by the relevant committee since the last regularly scheduled Board meeting. The membership of our Audit and Section 16 Committees ensures that directors with no ties to Company management are charged with oversight for all financial reporting and executive compensation related decisions made by Company management.

The following table sets forth the current members of each committee of the Board of Directors. Following the Annual Meeting, there will be a vacancy on the Audit Committee. At the first meeting of the Board of Directors following the Annual Meeting, the Board of Directors intends to designate the members of the Board to serve on each of the committees and fill the vacancy created on the Audit Committee.

Name	Audit Committee	Compensation Committee	Section 16 Committee	Executive Committee
Gregory B. Maffei	—	X	—	X
Stephen Kaufer	—	—	—	X
Jonathan F. Miller (1)	X	—	—	—
Dipchand (Deep) Nishar (1)	—	—	—	—
Jeremy Philips (1)	—	X	X	—
Spencer M. Rascoff (1)	X	—	—	—
Albert Rosenthaler	—	—	—	—
Sukhinder Singh Cassidy (1)	—	Chair	Chair	—
Robert S. Wiesenthal (1)	Chair	—	—	—

(1) Independent director

Audit Committee. The Audit Committee of the Board of Directors currently consists of three directors: Messrs. Miller, Rascoff and Wiesenthal. Mr. Wiesenthal is the Chairman of the Audit Committee. Each Audit Committee member satisfies the independence requirements under the current standards imposed by the rules of the SEC and NASDAQ. The Board has determined that each of Messrs. Wiesenthal and Rascoff is an "audit committee financial expert," as such term is defined in the regulations promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Audit Committee is appointed by the Board of Directors to assist the Board with a variety of matters discussed in detail in the Audit Committee charter, including monitoring (i) the integrity of our financial reporting process, (ii) the independent registered public accounting firm's qualifications and independence, (iii) the performance of the independent registered public accounting firm and our internal audit department, and (iv) our compliance with legal and regulatory requirements. The Audit Committee met six times in 2015. The formal report of the Audit Committee with respect to the year ended December 31, 2015 is set forth in the section below titled "Audit Committee Report."

Following the Annual Meeting, there will be a vacancy on the Audit Committee. At the first meeting of the Board of Directors following the Annual Meeting, the Board of Directors intends to designate the members of the Board to serve on each of the committees and fill the vacancy on the Audit Committee.

Compensation Committee. The Compensation Committee consists of Ms. Singh Cassidy and Messrs. Philips and Maffei. Ms. Singh Cassidy is the Chairperson of the Compensation Committee. Each member of the Compensation Committee is an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").With the exception of Mr. Maffei, each member is an "independent director" as defined by the NASDAQ Rules. No member of the Compensation Committee is an employee of TripAdvisor.

The Compensation Committee is responsible for (i) designing and overseeing our compensation with respect to our executive officers, including salary matters, bonus plans and stock compensation plans and (ii) approving all grants of equity awards, but excluding matters governed by Rule 16b-3 under the Exchange Act (which are handled by the Section 16 Committee described below). A description of our policies and practices for the consideration and determination of executive compensation is included in the section below titled "Compensation Discussion and Analysis." The Compensation Committee met four times in 2015.

Section 16 Committee. The Section 16 Committee consists of Ms. Singh Cassidy and Mr. Philips. Ms. Singh Cassidy is the Chairperson of the Section 16 Committee. Each member is an "independent director" as defined by the NASDAQ Rules and satisfies the definition of "non-employee director" for purposes of Section 16 of the Exchange Act.

The Section 16 Committee is authorized to exercise all powers of the Board of Directors with respect to matters governed by Rule 16b-3 under the Exchange Act, including approving grants of equity awards to TripAdvisor's executive officers. The Section 16 Committee met four times in 2015.

In this Proxy Statement, we refer to the Compensation Committee and Section 16 Committee collectively as the "Compensation Committees."

Executive Committee. The Executive Committee consists of Messrs. Kaufer and Maffei. The Executive Committee has the powers and authority of the Board of Directors, except for those matters that are specifically reserved to the Board of Directors under Delaware law or our organizational documents. The Executive Committee primarily serves as a means to address issues that may arise and require Board approval between regularly scheduled Board meetings. Following are some examples of matters that could be handled by the Executive Committee: (i) oversight and implementation of matters approved by the Board of Directors, (ii) administrative matters with respect to benefit plans, transfer agent matters, banking authority, formation of subsidiaries and other administrative items involving subsidiaries and determinations or findings under TripAdvisor's financing arrangements and (iii) in the case of a natural disaster or other emergency as a result of which a quorum of the Board of Directors cannot readily be convened for action, directing the management of the business and affairs of TripAdvisor during such emergency or natural disaster. The Executive Committee did not meet in 2015 but acted by written consent two times.

Risk Oversight

Assessing and managing risk is the responsibility of TripAdvisor's management. Our Board of Directors oversees and reviews certain aspects of our risk management efforts. Our Board of Directors is involved in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management by the Board of Directors and its committees. The President and Chief Executive Officer, the Senior Vice President, Chief Financial Officer and Treasurer and the Senior Vice President, General Counsel and Secretary attend Board meetings and discuss operational risks with the Board. Management also provides reports and presentations on strategic risks to the Board. Among other areas, the Board is involved, directly or through its committees, in overseeing risks related to our overall corporate strategy, business continuity, crisis preparedness and competitive and reputational risks.

The committees of the Board execute their oversight responsibility for risk management as follows:

- The Audit Committee has primary responsibility for discussing with management TripAdvisor's major financial risks and the steps management has taken to monitor and control such risks. In fulfilling its responsibilities, the Audit Committee receives regular reports from, among others, the Chief Financial Officer, General Counsel, the Vice President of Tax and the Corporate Controller as well as from representatives of internal audit, the company's compliance committee and our auditors. The Audit Committee makes regular reports to the Board of Directors. In addition, TripAdvisor has, under the supervision of the Audit Committee, established procedures available to all employees for the anonymous and confidential submission of complaints relating to any matter to encourage employees to report questionable activities directly to our senior management and the Audit Committee.
- The Compensation Committee considers and evaluates risks related to our cash and equity-based compensation programs, policies and practices and evaluates whether our compensation programs encourage participants to take excessive risks that are reasonably likely to have a material adverse effect on TripAdvisor or our business. Consistent with SEC disclosure requirements, the Compensation Committee working with management has assessed the compensation policies and practices for our employees, including our executive officers, and has concluded that such policies and practices do not create risks that are reasonably likely to have a material adverse effect on TripAdvisor.

Ultimately, though, management is responsible for the day-to-day risk management process, including identification of key risks and implementation of policies and procedures to manage, mitigate and monitor risks. In fulfilling these duties, management conducted an enterprise and internal audit risk assessment and will use the results of that assessment in its risk management efforts. In addition, management has formed a Compliance Committee in connection with the implementation, management and oversight of a corporate compliance program to promote operational excellence throughout the entire organization in adherence with all legal and regulatory requirements and with the highest ethical standards

Director Nominations

Given the ownership structure of TripAdvisor and our status as a "controlled company," the Board of Directors does not have a nominating committee or other committee performing similar functions or any formal policy on director nominations. The Board of Directors does not have specific requirements for eligibility to serve as a director of TripAdvisor, nor does it have a specific policy on diversity; however, the Board of Directors does consider, among other things, diversity when considering nominees to serve on our Board of Directors. We broadly construe diversity to mean diversity of opinions, perspectives, and personal and professional experiences and backgrounds, such as gender, race and ethnicity, as well as other differentiating characteristics. In evaluating candidates, regardless of how recommended, the Board of Directors considers whether the professional and personal ethics and values of the candidate are consistent with those of TripAdvisor, whether the candidate's experience and expertise would be beneficial to the Board in rendering service to TripAdvisor, including in providing a mix of Board members that represent a diversity of backgrounds, perspectives and opinions, whether the candidate is willing and able to devote the necessary time and energy to the work of the Board of Directors, and whether the candidate is prepared and qualified to represent the best interests of TripAdvisor's stockholders.

Pursuant to the Governance Agreement, LTRIP has the right to nominate a number of directors equal to 20% of the total number of the directors on the Board of Directors (rounded up to the next whole number if the number of directors on the Board is not an even multiple of five) for election to the Board of Directors so long as certain stock ownership requirements are satisfied. LTRIP has nominated Messrs. Maffei and Rosenthaler as nominees for 2016. The other nominees to the Board of Directors were recommended by the Chairman and then were considered and recommended by the entire Board of Directors.

The Board of Directors does not have a formal policy regarding the consideration of director candidates recommended by stockholders, as historically TripAdvisor has not received such recommendations. However, the Board of Directors would consider such recommendations if made in the future. Stockholders who wish to make such a recommendation should send the recommendation to TripAdvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary. The envelope must contain a clear notation that the enclosed letter is a "Director Nominee Recommendation." The letter must identify the author as a stockholder, provide a brief summary of the candidate's qualifications and history and be accompanied by evidence of the sender's stock ownership, as well as consent by the candidate to serve as a director if elected. Any director candidate recommendations will be reviewed by the Secretary and, if deemed appropriate, forwarded to the Chairman for further review. If the Chairman believes that the candidate fits the profile of a director nominee as described above, the recommendation will be shared with the entire Board of Directors.

Communications with the Board

Stockholders who wish to communicate with the Board of Directors or a particular director may send such communication to TripAdvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such letters must identify the author as a stockholder, provide evidence of the sender's stock ownership and clearly state whether the intended recipients are all members of the Board of Directors or certain specified directors. The Secretary will then review such correspondence and forward it to the Board of Directors, or to the specified director(s), if deemed appropriate. Communications that are primarily commercial in nature, that are not relevant to stockholders or other interested constituents or that relate to improper or irrelevant topics will generally not be forwarded to the Board of Directors or to the specified director(s).

PROPOSAL 2:
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Overview

KPMG LLP ("KPMG") was TripAdvisor's independent registered public accounting firm for the years ended December 31, 2014 and December 31, 2015. The Audit Committee of the Board of Directors has also appointed KPMG as TripAdvisor's independent registered public accounting firm for the year ending December 31, 2016.

The Audit Committee is directly responsible for the appointment, compensation and oversight of the audit work of the independent registered public accounting firm. If the stockholders fail to vote to ratify the appointment of KPMG, the Audit Committee will reconsider whether to retain KPMG and may retain that firm or another firm without resubmitting the matter to our stockholders. Even if stockholders vote on an advisory basis in favor of the appointment, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of TripAdvisor and our stockholders.

A representative of KPMG is expected to be present at the Annual Meeting, and will be given an opportunity to make a statement if he or she so chooses and will be available to respond to appropriate questions.

Disclosures Related to Change in Independent Accountants in 2014

In February 2014, the Audit Committee of the Board of Directors determined it to be in the best interest of TripAdvisor to select KPMG to replace Ernst & Young LLP ("E&Y") as TripAdvisor's independent registered public accounting firm for the year ended December 31, 2014.

On February 6, 2014, the Audit Committee determined to dismiss E&Y as TripAdvisor's independent registered public accounting firm effective immediately upon TripAdvisor's filing of its Annual Report on Form 10-K for the year ended December 31, 2013 (the "Annual Report"). The Annual Report was filed with the SEC on February 11, 2014. The reports of E&Y on TripAdvisor's consolidated financial statements as of and for the years ended December 31, 2013 and 2012 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended December 31, 2013 and 2012, and through February 11, 2014, there were no: (i) disagreements with E&Y on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to E&Y's satisfaction, would have caused E&Y to make reference to the subject matter thereof in connection with its reports for such years; or (ii) reportable events, as described under Item 304(a)(1)(v) of Regulation S-K. TripAdvisor provided E&Y with a copy of the disclosures it expected to make in the Current Report on Form 8-K and requested from E&Y a letter addressed to the SEC indicating whether or not it agrees with the above disclosures. A copy of E&Y's letter dated February 11, 2014 is attached as Exhibit 16.1 to TripAdvisor's Current Report on Form 8-K filed on February 11, 2014.

Contemporaneous with the determination to dismiss E&Y, the Audit Committee appointed KPMG as TripAdvisor's independent registered public accounting firm for the year ended December 31, 2014, also to be effective immediately following the filing of TripAdvisor's Annual Report. During the years ended December 31, 2013 and 2012 and the subsequent interim period through February 11, 2014, TripAdvisor did not consult with KPMG with respect to (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to TripAdvisor's financial statements, and no written report or oral advice was provided to TripAdvisor that KPMG concluded was an important factor considered by TripAdvisor in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was subject to any disagreement, as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions thereto, or a reportable event within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

Required Vote

At the Annual Meeting, we will ask our stockholders to ratify the appointment of KPMG as our independent registered public accounting firm for the fiscal year ending December 31, 2016. This proposal requires the affirmative vote of a majority of the voting power of our shares, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class. With respect to the ratification of KPMG, you may vote "FOR," "AGAINST," or "ABSTAIN". Abstentions will be counted toward the tabulations of voting power present and entitled to vote on the ratification of the independent registered public accounting firm proposal and will have the same effect as votes against the proposal. Brokers have discretion to vote on the proposal for ratification of the independent registered public accounting firm.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS TRIPADVISOR'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2016.

Fees Paid to Our Independent Registered Public Accounting Firm

KPMG was TripAdvisor's independent registered public accounting firm for the years ended December 31, 2014 and 2015. The following table sets forth aggregate fees for professional services rendered by KPMG for the years ended December 31, 2014 and 2015.

	2015	2014
Audit Fees(1)	$ 1,778,047	$ 1,352,635
Other Fees	11,650	2,550
Total Fees	$ 1,789,697	$ 1,355,185

(1) Audit Fees include fees and expenses associated with the annual audit of our consolidated financial statements, statutory audits, review of our periodic reports, accounting consultations, review of SEC registration statements, report on the effectiveness of internal control and consents and other services related to SEC matters.

Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee has responsibility for appointing, setting compensation of and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has adopted a policy governing the pre-approval of all audit and permitted non-audit services performed by TripAdvisor's independent registered public accounting firm to ensure that the provision of such services does not impair the independent registered public accounting firm's independence from TripAdvisor and our management. Unless a type of service to be provided by our independent registered public accounting firm has received general pre-approval from the Audit Committee, it requires specific pre-approval by the Audit Committee. The payment for any proposed services in excess of pre-approved cost levels requires specific pre-approval by the Audit Committee.

Pursuant to its pre-approval policy, the Audit Committee may delegate its authority to pre-approve services to one or more of its members, and it has currently delegated this authority to its Chairman, subject to a limit of $250,000 per approval. The decisions of the Chairman (or any other member(s) to whom such authority may be delegated) to grant pre-approvals must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may not delegate its responsibilities to pre-approve services to Company management.

All of the audit-related, tax and all other services provided to us by KPMG in 2014 and 2015 were approved by the Audit Committee by means of specific pre-approvals or pursuant to the procedures contained in the Company's pre-approval policy.

The Audit Committee has considered the non-audit services provided by KPMG in 2014 and 2015, as listed in the table above, and believes that they are compatible with maintaining KPMG's independence in the conduct of their auditing functions.

PROPOSAL 3:
APPROVAL OF THE TRIPADVISOR, INC. AMENDED AND RESTATED 2011 STOCK AND ANNUAL INCENTIVE PLAN

Proposal

The Board of Directors believes that stock options and other stock-based incentive awards can play an important role in the success of TripAdvisor by encouraging and enabling the employees, officers, non-employee directors and consultants of TripAdvisor and its subsidiaries upon whose judgment, initiative and efforts we largely depend for the successful conduct of our business to acquire a proprietary interest in TripAdvisor. The Board of Directors believes that providing such persons with a direct stake in the Company will result in a closer alignment of the interests of such individuals with those of TripAdvisor and our stockholders, thereby stimulating their efforts on our behalf and strengthening their desire to remain with TripAdvisor.

Awards under the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan (the "Amended 2011 Plan") are intended to qualify as "performance-based compensation" under Section 162(m) of the Code to be tax-deductible. Section 162(m) of the Code generally places a $1 million annual limit on a Company's tax deduction for compensation paid to certain senior executives, other than compensation that satisfies the applicable requirements for a performance-based compensation exception. To qualify as performance-based compensation under Section 162(m) of the Code, the compensation must (among other requirements) be subject to attainment of performance goals that have been disclosed to stockholders and approved by a majority stockholder vote. We are asking stockholders to approve the material terms of the performance goals under the Amended 2011 Plan so that the Company may make awards that qualify as performance-based compensation under Section 162(m), and thus, would be tax deductible. For purposes of Section 162(m), the material terms of the performance goals requiring stockholder approval include the following:

- the employees eligible to receive awards under the Amended 2011 Plan;
- the business criteria used as the basis for the performance goals; and
- the limits on the maximum amount of compensation payable to any employee in a given time period.

By approving the Amended 2011 Plan, the stockholders will be approving, among other things, the eligibility requirements, performance goals and limits on various cash and stock awards contained therein for purposes of Section 162(m).

Key Changes

If approved, the Amended 2011 Plan would make the following key changes to the current TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan as amended to date (the "2011 Plan"):

Limits	Impose a limit of $1 million on the amount of annual awards (cash and equity) that could be made to each non-employee directors.
Acceleration Provisions	Disallow acceleration of equity awards upon a change in control only (a "single trigger"), and provide for acceleration of equity awards upon the death of a participant.
Administrative Changes	Make certain other administrative changes.

The 2011 Plan previously provided for individual limits in any calendar year for participants in the plan. The Board of Directors determined, based on a recommendation from the Compensation Committees, that it was appropriate to amend the 2011 Plan to provide for annual limits on the compensation (including cash and equity awards) for non-employee directors. With respect to the acceleration of vesting of equity awards, the Board determined it was in the best interest of the Company to disallow acceleration of equity awards upon a "single trigger" (or a Change in Control (as defined in the 2011 Plan) without a corresponding termination of employment) and allow for acceleration upon (i) a "double trigger" (or a termination of employment by the Company for other than for cause or disability or by the participant for Good Reason (as defined below), in each case within two years of a Change in Control), or (ii) a termination of employment by reason of death of the participant. Finally, over the years, the Board has made changes to the 2011 Plan that did not materially impair the rights of the participants and thus did not require shareholder approval. The Amended 2011 Plan incorporates these changes. The approval of this Proposal will not result in new shares being added to the Plan.

Summary of Material Features of the Amended 2011 Plan

The material features of the Amended 2011 Plan are:

- The maximum number of shares of common stock to be issued under the Amended 2011 Plan is 32,400,000 shares;

- The award of stock options (both incentive and non-qualified options), stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, performance units, dividend equivalents, convertible debentures and cash bonus awards is permitted;

- The exercise price of stock options and stock appreciation rights will not be decreased in any manner without stockholder approval; and

- Any material amendment to the Amended 2011 Plan is subject to approval by our stockholders.

The shares of common stock underlying any awards that are forfeited, canceled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by TripAdvisor prior to vesting, satisfied without any issuance of stock, expire or are otherwise terminated (other than by exercise) under the Amended 2011 Plan are added back to the shares of common stock available for issuance under the Amended 2011 Plan.

Qualified Performance-Based Compensation under Code Section 162(m)

To ensure that certain awards granted under the Amended 2011 Plan to a "Covered Employee" (as defined in the Code) qualify as "performance-based compensation" under Section 162(m) of the Code, the Amended 2011 Plan provides that the Compensation Committees may require that the vesting of such awards be conditioned on the satisfaction of performance criteria that may include any or all of the following: (1) specified levels of earnings per share from continuing operations; (2) net profit after tax; (3) EBITDA; (4) EBITA; (5) gross profit; (6) cash generation; (7) unit volume; (8) market share; (9) sales; (10) asset quality; (11) earnings per share; (12) operating income; (13) revenues; (14) return on assets; (15) return on operating assets; (16) return on equity; (17) profits; (18) total stockholder return (measured in terms of stock price appreciation and/or dividend growth); (19) cost saving levels; (20) marketing-spending efficiency; (21) core non-interest income; (22) change in working capital; (23) return on capital; and (24) stock price. Performance goals may be based upon specified levels of Company, subsidiary, affiliate or division performance under one or more of the criteria set forth above relative to the performance of other entities, divisions or subsidiaries. The Compensation Committees will select the particular performance criteria within the time period specified by Section 162(m) of the Code. Subject to adjustments for stock splits and similar events, the maximum award granted to any one individual in the form of restricted stock units or restricted stock that is intended to qualify as "performance-based compensation" under Section 162(m) of the Code will not exceed 2,000,000 shares of common stock for any calendar year and no more than 3,000,000 shares of common stock underlying options and/or stock appreciation rights may be granted to any one individual during any calendar year period. If a performance-based award is payable in cash, it cannot exceed $10,000,000 for any calendar year.

Summary of the Amended 2011 Plan

The following description of certain features of the Amended 2011 Plan is intended to be a summary only. The summary is qualified in its entirety by the full text of the Amended 2011 Plan that is attached hereto as Appendix A.

Plan Administration. The Amended 2011 Plan is administered by the Compensation Committees. The Compensation Committees have full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the Amended 2011 Plan. The Compensation

Committees may delegate to an officer the authority to grant awards to employees who are not subject to the reporting and other provisions of Section 16 of the Exchange Act and not subject to Section 162(m) of the Code, subject to certain limitations and guidelines.

Eligibility. Persons eligible to participate in the Amended 2011 Plan are the directors, officers, employees, and consultants of TripAdvisor and its subsidiaries or affiliates as selected from time to time by the Compensation Committees in their discretion. Approximately 3,000 individuals are currently eligible to participate in the Amended 2011 Plan, which includes five executive officers and seven non-employee directors.

Plan and Individual Limits. The maximum award of stock options and/or stock appreciation rights granted to any one individual will not exceed 3,000,000 shares of common stock (subject to adjustment for stock splits and similar events) for any calendar year period. If any award of restricted stock, restricted stock units or performance shares granted to an individual is intended to qualify as "performance-based compensation" under Section 162(m) of the Code, then the maximum award shall not exceed 2,000,000 shares of common stock (subject to adjustment for stock splits and similar events) to any one such individual in any calendar year. If any cash-based award is intended to qualify as "performance-based compensation" under Section 162(m) of the Code, then the maximum award to be paid in cash in any performance cycle may not exceed $10,000,000. In addition, no more than 7,000,000 shares may be issued in the form of incentive stock options. Finally, the Company has amended the 2011 Plan to provide that no non-employee Director may be granted any compensation (including cash and an Award) with a fair value, determined as of the Grant Date, of greater than $1,000,000.

Stock Options. The Amended 2011 Plan permits the granting of (1) options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and (2) options that do not so qualify. Options granted under the Amended 2011 Plan will be non-qualified options if they fail to qualify as incentive options or exceed the annual limit on incentive stock options. Incentive stock options may only be granted to employees of TripAdvisor and its subsidiaries. Non-qualified options may be granted to any persons eligible to receive incentive options and to non-employee directors and consultants. The option exercise price of each option will be determined by the Compensation Committees but may not be less than 100% of the fair market value of the common stock on the date of grant. Fair market value for this purpose will be the closing price of the shares of common stock on the NASDAQ on the date of grant. Without stockholder approval, the exercise price of an option may not be reduced after the date of the option grant, other than to appropriately reflect changes in our capital structure.

The term of each option will be fixed by the Compensation Committees and, in the case of incentive stock options, may not exceed ten years from the date of grant. The Compensation Committees will determine at what time or times each option may be exercised. Options may be made exercisable in installments and the exercisability of options may be accelerated by the Compensation Committees. In general, unless otherwise permitted by the Compensation Committees, no option granted under the Amended 2011 Plan is transferable by the optionee other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order, and options may be exercised during the optionee's lifetime only by the optionee, or by the optionee's legal representative or guardian in the case of the optionee's incapacity.

Upon exercise of options, the option exercise price must be paid in full by certified or bank check or other instrument acceptable to the Compensation Committees or, if authorized at the time the option is granted, by delivery (or attestation to the ownership) of shares of common stock that are beneficially owned by the optionee. Subject to applicable law, the exercise price may also be delivered to TripAdvisor by a broker pursuant to irrevocable instructions to the broker from the optionee. In addition, the Compensation Committees may permit options to be exercised using a net exercise feature which reduces the number of shares issued to the optionee by the number of shares with a fair market value equal to the exercise price.

To qualify as incentive options, options must meet additional federal tax requirements, including a $100,000 limit on the value of shares subject to incentive options that first become exercisable by a participant in any one calendar year.

Stock Appreciation Rights. The Compensation Committees may award tandem or free-standing stock appreciation rights, subject to such conditions and restrictions as the Compensation Committees may determine. Stock appreciation rights entitle the recipient to shares of common stock equal to the value of the appreciation in the stock price over the exercise price. The exercise price may not be less than the fair market value of the common stock on the date of grant. The term of a stock appreciation right shall be determined by the Compensation Committees.

Restricted Stock. The Compensation Committees may award shares of common stock to participants subject to such conditions and restrictions as the Compensation Committees may determine. These conditions and restrictions may include the achievement of certain performance goals (as summarized above) and/or continued employment with us through a specified restricted period.

Restricted Stock Units. The Compensation Committees may award restricted stock units to any participants. Restricted stock units are ultimately payable in the form of shares of common stock, cash or a combination of both and may be subject to such conditions and restrictions as the Compensation Committees may determine. These conditions and restrictions may include the achievement of certain performance goals (as summarized above) and/or continued employment with TripAdvisor through a specified vesting period.

Unrestricted Stock Awards. The Compensation Committees may also grant shares of common stock which are free from any restrictions under the Amended 2011 Plan.

Performance Share Awards. The Compensation Committees may grant performance share awards to any participant which entitle the recipient to receive shares of common stock upon the achievement of certain performance goals (as summarized above) and such other conditions as the Compensation Committees shall determine.

Dividend Equivalents. The Compensation Committees may grant dividend equivalents to participants which entitle the recipient to receive credits for dividends that would be paid if the recipient had held specified shares of common stock. Dividend equivalents granted as a component of another award subject to performance vesting may be paid only if the related award becomes vested.

Cash Bonus Awards. The Compensation Committees may grant cash bonuses under the Amended 2011 Plan to participants. The cash bonuses may be subject to the achievement of certain performance goals (as summarized above).

Acceleration Provisions. The 2011 Plan originally included a provision providing for acceleration of the vesting of equity awards (i) upon a participant's termination of employment by the Company during the two-year period following a Change in Control other than for Cause or Disability, each as defined in the 2011 Plan, or by the participant for Good Reason, as defined in the 2011 Plan (i.e. a "double trigger"), or (ii) for certain participants and certain awards, following a Change in Control without a corresponding termination of employment (i.e., a "single trigger"). On the recommendation of the Compensation Committee and Board of Directors, the Company has amended the 2011 Plan to disallow acceleration of equity awards upon a "single trigger" and allow for acceleration of vesting of equity awards upon a "double trigger" (or a termination of employment by the Company for other than for cause or disability or by the participant for Good Reason, in each case within two years of a Change in Control), or (ii) upon the death of the participant. These changes are reflected in the Amended 2011 Plan attached hereto.

Adjustments for Stock Dividends, Stock Splits, Etc. The Amended 2011 Plan requires the Compensation Committees to make appropriate adjustments to the number of shares of common stock that are subject to the Amended 2011 Plan, to certain limits in the Amended 2011 Plan, and to any outstanding awards to reflect stock dividends, stock splits, extraordinary cash dividends and similar events.

Tax Withholding. Participants in the Amended 2011 Plan are responsible for the payment of any federal, state or local taxes that TripAdvisor is required by law to withhold upon the exercise of options or stock appreciation rights or vesting of other awards. Subject to approval by the Compensation Committees, participants may elect to have the minimum tax withholding obligations satisfied by authorizing us to withhold shares of common stock to be issued pursuant to the exercise or vesting.

Amendments and Termination. The Board of Directors may at any time amend, alter or discontinue the Amended 2011 Plan and the Compensation Committees may unilaterally amend the terms of any award, prospectively or retroactively. However, no such action may materially impair rights of a participant with respect to a previously granted award without the participant's consent, except such an amendment made to comply with applicable law (including without limitation Section 409A of the Code), stock exchange rules or accounting rules. In addition, no such amendment shall be made without stockholder approval to the extent such approval is required by applicable law or the listing standards of NASDAQ.

Effective Date of 2011 Plan. The Board of Directors originally adopted the 2011 Plan on December 20, 2011. No awards may be granted under the Amended 2011 Plan after December 20, 2021. If the proposed Amended 2011 Plan is not approved by stockholders, the Amended 2011 Plan will continue in effect until it expires, and awards may be granted thereunder, in accordance with its terms.

New Plan Benefits

Because the grant of awards under the Amended 2011 Plan is within the discretion of the Compensation Committees, we cannot determine the dollar value or number of shares of common stock that will in the future be received by or allocated to any participant in the Amended 2011 Plan. Accordingly, in lieu of providing information regarding benefits that will be received under the Amended 2011 Plan, the following table provides information concerning the benefits that were received by the following persons and groups during 2015: each named executive officer; all current executive officers, as a group; all current directors who are not executive officers, as a group; and all employees who are not executive officers, as a group.

	Options		**Restricted Stock Units**	
Name and Position	**Dollar Value ($)(1)**	**Number of Shares**	**Dollar Value ($)(1)**	**Number of Shares**
Stephen Kaufer, President and Chief Executive Officer	—	—	—	—
Ernst Teunissen, Senior Vice President, Chief Financial Officer, and Treasurer	4,999,155	141,424	1,999,940	24,116
Seth J. Kalvert, Senior Vice President, General Counsel and Secretary	799,906	22,601	799,934	8,902
Dermot M. Halpin, President, Vacation Rentals	374,948	10,594	374,986	4,173
Barrie Seidenberg, Chief Executive Officer, Attractions	749,896	21,188	749,972	8,346
Julie M.B. Bradley, Former Senior Vice President, Chief Financial Officer and Treasurer	1,049,883	29,664	1,049,924	11,684
Executive Group	7,973,788	225,471	4,974,756	57,221
Non-Executive Director Group	—	—	—	—
Non-Executive Officer Employee Group	11,404,032	361,380	79,354,371	959,405

(1) Calculations are based on the grant date fair value using the Black-Scholes option pricing model.

Tax Aspects Under the Code

The following is a summary of the principal federal income tax consequences of certain transactions under the Amended 2011 Plan. It does not describe all federal tax consequences under the Amended 2011 Plan, nor does it describe state or local tax consequences.

Incentive Options. No taxable income is generally realized by the optionee upon the grant or exercise of an incentive option. If shares of common stock issued to an optionee pursuant to the exercise of an incentive option are sold or transferred after two years from the date of grant and after one year from the date of exercise, then (i) upon sale of such shares, any amount realized in excess of the option price (the amount paid for the shares) will be taxed to the optionee as a long-term capital gain, and any loss sustained will be a long-term capital loss, and (ii) the Company will not be entitled to any deduction for federal income tax purposes. The exercise of an incentive option will give rise to an item of tax preference that may result in alternative minimum tax liability for the optionee.

If shares of common stock acquired upon the exercise of an incentive option are disposed of prior to the expiration of the two-year and one-year holding periods described above (a "disqualifying disposition"), generally (i) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares of common stock at exercise (or, if less, the amount realized on a sale of such shares of common stock) over the option price thereof, and (ii) we will be entitled to deduct such amount. Special rules will apply where all or a portion of the exercise price of the incentive option is paid by tendering shares of common stock.

If an incentive option is exercised at a time when it no longer qualifies for the tax treatment described above, the option is treated as a non-qualified option. Generally, an incentive option will not be eligible for the tax treatment described above if it is exercised more than three months following termination of employment (or one year in the case of termination of employment by reason of disability). In the case of termination of employment by reason of death, the three-month rule does not apply.

Non-Qualified Options. No income is realized by the optionee at the time the option is granted. Generally (i) at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the option price and the fair market value of the shares of common stock on the date of exercise, and we receive a tax deduction for the same amount, and (ii) at disposition, appreciation or depreciation after the date of exercise is treated as either short-term or long-term capital gain or loss depending on how long the shares of common stock have been held. Special rules will apply where all or a portion of the exercise price of the non-qualified option is paid by tendering shares of common stock. Upon exercise, the optionee will also be subject to Social Security taxes on the excess of the fair market value over the exercise price of the option.

Other Awards. The Company generally will be entitled to a tax deduction in connection with an award under the Amended 2011 Plan in an amount equal to the ordinary income realized by the participant at the time the participant recognizes such income. Participants typically are subject to income tax and recognize such tax at the time that an award is exercised, vests or becomes non-forfeitable, unless the award provides for a further deferral.

Parachute Payments. The vesting of any portion of an option or other award that is accelerated due to the occurrence of a Change in Control may cause a portion of the payments with respect to such accelerated awards to be treated as "parachute payments" as defined in the Code. Any such parachute payments may be non-deductible to the Company, in whole or in part, and may subject the recipient to a non-deductible 20% federal excise tax on all or a portion of such payment (in addition to other taxes ordinarily payable).

Limitation on Deductions. Under Section 162(m) of the Code, the Company's deduction for certain awards under the Amended 2011 Plan may be limited to the extent that the Chief Executive Officer or other executive officer whose compensation is required to be reported in the summary compensation table (other than the Principal Financial Officer) receives compensation in excess of $1 million a year (other than performance-based compensation that otherwise meets the requirements of Section 162(m) of the Code). The Amended 2011 Plan is structured to allow certain awards to qualify as performance-based compensation.

Required Vote

At the Annual Meeting, we will ask our stockholders to approve the TripAdvisor, Inc. Amended and Restated 2011 Stock and Annual Incentive Plan. This proposal requires the affirmative vote of a majority of the voting power of the shares of TripAdvisor capital stock, present in person or represented by proxy, and entitled to vote thereon, voting together as a single class. With respect to the approval of the Amended and Restated TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan, you may vote "FOR," "AGAINST," or "ABSTAIN." Abstentions will be counted toward the tabulations of voting power present and entitled to vote on the TripAdvisor executive compensation proposal and will have the same effect as votes against the proposal. Brokers do not have discretion to vote on the proposal regarding TripAdvisor's executive compensation and broker non-votes will have no effect on the proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE APPROVAL OF THE TRIPADVISOR, INC. AMENDED AND RESTATED 2011 STOCK AND ANNUAL INCENTIVE PLAN.

AUDIT COMMITTEE REPORT

Management has the primary responsibility for our financial statements, reporting process and system of internal control over financial reporting. TripAdvisor's independent registered public accounting firm is engaged to audit and express opinions on the conformity of our financial statements to generally accepted accounting principles and applicable rules and regulations, and the effectiveness of TripAdvisor's internal control over financial reporting.

The Audit Committee serves as a representative of the Board of Directors and assists the Board in monitoring (i) the integrity of our financial reporting process, (ii) the independent registered public accounting firm's qualifications and independence, (iii) the performance of the independent registered public accounting firm and our internal audit department, and (iv) our compliance with legal and regulatory requirements. In this context, the Audit Committee met six times in 2015 and took the following actions:

- appointed KPMG as our auditors, discussed with the auditors the overall scope and plans for the independent audit and pre-approved all audit and non-audit services to be performed by KPMG;
- reviewed and discussed with management and the auditors the audited consolidated financial statements for the year ended December 31, 2015, as well as our quarterly financial statements and interim financial information contained in each quarterly earnings announcement prior to public release;
- discussed with the auditors the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees," as adopted by the Public Company Accounting Oversight Board ("PCAOB"), and received all written disclosures, including the letter from the auditors required pursuant to Rule 3526 of the PCAOB "Communication with Audit Committees Concerning Independence";
- discussed with the auditors its independence from TripAdvisor and TripAdvisor's management as well as considered whether the non-audit services provided by the auditors could impair its independence and concluded that such services would not;
- reviewed and discussed with management and the auditors our compliance with the requirements of the Sarbanes-Oxley Act of 2002 with respect to internal control over financial reporting, together with management's assessment of the effectiveness of our internal control over financial reporting and the auditors' audit of internal control over financial reporting; and
- regularly met with KPMG, with and without management present, to discuss the results of their examinations, including the integrity, adequacy and effectiveness of the accounting and financial reporting processes and controls.

Relying on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2015, and the Board approved such inclusion.

No portion of this Audit Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that TripAdvisor specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

Members of the Audit Committee:

Robert S. Wiesenthal (Chairman)
Jonathan F. Miller
Spencer Rascoff

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This Compensation Discussion and Analysis describes TripAdvisor's executive compensation program as it relates to our "named executive officers" for fiscal 2015. On April 2, 2015, Ms. Bradley informed us of her intention to resign from the Company and, effective November 20, 2015, resigned from her position. Ernst Teunissen was appointed Chief Financial Officer of the Company effective November 9, 2015.

Name	Position
Stephen Kaufer	President and Chief Executive Officer
Ernst Teunissen	Senior Vice President, Chief Financial Officer and Treasurer (effective November 9, 2015)
Seth J. Kalvert	Senior Vice President, General Counsel and Secretary
Dermot M. Halpin	President, Vacation Rentals
Barrie Seidenberg	Chief Executive Officer, Attractions
Julie M.B. Bradley	Senior Vice President, Chief Financial Officer, Chief Accounting Officer and Treasurer (until November 20, 2015)

The Board of Directors has a Compensation Committee and a Section 16 Committee that together have primary responsibility for establishing the compensation of our named executive officers. In this Proxy Statement, we refer to the Compensation Committee and Section 16 Committee jointly as the "Compensation Committees."

Executive Summary and 2015 Business Highlights

We have a pay for performance philosophy that guides all aspects of our compensation decisions. For example:

- annual salary increases are tied to individual performance and business performance over the previous fiscal year;
- annual incentive compensation is structured so that payouts are tied to the achievement of financial targets and require year over year improvement in revenue and share price;
- long-term incentive compensation is structured so that target equity award values are linked to individual and business performance, while realized values are tied to the Company's share price; and
- the interests of our named executive officers are aligned with those of our stockholders through the granting of a substantial portion of compensation in equity awards with multi-year vesting requirements.

In fiscal 2015, we continued to position our company for long-term growth by accelerating the roll out of our instant booking platform in the U.S. and U.K. while at the same time achieving meaningful revenue growth. Below are some highlights for our business and financial results for 2015:

- TripAdvisor continued to extend its leadership position in travel by rolling out the "instant book" platform cementing TripAdvisor's position as the place to plan, compare and book the perfect trip;
- TripAdvisor partnered with The Priceline Group and seven of top 10 major hotel chains to provide users the ability to book 450,000 hotels around the globe on our instant booking platform;
- TripAdvisor continued to build on its competitive content moat with user reviews and opinions reaching more than 320 million in number, covering 995,000 hotels and accommodations, 770,000 vacation rentals, 3.8 million restaurants and 625,000 attractions;
- Mobile reached 53% of total unique users and app downloads reached 290 million as of December 31, 2015, highlighting our rich user experience; and

- TripAdvisor's total revenue increased 20% years over year (or approximately 27% on a constant currency basis).

As a result, the Company generally funded its annual cash bonus programs at approximately 100% of target.

Compensation Program Objectives

Our executive compensation program is designed to attract, motivate and retain highly skilled employees in executive positions with the business experience and acumen that management and the Compensation Committees believe are necessary for achievement of our long-term business objectives and to ensure that the compensation provided to these executives remains competitive with the compensation paid to similarly situated executives at comparable companies. The executive compensation program is also designed so that it does not encourage our named executive officers to take unreasonable risks relating to our business. In addition, the executive compensation program is designed to reward both short-term and long-term performance and to align the financial interests of our named executive officers with the interests of our stockholders.

Management and the Compensation Committees evaluate both performance and compensation levels to ensure that we maintain our ability to attract and retain outstanding employees in executive positions. To that end, management and the Compensation Committees believe the executive compensation packages provided by TripAdvisor to our named executive officers should include both cash and equity-based compensation.

Roles and Responsibilities

Role of the Compensation and Section 16 Committees

The Compensation Committee is appointed by the Board of Directors and consists entirely of directors who are "outside directors" for purposes of Section 162(m) of the Code. The Compensation Committee currently consists of Ms. Singh Cassidy and Messrs. Philips and Maffei, with Ms. Singh Cassidy acting as Chairperson of the Compensation Committee. The Compensation Committee is responsible for (i) designing and overseeing our compensation with respect to our executive officers, including salary matters, bonus plans and stock compensation plans and (ii) approving all grants of equity awards, but excluding matters governed by Rule 16b-3 under the Exchange Act (for which the Section 16 Committee has responsibility as described below). Notwithstanding the foregoing, the Compensation Committee has delegated to the Chief Executive Officer of the Company authority to grant certain types of equity awards, subject to certain limitations, to employees other than executive officers.

The Section 16 Committee is also appointed by the Board of Directors and consists entirely of directors who are "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act. The Section 16 Committee currently consists of Ms. Singh Cassidy and Mr. Philips. The Section 16 Committee is responsible for administering and overseeing matters governed by Rule 16b-3 under the Exchange Act, including approving grants of equity awards to our named executive officers. Ms. Singh Cassidy is also the Chairperson of the Section 16 Committee.

Role of Executive Officers

Management participates in reviewing and refining our executive compensation program. Mr. Kaufer, our President and Chief Executive Officer, annually reviews the performance of TripAdvisor and each named executive officer with the Compensation Committees and makes recommendations with respect to the appropriate base salary, annual cash bonus and grants of equity awards for each named executive officer, other than in connection with compensation for himself. Based in part on these recommendations and the other factors discussed below, the Compensation Committees review and approve the annual compensation package of each named executive officer.

Role of Compensation Consultant

Pursuant to the Compensation Committee and Section 16 Committee Charter, the Compensation Committees may retain compensation consultants for the purpose of assisting the Compensation Committees in their evaluation of the compensation for our named executive officers. In 2015, the Compensation Committees retained Compensia, Inc. ("Compensia"), a management consulting firm providing executive compensation advisory services to compensation committees and senior management, to assist in an evaluation of TripAdvisor's compensation peer group, to use the compensation peer group to compile and analyze competitive compensation market data for our named executive officers, to advise on matters related to our long-term incentive compensation structure and to evaluate equity compensation programs generally. The compensation consultant also consults with the Compensation Committees about director compensation. The Compensation Committees consider input from their compensation consultant as one factor in making decisions with respect to compensation matters, along with information and analysis they receive from management and their own judgment and experience.

Based on consideration of the factors set forth in the rules of the SEC and NASDAQ, the Compensation Committees have determined that their relationship with Compensia and the work performed by Compensia on behalf of the Compensation Committees has not raised any conflict of interest. In addition, in compliance with the Compensation Committee and Section 16 Committee Charter, the Compensation Committees approved the fees paid to Compensia for work performed in 2015 and confirm that such payments did not exceed $120,000.

Role of Stockholders

TripAdvisor provides its stockholders with the opportunity to cast an advisory vote to approve the compensation of our named executive officers every three years. In evaluating our 2015 executive compensation program, the Compensation Committees considered the result of the stockholder advisory vote on our executive compensation (the "say-on-pay vote") held at our Annual Meeting of Stockholders on June 18, 2015, which was approved by over 90% of the votes cast. As a result, the Compensation Committees did not make any significant changes to our executive compensation program for 2015. The Compensation Committees will continue to consider the outcome of the say-on-pay vote when making future compensation decisions for our named executive officers.

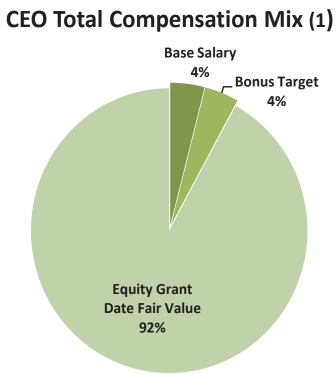
We will hold a say-on-pay vote every three years until the next vote on the frequency of such stockholder advisory votes, which will occur no later than our 2018 Annual Meeting of Stockholders. Our next say-on-pay vote will also be held at the 2018 Annual Meeting of Stockholders.

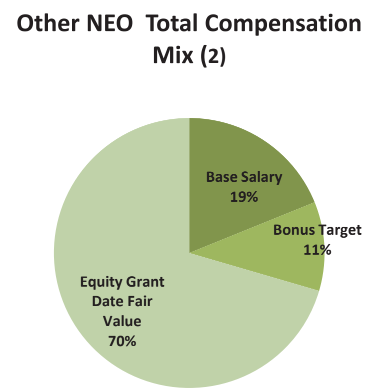
Compensation Program Elements

General

The primary elements of our executive compensation program are base salary, an annual cash bonus and equity awards. Generally, the Compensation Committees review these elements in the first quarter of each year in light of business and individual performance, recommendations from management and other relevant information, including prior compensation history and outstanding long-term incentive compensation arrangements. Management and the Compensation Committees believe that there are multiple, dynamic factors that contribute to success at an individual and business level. Management and the Compensation Committees have therefore refrained from adopting strict formulas and have relied primarily on a discretionary approach that allows the Compensation Committees to set executive compensation levels on a case-by-case basis, taking into account all relevant factors.

The following chart illustrates the composition of the target total direct compensation for the Chief Executive Officer and for the other current named executive officers between base salary, short term and long term compensation. All elements of compensation are considered to be "at-risk" with the exception of base salary.

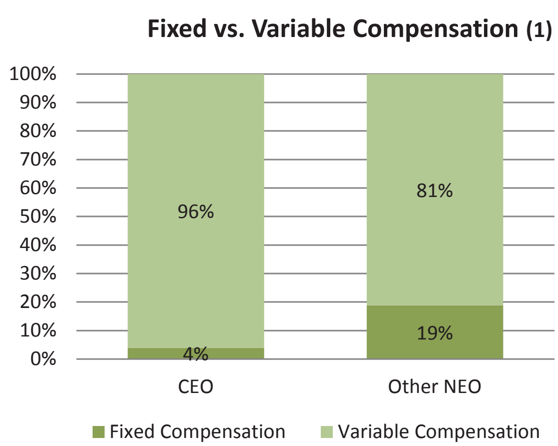


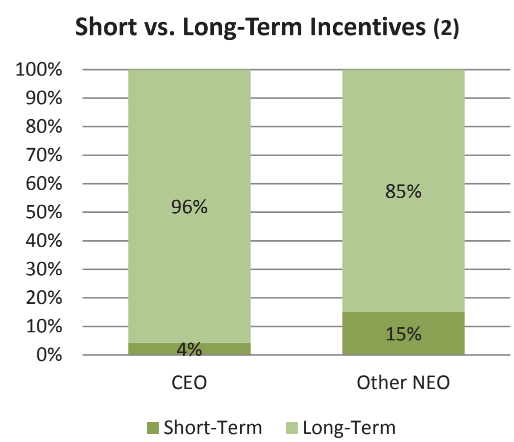


(1) CEO Total Compensation consists of 2015 annualized base salary, 2015 annual cash bonus and the grant date fair-value of his 2013 equity grant, prorated for the portion of service period attributed to 2015, given that our CEO did not receive an equity grant in 2014 or 2015.

(2) Other NEO Total Compensation is defined as 2015 annualized base salary, 2015 annual cash bonus, and the 2015 grant date value of annual equity awards as disclosed in the Summary Compensation Table. The Other NEO Total Compensation Mix chart reflects the average Total Compensation of Ms. Bradley, Mr. Kalvert, Mr. Halpin, and Ms. Seidenberg. Mr. Teunissen is excluded given that his new-hire compensation is not representative of our annual executive compensation.

One of the primary objectives of our compensation philosophy is to design pay opportunities that align with our performance and result in strong long-term value creation for our stockholders. The significant weighting of long-term incentive compensation ensures that our named executive officers' primary focus is sustained long-term performance, while our short-term incentive compensation motivates consistent annual achievement. The following chart illustrates the percentage of compensation which is fixed versus variable and the allocation between short and long-term compensation.





(1) For our CEO and Other NEOs, Fixed Compensation consists solely of 2015 annualized base salary. For our CEO, Variable Compensation consists of 2015 annual cash bonus and the grant date fair-value of the CEO's 2013 equity grant, prorated for the portion of service period attributed to 2015, given that our CEO did not receive an equity grant in 2014 or 2015. For Other NEOs, Variable Compensation consists of 2015 annual cash bonus and the 2015 grant date value of annual equity awards as disclosed in the Summary Compensation Table.

(2) For our CEO and Other NEOs, short-term incentive compensation consists of 2015 annual cash bonus. For our CEO, long-term incentive compensation consists of grant date fair-value of the CEO's 2013 equity grant, prorated for the portion of service period attributed to 2015, given that our CEO did not receive an equity grant in 2014 or 2015. For Other NEOs, short-term incentive compensation consists of 2015 annual cash bonus, while long-term incentive compensation is defined as grant date value of annual equity awards as disclosed in the Summary Compensation Table. The Other NEO compensation reflected in the tables above reflects the compensation averages for Ms. Bradley, Mr. Kalvert, Mr. Halpin and Ms. Seidenberg. Mr. Teunissen is excluded given that his new-hire compensation is not representative of our annual executive compensation.

Following recommendations from management, the Compensation Committees may also adjust compensation for specific individuals at other times during the year when there are significant changes in responsibilities or under other circumstances that the Compensation Committees consider appropriate.

Base Salary

Base salary represents the fixed portion of a named executive officer's compensation and is intended to provide compensation for expected day-to-day performance. A named executive officer's base salary is initially determined upon hire or promotion based on his or her responsibilities, prior experience, individual compensation history and salary levels of other executives within TripAdvisor and similarly situated executives at comparable companies. Base salary is typically reviewed annually, at which time management makes recommendations to the Compensation Committees based on consideration of a variety of factors including, but not limited to, the following:

- the named executive officer's total compensation relative to other executives in similarly situated positions,
- his or her individual performance relative to performance goals established between our CEO and President of the named executive officer,
- his or her responsibilities, prior experience, and individual compensation history, including any non-standard compensation,
- the terms of his or her employment agreement, if any,
- competitive compensation market data, when available,
- general economic conditions, and
- the recommendations of the President and Chief Executive Officer (other than in connection with his own compensation).

After careful consideration of the factors discussed above with respect to each of the named executive officers, the Compensation Committees approved 2015 salary changes for our named executive officers. The table below describes, for each named executive officer, the 2014 annualized salary, the annual salary increase and the 2015 annualized salary. Adjustments were made to the annual base salary of the named executive officers, primarily in acknowledgement of the extent to which they had achieved their individual performance goals and in response to the analysis provided by Compensia on competitive compensation market data for our named executive officers within our peer group in comparable positions.

Name	2014	Annual Salary Increase (Decrease)	2015
Stephen Kaufer	$ 500,000	$ 200,000	$ 700,000
Julie Bradley	$ 397,000	$ 13,895	$ 410,895
Seth Kalvert	$ 385,000	$ 13,475	$ 398,475
Dermot M. Halpin (1)	$ 447,422	$ (2,643)	$ 444,779
Barrie Seidenberg	$ 250,000	$ 100,000	$ 350,000

(1) Mr. Halpin's base salary was paid in British pounds ("GBP") until October 1, 2015, at which time the Company entered into a new employment agreement with Mr. Halpin providing for, among other things, the payment of his base salary in USD. The amounts set forth above represent Mr. Halpin's 2014 and 2015 salary stated in terms of USD using an exchange rate of 1.48 USD to 1 GBP for those amounts paid in GBP.

Annual Cash Bonuses

Cash bonuses are awarded to recognize and reward each named executive officer's annual contribution to Company performance. Unless otherwise provided by the provisions of his or her employment agreement, the target annual cash bonus opportunities for our named executive officers are generally established by the Compensation

Committees, based on competitive market data and recommendations by the President and Chief Executive Officer (other than in connection with his own compensation).

In February 2016, management recommended bonuses with respect to calendar year 2015 for each of our named executive officers after taking into account a variety of factors including, but not limited to, the following:

- TripAdvisor's business and financial performance, including year-over-year performance,
- TripAdvisor's performance against strategic initiatives,
- the named executive officer's target cash bonus opportunity, if any,
- his or her individual performance,
- the overall funding of the cash bonus pool,
- the amount of bonus relative to other TripAdvisor executives,
- general economic conditions,
- competitive compensation market data, when available, and
- the recommendations of the President and Chief Executive Officer (other than in connection with his own compensation).

Annual cash incentive bonuses awarded to our named executive officers for 2015 were subject to the achievement of performance goals relating either to stock price performance or revenue, which were satisfied. These performance goals were designed to permit TripAdvisor to deduct all named executive officer compensation for 2015 in accordance with Section 162(m) of the Code. Specifically, the cash bonuses awarded to our named executive officers in 2015 were subject to the satisfaction of one of the following performance goals:

- The revenues of TripAdvisor in any of the three consecutive calendar quarters beginning with the second quarter of 2015 must be at least 10% higher than the revenues in the corresponding calendar quarter 12 months before, excluding the benefit of any acquisitions by TripAdvisor during this period; or
- The closing price per share of TripAdvisor common stock must be at least 5% higher than the closing price of TripAdvisor's common stock on February 5, 2015, which was $70.58 per share, on any 30 trading days during the period beginning February 6, 2015 and ending December 31, 2015 (such days not necessarily consecutive), taking into account any Share Change or Corporate Transaction (each as defined in the 2011 Plan).

In general, these performance goals reflect the minimally acceptable Company performance that must be achieved for cash bonuses to be awarded to our named executive officers, but with respect to which there is substantial uncertainty when established. The Compensation Committees may exercise negative discretion in making the annual cash bonus awards. As a result, while performance targets were used in setting compensation under this plan, ultimately the levels of those targets and the Compensation Committees' use of negative discretion typically result in the award of compensation as if the annual incentive plan were operating as a discretionary plan.

After consideration of the factors discussed above (including confirmation of satisfaction of the performance goals established for the Company and individual performance goals established between our CEO and President and the named executive officers), the Compensation Committees awarded 2015 cash bonuses to our named executive officers. The table below describes, for each named executive officer, the target bonus for 2015, the actual bonus paid and percentage of bonus paid relative to target.

Name	Target Bonus as % of Base Salary	Target Cash Bonus	Cash Bonus Award	Percentage of Award to Target
Stephen Kaufer (1)	100%	$ 700,000	$ 630,000	110%
Julie Bradley (2)	66%	$ 239,985	$ 179,989	75%
Seth Kalvert	66%	$ 262,994	$ 236,694	90%
Dermot M. Halpin	50%	$ 222,459	$ 211,336	95%
Ernst Teunissen (3)	75%	$ 53,125	$ 53,125	100%
Barrie Seidenberg	50%	$ 175,000	$ 175,000	100%

(1) Upon consideration of Mr. Kaufer's accomplishments during fiscal 2015, the Compensation Committee determined to pay Mr. Kaufer's bonus at 110% of target; however, 90% of the target bonus was paid in cash and 20% of the target bonus was paid in a stock option award.

(2) Ms. Bradley's last day of employment was November 20, 2015. Ms. Bradley was paid her cash bonus award at 75% of target, although pro rated for the period of service in 2015.

(3) Mr. Teunissen commenced employment with the Company on November 9, 2015. As a result and consistent with its compensation practices, the Company prorated Mr. Teunissen's cash bonus for the period of service in fiscal 2015.

Equity Awards

The Compensation Committees use equity awards to align executive compensation with our long-term performance. Equity awards link compensation to financial performance because their value depends on TripAdvisor's share price. Equity awards are also an important employee retention tool because they generally vest over a multi-year period, subject to continued service by the award recipient.

Equity awards are typically granted to our named executive officers upon hire or promotion and annually thereafter. Management generally recommends annual equity awards in the first quarter of each year when the Compensation Committees meet to make determinations regarding annual bonuses for the last completed fiscal year and to set compensation levels for the current fiscal year. The practice of the Compensation Committees is to generally grant equity awards to our named executive officers only in open trading windows.

Typically, equity awards have been in the form of awards of restricted stock units ("RSUs") and/or options to purchase shares of TripAdvisor common stock or some combination of the two. Stock options have an exercise price equal to the market price of TripAdvisor common stock on the date of grant, and, therefore, provide value to our named executive officers only if our stock price increases. Stock options generally vest over a period of four years. We believe stock options incentivize our named executive officers to sustain increases in stockholder value over extended periods of time. RSUs are a promise to issue shares of our common stock in the future provided the named executive officer remains employed with us through the award's vesting period. RSUs generally vest over a period of four years. RSUs provide the opportunity for capital accumulation and long-term incentive value and are intended to assist in satisfying our retention objectives.

The Compensation Committees review various factors considered by management when they establish TripAdvisor's equity award grant pool including, but not limited to, the following:

- TripAdvisor's business and financial performance, including year-over-year performance,
- dilution rates, taking into account projected headcount growth and employee turnover,
- non-cash compensation as a percentage of earnings before interest, taxes, depreciation and amortization,

- equity compensation utilization by peer companies,
- general economic conditions, and
- competitive compensation market data regarding award values.

For specific awards to our named executive officers, management makes recommendations to the Section 16 Committee based on a variety of factors including, but not limited to, the following:

- TripAdvisor's business and financial performance, including year-over-year performance,
- individual performance and future potential of the executive,
- the overall size of the equity award pool,
- award value relative to other TripAdvisor executives,
- the value of previous awards and amount of outstanding unvested equity awards,
- competitive compensation market data, to the degree that the available data is comparable, and
- the recommendations of the President and Chief Executive Officer (other than in connection with his own compensation).

After review and consideration of the recommendations of management and the President and Chief Executive Officer (other than with respect to awards for himself), the Section 16 Committee decides whether to grant equity awards to our named executive officers. After consideration of the factors discussed above, in February 2015, the Section 16 Committee granted the equity awards described below.

Name	Grant Date Fair Value	Number of Stock Options	Number of RSUs
Julie Bradley	$ 2,099,807	29,664	11,684
Seth Kalvert	$ 1,599,840	22,601	8,902
Barrie Seidenberg	$ 1,499,868	21,188	8,346
Dermot M. Halpin	$ 749,934	10,594	4,173

In August 2013, the Section 16 Committee granted an option to purchase 1,100,000 shares of TripAdvisor common stock to Mr. Kaufer, which will vest in equal installments on each of the fourth and fifth anniversaries of the award date of the grant, subject to Mr. Kaufer's continuous employment with, or performance of services for, TripAdvisor or one of its subsidiaries or affiliates and his being in good standing through each such vesting date. In consideration of this award, Mr. Kaufer is subject to non-competition and non-solicitation covenants that apply during his employment and until 18 months immediately following the termination of his employment for any reason.

In February 2016, the Compensation Committee determined to pay Mr. Kaufer 110% of his target annual bonus. Based on competitive market data provided by Compensia, the Compensation Committee and Section 16 Committee determined that 20% of the target bonus would be paid in the form of equity. Accordingly, in February 2016, Mr. Kaufer was granted 5,756 stock options vesting in four equal annual installments.

In February 2013, Mr. Halpin was granted an option to purchase 100,000 shares of common stock, subject to the achievement of certain performance metrics. The first tranche of the award, relating to 33 1/3% of the shares underlying the stock option award, or 33,333 shares, vested on December 31, 2014. Vesting of the remaining 66,667 options were to vest on February 1, 2016, subject to the achievement of performance metrics related to revenue and EBITDA. On February 3, 2016, the Compensation Committee confirmed the achievement of those performance metrics and the remaining 66,667 options underlying the award vested.

Employee Benefits

In addition to the primary elements of compensation described above, our named executive officers also participate in employee benefits programs available to our employees generally, including, for named executive officers residing in the United States, the TripAdvisor Retirement Savings Plan. Under this plan, TripAdvisor matches 50% of each dollar a participant contributes, up to the first 6% of eligible compensation, subject to tax limits. Prior to his relocation from the United Kingdom to the United States, Mr. Halpin participated in our UK pension scheme, pursuant to which we match 100% of participant contributions, up to the first 5% of eligible compensation.

In addition, we provide other benefits to our named executive officers on the same basis as all of our domestic employees generally. These benefits include group health (medical, dental, and vision) insurance, group disability insurance, and group life insurance.

In situations where a named executive officer is required to relocate, TripAdvisor also provides relocation benefits, including reimbursement of moving expenses, temporary housing and other relocation expenses as well as a tax gross-up payment on the relocation benefits. In 2014, Mr. Halpin relocated from the United Kingdom to our corporate headquarters in Needham, Massachusetts and received such relocation support as disclosed in the Summary Compensation Table. In connection with Mr. Halpin's relocation to the United States, the Company and Mr. Halpin entered into a new employment agreement providing for, among other things, the payment of Mr. Halpin's compensation in U.S. Dollars. Pursuant to that new employment agreement, the Company also agreed to reimburse Mr. Halpin for fees and expenses associated with the preparation of this 2015 and 2016 tax returns as well as a tax-gross up payment on these benefits.

TripAdvisor also sponsors a Global Personal Travel Reimbursement program generally available to all employees, including our named executive officers, that provides for reimbursement of up to $750 a year for leisure travel that is arranged using one of the TripAdvisor Media Group family of products and provides all employees, including our named executive officers, an annual holiday bonus in the form of a gift card as well as a tax gross-up payment on the value of the gift card.

Compensation Program and Other Policies

Executive Compensation Recovery or "Clawback"

TripAdvisor has an executive compensation recovery, or clawback, provision in our form of award agreements providing for recoupment of equity compensation. Each of TripAdvisor's equity award documents provides that in the event an employee is terminated for Cause (as defined in the 2011 Plan) or resigns within two years after any event or circumstance that would have been grounds for termination of employment for Cause, then the employee agrees that certain equity securities issued to such employee (whether or not vested) may be forfeited and cancelled in their entirety upon such termination of employment. In such event, TripAdvisor may cause the employee to either (i) return the equity securities or shares of common stock issued upon exercise or vesting of such securities, or (ii) pay to TripAdvisor an amount equal to the aggregate amount, if any, that the employee had previously realized in respect of any and all shares of common stock acquired upon exercise or vesting of such equity awards.

We intend to adopt a general clawback policy covering our annual and long-term incentive award plans and arrangements or amend our existing documents once the SEC adopts final rules implementing the requirement of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Insider Trading and Hedging Policy

TripAdvisor has adopted an Insider Trading Policy covering our directors, officers, employees and consultants designed to ensure compliance with relevant SEC regulations, including insider trading rules. TripAdvisor's insider trading policy also prohibits directors, officers, employees and consultants from engaging in various types of transactions in which they may profit from short-term speculative swings in the value of TripAdvisor securities. These transactions include "short sales" (or selling borrowed securities which the sellers hopes can be purchased at a lower price in the future), "put" and "call" options (or publicly available rights to sell or buy securities within a certain period of time at a specified price or the like) and hedging transactions, such as zero-cost collars and forward sale contracts. The policy also prohibits the pledge or use of company securities as collateral in a margin account or collateral for a loan.

Stock Ownership Guidelines

In October 2015, the Board of Directors adopted guidelines which require that our "named executive officers," and members of our Board own shares of our common stock to further align their interests with those of our shareholders. These guidelines require that our named executive officers and directors must directly hold securities having or market or intrinsic value which is equal to or greater than a specified multiple of his or her base salary, as set forth below:

- For our CEO, four times his annual base salary;
- For all other NEOs, two times annual base salary; and
- For each non-employee director, three times his or her annual cash retainer.

For purpose of these calculations, 100% of vested RSUs and 50% of vested "in-the-money" stock options are counted. Individuals subject to these guidelines are required to achieve the relevant ownership threshold on or before the later of December 31, 2020 or five years after commencing service when service begins after the guidelines were adopted.

These stock ownership guidelines were established after consideration of the Compensation Committees' review of market practices of other companies in the Company's peer group with respect to stock ownership guidelines and in an effort to enhance risk mitigation and to more closely align the interests of the Company's executive officers and Board members with those of the Company's shareholders.

Code of Business Conduct and Ethics

In February 2016, our Board of Directors adopted an amended and restated Code of Business Conduct and Ethics applicable to all of our directors, officers, employees, consultants and independent contractors. A copy of the Code of Business Conduct and Ethics is posted on our website.

Role of Competitive Compensation Market Data

Management considers multiple data sources when reviewing compensation information to ensure that the data reflects compensation practices of relevant companies in terms of size, industry and geographic location. Among other factors, management considers the following information in connection with its recommendations to the Compensation Committees regarding compensation for our named executive officers:

- Data from salary and equity compensation surveys that include companies of a similar size, based on market capitalization, revenues and other factors, and
- Data regarding compensation for certain executive officer positions from recent proxy statements and other SEC filings of peer companies, which include: (i) direct industry competitors, and (ii) non-industry companies with which TripAdvisor commonly competes for talent (including both regional and national competitors).

The Compensation Committees retained Compensia to periodically review the compensation peer group and to recommend possible changes. Our business model is somewhat unique. We use our innovative technology systems and software to attract users and then facilitate transactions between our business partners and those users. Accordingly, Compensia identified comparable companies focusing on publicly-traded companies in the business to consumer ("B2C") and software industries.

In October 2014, based on input from Compensia, the Compensation Committees approved the peer group for purposes of reviewing our executive officers, 2015 base salaries and 2015 equity awards as well as 2014 annual cash bonuses which were awarded in February 2015. In October 2015, based on input from Compensia, the Compensation Committees approved the peer group for purposes of reviewing and considering our executive officers, 2016 base salaries and 2016 equity awards as well as 2015 annual cash bonuses which were paid in February 2016. Following is a list of the companies currently constituting our peer group:

B to C Internet Companies	**Software Companies**
Expedia, Inc.	Akamai Technologies, Inc.
Groupon, Inc.	ANSYS, Inc.
Homeaway.com, Inc.*	Citrix Systems, Inc.
IAC/InterActiveCorp.	Intuit
LinkedIn Corp.	NetSuite Inc.
Netflix Inc.	RedHat, Inc.
Pandora Media, Inc.	VeriSign, Inc.
The Priceline Group, Inc.	Workday, Inc.
Shutterfly, Inc.	
Twitter	
Wayfair	
Zillow Group	

*HomeAway, Inc. was acquired by Expedia, Inc. in October 2015.

When available, management and the Compensation Committees consider competitive market compensation paid by peer group companies but does not attempt to maintain a certain target percentile within the compensation peer group or otherwise rely solely on such data when making recommendations to the Compensation Committees regarding compensation for our named executive officers. Management and the Compensation Committees strive to incorporate flexibility into our executive compensation program and the assessment process to respond to and adjust for the evolving business environment and the value delivered by our named executive officers.

Tax Matters

Section 162(m) of the Code generally permits a tax deduction to public corporations for compensation over $1 million paid in any fiscal year to their chief executive officer and certain other highly compensated executive officers only if the compensation qualifies as “performance-based compensation” for purposes of Section 162(m). The Compensation Committees endeavor to structure the compensation of our executive officers to qualify as “performance-based compensation” when it deems such qualification to be in the best interests of TripAdvisor and its stockholders. Nonetheless, from time to time certain nondeductible compensation may be paid and the Board of Directors and the Compensation Committees reserve the authority to award nondeductible compensation to our executive officers in appropriate circumstances.

For purposes of enabling TripAdvisor to deduct the compensation paid to and recognized by our named executive officers in accordance with Section 162(m) of the Code, the Compensation Committees sought to design the annual bonuses awarded to our named executive officers for 2015 to qualify as “performance-based compensation” as described under “Compensation Program Elements – Cash Bonuses” above.

Post-Employment Compensation

Change in Control

Under the 2011 Plan, Ms. Bradley and Messrs. Kaufer and Kalvert were entitled to accelerated vesting of certain of their outstanding and unvested equity awards in the event of a Change in Control of TripAdvisor (i.e. a “single trigger” acceleration provision), although the definition of a Change in Control in the 2011 Plan does not include the acquisition of voting control by Liberty or LTRIP. When the 2011 Plan was adopted, the Compensation Committees believed that accelerated vesting of equity awards in connection with change in control transactions would provide an incentive for our named executive officers to continue to help execute successfully such a transaction from its early stages until closing. Under the current 2011 Plan, acceleration of equity awards and equity awards for all other employees is subject to double trigger acceleration (i.e., accelerated vesting occurs only upon an involuntary termination of employment or resignation for Good Reason during the two-year period following a Change in Control).

In August 2013, after further evaluation of the "single trigger" acceleration provisions, the Compensation Committees determined that future equity awards made under the 2011 Plan would not be entitled to "single trigger" acceleration and, instead, the award agreements with respect to such equity awards would provide that any acceleration of vesting of the equity awards would be subject to "double trigger" rather than "single trigger" acceleration. This means that a vesting of outstanding and unvested equity awards granted on or after August 28, 2013, would only occur upon both a Change in Control and qualified termination of employment. With respect to their earlier awards, Messrs. Kaufer, Kalvert and Ms. Bradley agreed to waive the "single trigger" acceleration right and instead agreed that acceleration of their awards were subject to "double trigger" acceleration.

For a description and quantification of Change in Control payments and benefits for our named executive officers, please see the section below entitled "Potential Payments Upon Termination of Change in Control."

Severance

In March 2014, TripAdvisor entered into employment agreements with each of Messrs. Kaufer and Kalvert. In addition, the Company executed an offer letter with Mr. Halpin at the time of his employment with TripAdvisor, which agreement was subsequently replaced by an offer letter effective October 1, 2015. The Company also entered into an offer letter with Ms. Seidenberg as of July 22, 2014. The Company entered into an Employment Agreement with Mr. Teunissen dated as of October 6, 2015, effective November 9, 2015. Finally, effective April 2, 2015, the employment agreement the Company had previously entered into with Ms. Bradley was terminated and replaced with a separation agreement.

Pursuant to these agreements and offer letters, each of our named executive officers is eligible to receive certain severance payments and benefits in the event of a qualifying termination of employment. The material terms of these employment agreements are described below under the headings "Potential Payments Upon Termination or Change in Control."

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Ms. Singh Cassidy and Messrs. Philips and Maffei and the Section 16 Committee consists of Ms. Singh Cassidy and Mr. Philips. None of Ms. Singh Cassidy or Messrs. Philips, or Maffei was an officer or employee of TripAdvisor, formerly an officer of TripAdvisor, or an executive officer of an entity for which an executive officer of TripAdvisor served as a member of the compensation committee or as a director during the one-year period ended December 31, 2015.

During the last fiscal year, none of our executive officers served as: (1) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our compensation committee;(2) a director of another entity, one of whose executive officers served on our compensation committee, or (3) a member of the compensation committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Board.

Compensation Committees Report

This report is provided by the Compensation Committee and the Section 16 Committee (the "Compensation Committees") of the Board of Directors. The Compensation Committees have reviewed the Compensation Discussion and Analysis and discussed that analysis with management. Based on this review and discussions with management, the Compensation Committees recommended to the Board of Directors that the Compensation Discussion and Analysis be included in TripAdvisor's 2016 Proxy Statement.

Members of the Compensation Committee:

Sukhinder Singh Cassidy (Chairperson)
Jeremy Philips
Gregory B. Maffei

Members of the Section 16 Committee:

Sukhinder Singh Cassidy (Chairperson)
Jeremy Philips

EXECUTIVE COMPENSATION

Summary Compensation

The following table sets forth certain information regarding the compensation paid to our Chief Executive Officer, Chief Financial Officer and three most highly compensated executive officers in 2015.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)(2)	Option Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Stephen Kaufer	2015	700,000	630,000	—	—	8,110	1,338,110
President and Chief Executive	2014	500,000	700,000	—	—	7,960	1,207,960
Officer	2013	500,000	450,000	—	38,054,126	10,101	39,014,227
Ernst Teunissen(4)	2015	61,712	53,125	1,999,940	4,999,156	5,508	7,119,441
Senior Vice President, Chief Financial Officer, and Treasurer							
Seth J. Kalvert	2015	398,475	236,694	799,934	799,906	13,110	2,248,119
Senior Vice President, General	2014	385,000	192,500	384,482	1,152,948	7,960	2,122,890
Counsel and Secretary	2013	346,923	166,250	—	1,147,338	6,847	1,667,358
Dermot M. Halpin(5)	2015	433,177	211,336	374,986	374,948	274,020	1,668,467
President, Vacation Rentals	2014	498,425	229,276	374,983	948,928(7)	248,110	2,299,722
Barrie Seidenberg	2015	350,000	175,000	749,972	749,896	5,160	2,030,028
Chief Executive Officer, Attractions	2014	97,436	136,875	1,513,205	504,539	160	2,252,215
Julie M.B. Bradley(6)	2015	363,614	179,989	1,661,519(8)	1,539,604(9)	342,010	4,086,736
Former Senior Vice President, Chief	2014	397,000	235,818	526,469	1,578,757	8,835	2,746,879
Financial Officer and Treasurer	2013	355,385	216,810	—	1,889,028	8,665	2,469,888

(1) The amounts reported in this column represent cash bonuses paid to all executive officers in 2016, 2015 and 2014 for annual performance in 2015, 2014 and 2013.

(2) These equity awards are described in more detail in the tables below. We have disclosed the assumptions made in the valuation of the stock awards in “Note 4 - Stock Based Awards and Other Equity Based Instruments” in the notes to our consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2015.

(3) See table below for information regarding the 2015 amounts reported.

(4) Mr. Teunissen’s employment commenced on November 9, 2015 and the salary information reflects only salary earned after his employment commenced. Mr. Teunissen’s annual base salary is $425,000. The bonus amount was pro-rated for the term of service in 2015.

(5) The portion of Mr. Halpin’s compensation paid in GBP has been converted from GBP to USD at an exchange rate of 1.48 USD:1 GBP and 1.64 USD:1 GBP for the years 2015 and 2014, respectively.

(6) Ms. Bradley resigned effective November 20, 2015; however, her Separation Agreement provided that her base salary would be paid through August 31, 2016. The 2015 salary information above reflects compensation paid through November 20, 2015. The amount in All Other Compensation includes the amount of her salary from November 20, 2015 through August 31, 2016. The terms of such separation are more particularly described in “—Potential Payments upon Termination or Change in Control.”

(7) Includes $574,124 of incremental fair value attributable to the modification of a stock option granted on February 27, 2013.

(8) Includes $611,595 of incremental fair value attributable to the modification of RSUs pursuant to the terms of Ms. Bradley's Separation Agreement.

(9) Includes $489,721 of incremental fair value attributable to the modification of stock options pursuant to the terms of Ms. Bradley's Separation Agreement.

2015 All Other Compensation

(in $'s)	Gift Card (a)	Matching Charitable Donation (b)	Employer Retirement Contributions (c)	Relocation Expenses (d)	Tax Gross-Ups (e)	Other (f)	Total
Stephen Kaufer	100	—	7,950	—	60	—	8,110
Ernst Teunissen	100	875	4,473	—	60	—	5,508
Seth J. Kalvert	100	5,000	7,950	—	60	—	13,110
Dermot M. Halpin	100	5,000	13,561	184,825	70,534	—	274,020
Barrie Seidenberg	100	5,000	—	—	60	—	5,160
Julie M.B. Bradley	—	—	7,950	—	60	334,000	342,010

(a) Represents the amount of a gift card that was given to all employees as a holiday bonus.

(b) Represents matching charitable contributions made by The TripAdvisor Charitable Foundation on behalf of the named executive officers.

(c) For Mr. Halpin, this reflects employer contributions in the Company's UK pension scheme pursuant to which TripAdvisor matches up to the first 5% of eligible compensation. For all other executive officers reflects matching contributions under the TripAdvisor Retirement Savings Plan as in effect through December 31, 2015, pursuant to which TripAdvisor matches $0.50 for each dollar a participant contributes, up to the first 6% of eligible compensation, subject to certain limits.

(d) Represents reimbursement of expenses associated with relocation related expenses including a housing allowance, home leave, and education assistance for Mr. Halpin's family in relation to his move from the United Kingdom to the United States.

(e) For all named executive officers except Mr. Halpin, this amount represents a gross-up for the holiday gift card. For Mr. Halpin, the amount represents a tax gross-up in relation to his expenses associated with relocation benefits.

(f) Ms. Bradley resigned effective November 20, 2015; however, the Separation Agreement entered into with TripAdvisor provided that her base salary and benefits would be paid through August 31, 2016. This amount includes her salary and benefits from November 20, 2015 through August 31, 2016.

Grants of Plan-Based Awards

The table below provides information regarding the plan-based awards granted to our named executive officers in 2015.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards ($)(1)
Ernst Teunissen					
Stock Options	12/1/2015	—	141,424	82.93	4,999,155
RSUs	12/1/2015	24,116	—	—	1,999,940
Seth J. Kalvert					
Stock Options	2/26/2015	—	22,601	89.86	799,906
RSUs	2/26/2015	8,902	—	—	799,934
Dermot M. Halpin					
Stock Options	2/26/2015	—	10,594	89.86	374,948
RSUs	2/26/2015	4,173	—	—	374,986
Barrie Seidenberg					
Stock Options	2/26/2015	—	21,188	89.86	749,896
RSUs	2/26/2015	8,346	—	—	749,972
Julie M.B. Bradley					
Stock Options	2/26/2015	—	29,664	89.86	1,049,883
RSUs	2/26/2015	11,684	—	—	1,049,924

(1) The amounts reported represent the aggregate grant date fair value computed in accordance with U.S. generally accepted accounting principles, or GAAP, and may not correspond to the actual value that will be realized by the executive. See footnote (2) in the Summary Compensation Table above for more information regarding the determination of the grant date fair value of these awards.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding the holdings of stock options and RSUs by our named executive officers as of December 31, 2015. The market value of the RSUs is based on the closing price of TripAdvisor common stock on the NASDAQ Stock Market on December 31, 2015, the last trading day of the year, which was $85.25 per share.

		Option Awards				Stock Awards	
Name	Grant Date(1)	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ($)
Stephen Kaufer	3/2/2009	72,124(2)	—	7.80	3/2/2016	—	—
	3/2/2009	28,314(3)	—	9.75	3/2/2016	—	—
	2/23/2010	54,113(2)	—	23.76	2/23/2017	—	—
	3/1/2011	70,785(2)	—	20.87	3/1/2018	—	—
	11/30/2011	235,950(2)	—	29.48	11/30/2018	—	—
	5/4/2012	187,500	62,500(4)	40.20	5/4/2022	—	—
	8/28/2013	—	1,100,000(5)	72.52	8/28/2020	—	—
Ernst Teunissen	12/1/2015	—	—	—	—	24,116(6)	2,055,889
	12/1/2015	—	141,424(7)	82.93	12/1/2025	—	—
Seth J. Kalvert	2/23/2010	4,129(2)	—	23.76	2/23/2017	—	—
	3/1/2011	7,079(2)	—	20.87	3/1/2018	—	—
	8/25/2011	17,697(2)	—	28.86	8/25/2018	—	—
	11/30/2011	7,079(2)	—	29.48	11/30/2018	—	—
	5/4/2012	37,500	12,500(4)	40.20	5/4/2022	—	—
	2/28/2013	25,237	25,236(8)	45.54	2/28/2023	—	—
	2/21/2014	6,132	18,394(9)	96.92	2/21/2024	—	—
	2/21/2014	—	—	—		2,975(10)	253,619
	2/26/2015	—	22,601(11)	89.86	2/26/2025	—	—
	2/26/2015	—	—	—		8,902(12)	758,896
Dermot M. Halpin	11/30/2011	23,595(2)	—	29.48	11/30/2018	—	—
	2/27/2013	6,405	12,808(13)	45.27	2/27/2023	—	—
	2/27/2013	—	—	—	—	2,143(14)	182,691
	2/27/2013	13,533	66,667(15)	45.27	2/27/2020	—	—
	2/21/2014	1,994	5,979 (9)	96.92	2/21/2024	—	—
	2/21/2014	—	—	—	—	2,901(10)	247,310
	2/26/2015	—	10,594(11)	89.86	2/26/2025	—	—
	2/26/2015	—	—	—	—	4,173(12)	355,748
Barrie Seidenberg	8/8/2014	286(16)	—	11.06	2/17/2021	—	—
	8/8/2014	2,607	2,148(17)	21.55	5/9/2023	—	—
	8/8/2014	2,804	8,411(18)	95.29	8/8/2024	—	—
	8/8/2014	—	—	—	—	3,969(19)	338,357
	8/8/2014	—	—	—	—	7,940(19)	676,885
	2/26/2015	—	21,188(11)	89.86	2/26/2025	—	—
	2/26/2015	—	—	—	—	8,346(12)	711,497
Julie M.B. Bradley	2/28/2013	70,982(20)	—	45.54	5/19/2017(20)	—	—
	2/21/2014	20,290(20)	—	96.92	5/19/2017(20)	—	—
	2/26/2015	10,506(20)	—	89.86	5/19/2017(20)	—	—

(1) Represents the date on which the original award was approved by the appropriate compensation committee, as applicable. All awards with a grant date prior to December 20, 2011 were awarded by Expedia and were converted into equity awards for TripAdvisor common stock upon effectiveness of the Spin-Off. Certain awards granted to Ms. Seidenberg were awarded by Viator pursuant to the Viator 2010 Stock Incentive Plan which was assumed by TripAdvisor.

(2) The shares of common stock subject to these options became exercisable in four equal annual installments commencing on the first anniversary of the grant date.

(3) The shares underlying this option vested in full on March 2, 2012, the third anniversary of the grant date.

(4) The remaining shares of common stock subject to these options become exercisable on February 15, 2016.

(5) The shares of common stock subject to this option become exercisable in two equal annual installments on each of August 28, 2017 and August 28, 2018.

(6) The shares of common stock subject to these RSUs vest in two equal annual installments on the first and second anniversary date of Mr. Teunissen's employment agreement commencement date.

(7) The remaining shares of common stock subject to these options become exercisable in two equal installments on the third and fourth anniversary date of Mr. Teunissen's employment agreement commencement date.

(8) The remaining shares of common stock subject to these options become exercisable in two equal annual installments on each of February 15, 2016 and February 15, 2017.

(9) The remaining shares of common stock subject to these options vest in three equal annual installments on each of February 15, 2016, February 15, 2017 and February 15, 2018.

(10) The remaining shares of common stock subject to these RSUs vest in three equal annual installments on each of February 15, 2016, February 15, 2017 and February 15, 2018.

(11) The remaining shares of common stock subject to these options vest in four equal annual installments on each of February 15, 2016, February 15, 2017, February 15, 2018 and February 15, 2019.

(12) The remaining shares of common stock subject to these RSUs vest in four equal annual installments on each of February 15, 2016, February 15, 2017, February 15, 2018 and February 15, 2019.

(13) The remaining shares of common stock subject to these options become exercisable in two equal annual installments on each of February 15, 2016 and February 15, 2017.

(14) The remaining shares of common stock subject to these RSUs vest in two equal annual installments on each of February 15, 2016 and February 15, 2017.

(15) The remaining shares of common stock subject to these options become exercisable on February 1, 2016 subject to and to the extent of achievement of certain performance metrics.

(16) These options were issued pursuant to the Viator 2010 Stock Incentive Plan which was assumed by TripAdvisor pursuant to the acquisition of Viator. The shares underlying these options became exercisable on February 17, 2015.

(17) These options were issued pursuant to the Viator 2010 Stock Incentive Plan which was assumed by TripAdvisor pursuant to the acquisition of Viator. The remaining shares of common stock underlying these options become exercisable in equal monthly installments ending February 25, 2017.

(18) The remaining shares of common stock subject to these options become exercisable in three equal annual installments on each of August 8, 2016, August 8, 2017 and August 8, 2018.

(19) The remaining shares of common stock subject to these RSUs vest in three equal annual installments on each of August 8, 2016, August 8, 2017 and August 8, 2018.

(20) Pursuant to the terms of Ms. Bradley's Separation Agreement, a portion of unvested options accelerated and vested as of the separation date. In addition, the exercise period for the options was extended to eighteen months from the separation date.

Option Exercises and Stock Vested

The following table sets forth all stock option awards exercised and the taxable income realized upon exercise and all other stock awards vested and the taxable income realized upon vesting by the named executive officers during 2015.

		Option Awards		Stock Awards	
Name	Exercise or Vest Date	Number of Shares Acquired on Exercise (1)	Value Realized on Exercise ($)(2)	Number of Shares Acquired on Vesting (3)	Value Realized on Vesting ($)(4)
Julie M.B. Bradley	2/13/2015	—	—	1,358	111,899
	10/2/2015	—	—	11,798	756,606
	11/20/2015	—	—	6,062 (5)	512,542
	11/23/2015	100,000 (6)	4,542,000	—	—
Dermot M. Halpin	2/13/2015	—	—	2,040	168,096
	2/20/2015	5,000	295,300	—	—
	5/12/2015	5,000	258,590	—	—
	11/11/2015	21,395	967,726	—	—
	11/20/2015	12,000	484,990	—	—
Barrie Seidenberg	8/7/2015	—	—	3,971	302,273
	12/10/2015	19,902	1,589,971		
Seth Kalvert	2/13/2015	—	—	992	81,741

(1) The amounts reported in this column represent the gross number of shares acquired upon exercise of vested options without taking into account any shares that may be withheld to cover option exercise price or applicable tax obligations.

(2) The amounts reported in this column represent the taxable income of the shares acquired upon exercise of vested stock options calculated by multiplying (i) the number of shares of TripAdvisor's common stock to which the exercise of the option is related by (ii) the difference between the market price of TripAdvisor's common stock at exercise and the exercise price of the options.

(3) The amounts reported in this column represent the gross number of shares acquired upon the vesting of RSUs without taking into account any shares that may have been withheld to satisfy applicable tax obligations.

(4) The amounts reported in this column represent the taxable income of the shares acquired upon the vesting of RSUs calculated by multiplying the gross number of vested shares subject to the RSUs by the closing price of TripAdvisor common stock on the NASDAQ Stock Market on the vesting date or if the vesting occurred on a day on which the NASDAQ Stock Market was closed for trading, the next trading day.

(5) Represents RSUs for which vesting was accelerated pursuant to the terms of Ms. Bradley's Separation Agreement.

(6) This amount includes option to purchase 25,000 shares which were accelerated pursuant to Ms. Bradley's Separation Agreement.

Non-Qualified Deferred Compensation

We do not currently have any other defined contribution or other plan that provides for deferred compensation on a basis that is not tax-qualified for our employees.

Potential Payments Upon Termination or Change in Control

Certain of our compensation plans, award agreements and employment agreements or offer letters provide our named executive officers with accelerated vesting of outstanding and unvested equity awards or severance payments in the event of a Change in Control of TripAdvisor and/or upon the termination of employment or material adverse modification of his or her employment with TripAdvisor under specified circumstances. These plans and agreements are described below as they apply to each named executive officer.

Change in Control Provisions of TripAdvisor's 2011 Plan and Award Agreements Thereunder

The 2011 Plan provided that in the event of a Change in Control (as defined below), (i) certain outstanding stock options held by certain of our named executive officers as of the date of the change in control which are not then exercisable and vested will become fully exercisable and vested, and (ii) certain RSUs held by these named executive officers will be considered to be earned and payable in full and such RSUs will be settled in cash or shares of TripAdvisor common stock as promptly as practicable. After further evaluation of the "single trigger" acceleration provisions in the 2011 Plan, the Compensation Committees determined that equity awards made under the 2011 Plan after August 2013 would not be entitled to "single trigger" acceleration and, instead, the award agreements with respect to such equity awards would provide that any acceleration of vesting of the awards would be subject to "double trigger" rather than "single trigger" acceleration. This means that a vesting of outstanding and unvested equity awards would only occur upon both a Change in Control of TripAdvisor and a qualifying termination of employment. With respect to their earlier awards, Messrs. Kaufer, Kalvert and Ms. Bradley agreed to waive the "single trigger" acceleration right and instead agreed that acceleration of their awards were subject to "double trigger" acceleration.

With respect to all other awards, the 2011 Plan provides that, unless otherwise specified in the applicable award agreement, upon a participant's termination of employment by the Company during the two-year period following a Change in Control other than for Cause or Disability, each as defined in the 2011 Plan, or by the participant for Good Reason, as defined in the 2011 Plan, during such period, stock options and stock appreciation held by such participant will automatically become fully exercisable and will remain exercisable until the later of (i) the last day on which such option or stock appreciation right is exercisable as specified in the applicable award agreement or (ii) the earlier of the first anniversary of the Change in Control and the expiration of the term of the option or stock appreciation right, and the restrictions and conditions on all other awards will automatically be deemed waived.

The Board recently determined it was in the best interest of the Company to amend the 2011 Plan to delete the "single trigger" acceleration provisions upon a Change in Control and only allow for acceleration of equity awards either (i) upon a participant's termination of employment by the Company during the two-year period following a Change in Control other than for "cause" or "disability," or (ii) upon death of the participant. These changes are reflected in the Amended 2011 Plan attached hereto.

Stephen Kaufer Employment Agreement

In March 2014, the Company entered into an employment agreement with Mr. Kaufer. Previously, the Company did not have an employment agreement with Mr. Kaufer. The agreement has a term of five years.

Pursuant to the employment agreement, in the event that Mr. Kaufer's employment terminates by reason of his death or disability, then:

- TripAdvisor will pay Mr. Kaufer (or his estate) his base salary through the end of the month in which the termination occurs;
- any outstanding unvested equity awards that vest less frequently than annually shall be treated as though such awards vested annually; and
- any unvested stock options held by Mr. Kaufer at the time of termination shall remain exercisable through the earlier of 18 months following termination or the scheduled expiration of the option.

Pursuant to the employment agreement, in the event that Mr. Kaufer terminates his employment for Good Reason (as defined below) or is terminated by TripAdvisor without Cause (as defined below) and such termination occurs during the period commencing three months immediately prior to a Change in Control (as defined below) and ending 24 months immediately following the Change in Control, then:

- TripAdvisor will pay him cash severance in an amount equal to 24 months of his base salary;
- TripAdvisor will pay him in cash an amount equal to the premiums charged by TripAdvisor to maintain COBRA health insurance coverage for him and his eligible dependents for each month between the date of termination and 18 months thereafter;
- TripAdvisor will pay to him a lump sum in cash equal to his annual target bonus, without pro-ration or adjustment;
- all equity awards held by him that are outstanding and unvested shall immediately vest in full; and
- Mr. Kaufer will have 18 months following such date of termination of employment to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

Pursuant to the employment agreement, in the event that Mr. Kaufer terminates his employment for Good Reason or is terminated by TripAdvisor without Cause and such termination is not in connection with a Change in Control, then:

- TripAdvisor will continue to pay Mr. Kaufer's base salary through 12 months following the date of termination;
- TripAdvisor will consider in good faith the payment of an annual bonus on a pro rata basis and based on actual performance for the year in which termination of employment occurs, any such payment to be paid based on actual performance during the year of termination;
- TripAdvisor will pay COBRA health insurance coverage for Mr. Kaufer and his eligible dependents for 12 months following termination;
- all equity awards held by Mr. Kaufer that otherwise would have vested during the 12-month period following termination of employment, will accelerate and become fully vested and exercisable (provided that awards that vest less frequently than annually will be treated as though such awards vested annually);
- any equity awards that do not vest in connection with a termination of employment shall remain outstanding for three months following termination, provided that there will be no additional vesting with respect to such awards unless a Change in Control occurs within such three-month period; and
- Mr. Kaufer will have 18 months following such date of termination to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

Receipt of the severance payments and benefits set forth above is contingent upon Mr. Kaufer executing and not revoking a separation and release in favor of TripAdvisor. Each of the payments set forth above shall be offset by the amount of any cash compensation earned by Mr. Kaufer from another employer during the 12 months following his termination of employment.

With respect to Mr. Kaufer's equity award granted in August 2013, he agreed to waive the single trigger acceleration right upon a Change in Control and, instead, acceleration of this award is subject to double trigger acceleration.

Mr. Kaufer has also agreed to be restricted from competing with TripAdvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, during the term of his employment and through the period ending 18 months after the termination of employment.

Seth J. Kalvert Employment Agreement

Effective March 31, 2014, the Company entered into an employment agreement with Mr. Kalvert, with a two-year term.

Pursuant to the employment agreement with Mr. Kalvert, in the event that his employment terminates by reason of his death or disability, he will be entitled to continued payment of base salary through the end of the month in which the termination occurs. In the event that he terminates his employment for Good Reason (as defined below) or is terminated by TripAdvisor without Cause (as defined below), then:

- TripAdvisor will continue to pay his base salary through the longer of the end of the term of the executive's employment agreement and 12 months following termination (provided that such payments will be offset by any amount earned from another employer during such time period);
- TripAdvisor will consider in good faith the payment of bonuses on a pro rata basis based on actual performance for the year in which termination of employment occurs;
- TripAdvisor will pay COBRA health insurance coverage for Mr. Kalvert and his eligible dependents through the longer of the end of the term of his employment agreement and 12 months following termination;
- All equity awards held by Mr. Kalvert that otherwise would have vested during the 12-month period following termination of employment, will accelerate and become fully vested and exercisable (provided that equity awards that vest less frequently than annually shall be treated as though such awards vested annually); and
- Mr. Kalvert will have 18 months following such date of termination or employment to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

Receipt of the severance payments and benefits set forth above is contingent upon Mr. Kalvert executing and not revoking a separation and release in favor of TripAdvisor. In addition, Mr. Kalvert agreed to be restricted from competing with TripAdvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through the longer of (i) the completion of the term of the employment agreement and (ii) 12 months after the termination of employment.

Ernst Teunissen Employment Agreement

On October 6, 2015, the Company entered into an agreement with Mr. Teunissen, effective November 9. 2015. Such employment agreement commenced on November 9, 2015 and expires on March 31, 2018, unless sooner terminated in accordance with its terms.

Pursuant to the employment agreement with Mr. Teunissen, in the event that his employment terminates by reason of his death or disability, he will be entitled to continued payment of base salary through the end of the month in which the termination occurs. In the event that he terminates his employment for Good Reason (as defined below) or is terminated by TripAdvisor without Cause (as defined below), then:

- TripAdvisor will continue to pay his base salary through the longer of the end of the term of the executive's employment agreement and 12 months following termination (provided that such payments will be offset by any amount earned from another employer during such time period);
- TripAdvisor will consider in good faith the payment of bonuses on a pro rata basis based on actual performance for the year in which termination of employment occurs;
- TripAdvisor will pay COBRA health insurance coverage for Mr. Teunissen and his eligible dependents through the longer of the end of the term of his employment agreement and 12 months following termination;

- All equity awards held by Mr. Teunissen that otherwise would have vested during the 12-month period following termination of employment, will accelerate and become fully vested and exercisable (provided that equity awards that vest less frequently than annually shall be treated as though such awards vested annually); and
- Mr. Teunissen will have 18 months following such date of termination or employment to exercise any vested stock options (including stock options accelerated pursuant to the terms of his employment agreement) or, if earlier, through the scheduled expiration date of the options.

Receipt of the severance payments and benefits set forth above is contingent upon Mr. Teunissen executing and not revoking a separation and release in favor of TripAdvisor. In addition, Mr. Teunissen agreed to be restricted from competing with TripAdvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through the longer of (i) the completion of the term of the employment agreement and (ii) 12 months after the termination of employment.

Julie Bradley Agreements

Effective March 31, 2014, the Company entered into an employment agreement with Ms. Bradley, with a two-year term and on substantially the same terms as those described above for Mr. Kalvert. On April 2, 2015, Ms. Bradley informed TripAdvisor of her intention to resign from the Company. In order to provide for the transition of Ms. Bradley's responsibilities, TripAdvisor and Ms. Bradley entered into a Separation Agreement, originally dated April 2, 2015 and subsequently amended (as amended, the "Separation Agreement"), pursuant to which Ms. Bradley agreed to remain with the Company on a full-time basis for a transition period (the "Transition Period").

Under the Separation Agreement and subject to the terms and conditions set forth therein, in exchange for Ms. Bradley's continued service during the Transition Period, the Company and Ms. Bradley have agreed to the following:

- Ms. Bradley would continue to receive her base salary until August 31, 2016, or the amount of $342,010;
- all equity awards held by Ms. Bradley that otherwise would have vested on or before July 31, 2016 will accelerate and become fully vested and exercisable, and Ms. Bradley will have until the date that is 18 months immediately following the end of the Transition Period to exercise any vested stock options or, if earlier, through the scheduled expiration date of the options; and
- TripAdvisor would pay Ms. Bradley $179,989, an amount equal to her annual target bonus pro rated through her separation date.

The employment agreement, dated as of March 31, 2014, between Ms. Bradley and the Company was superseded and replaced by the Separation Agreement, except to the extent that certain provisions and obligations of the employment agreement were expressly preserved and incorporated by reference into the separation agreement.

Dermot M. Halpin Offer Letter

On February 1, 2016, the Company entered into an offer letter with Dermot Halpin effective October 1, 2015. Pursuant to the offer letter, in the event that Mr. Halpin terminates his employment for Good Reason or is terminated by TripAdvisor without Cause, then:

- TripAdvisor will continue to pay Mr. Halpin his base salary for a period of six months following termination;
- TripAdvisor will consider in good faith the payment of a cash amount equal to any unpaid bonus on a pro rata basis based on actual performance for the year in which termination of employment occurs;
- TripAdvisor will pay COBRA health insurance coverage for Mr. Halpin and his eligible dependents for a period of six months following termination;

- the equity awards held by Mr. Halpin as of the termination date that otherwise would have vested during the six-month period following termination of employment, will accelerate and become fully vested and exercisable (provided that equity awards that vest less frequently than annually shall be treated as though such awards vested annually).

Mr. Halpin previously entered into a Non-Disclosure, Developments and Non-Competition Agreement, pursuant to which Mr. Halpin agreed to be restricted from competing with TripAdvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through the longer of (i) the completion of the term of the employment agreement and (ii) nine months after the termination of employment.

Barrie Seidenberg Offer Letter

Effective August 8, 2014, the Company entered into an offer letter with Ms. Seidenberg. Pursuant to the offer letter, in the event that she terminates her employment for Good Reason or is terminated by TripAdvisor without Cause, then:

- TripAdvisor will continue to pay her base salary for a period of six months following termination;
- TripAdvisor will consider in good faith the payment of a cash amount equal to any unpaid bonus on a pro rata basis based on actual performance for the year in which termination of employment occurs;
- TripAdvisor will pay COBRA health insurance coverage for her and her eligible dependents for a period of six months following termination;
- any portion of the unvested in-the-money equity awards assumed by TripAdvisor in connection with the acquisition of the Viator will accelerate and become fully vested and exercisable, and
- the equity awards issued to Ms. Seidenberg in connection with her hire or that otherwise would have vested during the 12-month period following termination of employment, will accelerate and become fully vested and exercisable (provided that equity awards that vest less frequently than annually shall be treated as though such awards vested annually).

Simultaneously with entering into the offer letter, Ms. Seidenberg also entered into a Non-Disclosure, Developments and Non-Competition Agreement, pursuant to which Ms. Seidenberg agreed to be restricted from competing with TripAdvisor or any of its subsidiaries or affiliates or soliciting their employees, consultants, independent contractors, customers, suppliers or business partners, among others, through the longer of (i) the completion of the term of the employment agreement and (ii) 12 months after the termination of employment.

Definitions

Under the employment agreements and offer letters, “Cause” means: (i) the plea of guilty or nolo contendere to, conviction for, a felony offense by the executive; provided, however, that after indictment, TripAdvisor may suspend the executive from rendition of services but without limiting or modifying in any other way TripAdvisor’s obligations under the employment agreement, (ii) a material breach by the executive of a fiduciary duty owed to TripAdvisor or its subsidiaries, (iii) material breach by the executive of certain covenants of the employment agreement, (iv) the willful or gross neglect by the executive of the material duties required by the employment agreement and (v) a knowing and material violation by the executive of any TripAdvisor policy pertaining to ethics, legal compliance, wrongdoing or conflicts of interest that, in the cases of the conduct described in clauses (iv) and (v) above, if curable, is not cured by the executive within 30 days after the executive is provided with written notice thereof.

Under the employment agreements and offer letters as well as under the 2011 Plan, Change in Control shall mean any of the following events:

(i) The acquisition by any individual entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than Barry Diller, Liberty Media Corporation, and their respective Affiliates (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of equity securities of the Company representing more than 50% of the voting power of the then outstanding equity securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by the Company, (B) any acquisition directly from the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii); or

(ii) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the purchase of assets or stock of another entity (a "Business Combination"), in each case, unless immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of the then outstanding combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, (B) no Person (excluding Barry Diller, LMC, and their respective affiliates, any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, more than a majority of the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership of the Company existed prior to the Business Combination and (C) at least a majority of the members of the board of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination will have been members of the Incumbent Board at the time of the initial agreement, or action of the Board, providing for such Business Combination; or

(iv) Approval by our stockholders of a complete liquidation or dissolution of the Company.

Under the employment agreements and offer letters, "Good Reason" means the occurrence of any of the following without the executive's prior written consent: (A) TripAdvisor's material breach of any material provision of the employment agreement, (B) the material reduction in the executive's title, duties, reporting responsibilities or level of responsibilities in such executive's position at TripAdvisor, (C) the material reduction in the executive's base salary or the executive's total annual compensation opportunity, or (D) the relocation of the executive's principal place of employment more than 50 miles outside the Boston metropolitan area; provided that in no event shall the executive's resignation be for Good Reason unless (x) an event or circumstance set forth in clauses (A) through (D) shall have occurred and the executive provides TripAdvisor with written notice thereof within 30 days after the executive has knowledge of the occurrence or existence of such event or circumstance, which notice specifically identifies the event or circumstance that the executive believes constitutes Good Reason, (y) TripAdvisor fails to correct the event or circumstance so identified within 30 days after receipt of such notice, and (z) the executive resigns within 90 days after the date of delivery of the notice referred to in clause (x) above.

For a description and quantification of Change in Control payments and benefits for our named executive officers, please see the section below entitled “Potential Payments Upon Termination of Change in Control.”

Estimated Potential Incremental Payments

The table below reflects the estimated amount of incremental compensation payable to each of our named executive officers upon termination of his or her employment in the following circumstances: (i) a termination of employment by TripAdvisor without Cause not in connection with a Change in Control, (ii) resignation by him or her for Good Reason not in connection with a Change in Control, (iii) a Change in Control or (iv) a termination of employment by TripAdvisor without Cause or by him or her for Good Reason in connection with a Change in Control.

The amounts shown in the table assume that the triggering event was effective as of December 31, 2015 and that the price of TripAdvisor common stock on which certain of the calculations are based was the closing price of $85.25 per share on the NASDAQ Stock Market on December 31, 2015, the last trading day in 2015. These amounts are estimates of the incremental amounts that would be paid out to each named executive officer upon such triggering event. The actual amounts to be paid out can only be determined at the time of the triggering event, if any.

Name and Benefit	Termination Without Cause ($)	Resignation for Good Reason ($)	Change in Control ($)	Termination w/o Cause or for Good Reason in connection with Change in Control ($)
Stephen Kaufer				
Salary (1)	700,000	700,000	—	1,400,000
Bonus (1)	700,000	700,000	—	700,000
Equity Awards (vesting accelerated)	2,815,625	2,815,625	—	16,818,625
Health & Benefits (2)	21,819	21,819	—	32,729
Total estimated value	4,237,444	4,237,444	—	18,951,354
Ernst Teunissen				
Salary (1)	956,250	956,250	—	956,250
Bonus (1)	318,750	318,750	—	318,750
Equity Awards (vesting accelerated)	1,027,945	1,027,945	—	2,383,993
Health & Benefits (2)	20,006	20,006	—	20,006
Total estimated value	2,322,951	2,322,951	—	3,678,999
Seth J. Kalvert				
Salary (1)	398,475	398,475	—	398,475
Bonus (1)	262,994	262,994	—	262,994
Equity Awards (vesting accelerated)	1,338,571	1,338,571	—	2,577,862
Health & Benefits (2)	21,819	21,819	—	21,819
Total estimated value	2,021,859	2,021,859	—	3,261,150
Dermot M. Halpin (3)				
Salary (1)	216,589	216,589	—	216,589
Bonus (1)	216,589	216,589	—	216,589
Equity Awards (vesting accelerated)	3,184,204	3,184,204	—	3,963,160
Health & Benefits (2)	10,910	10,910	—	10,910
Total estimated value	3,628,292	3,628,292	—	4,407,248
Barrie Seidenberg				
Salary (1)	175,000	175,000	—	175,000
Bonus (1)	175,000	175,000	—	175,000
Equity Awards (vesting accelerated)	653,187	653,187	—	1,863,566
Health & Benefits (2)	10,910	10,910	—	10,910
Total estimated value	1,014,097	1,014,097	—	2,224,476

(1) Represents (i) base salary which the Company is required to pay for a certain period of time and (ii) target bonus for 2015, the payment of such target bonus the Company must consider in good faith, in both cases pursuant to the terms of the employment agreement.

(2) Assumes extension of benefits or payment of the cost of benefits for a period of time following termination, pursuant to the terms of the officer's employment agreement.

(3) Mr. Halpin's compensation has been converted from GBP to USD at an exchange rate of 1.48 USD : 1 GBP.

Equity Compensation Plan Information

The following table provides information as of December 31, 2015 regarding shares of common stock that may be issued under TripAdvisor's equity compensation plans consisting of the 2011 Plan, the Viator Inc. 2010 Stock Incentive Plan, and the Non-Employee Director Deferred Compensation Plan.

	Equity Compensation Plan Information		
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted Average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities referenced in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	7,569,533 (1)	$ 53.71 (2)	17,200,758
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	7,569,533	—	17,200,758

(1) Includes (i) 5,719,496 shares of common stock issuable upon the exercise of outstanding options, of which 34,743 shares were granted pursuant to options under the Viator, Inc. 2010 Stock Incentive Plan, (ii) 1,750,594 shares of common stock issuable upon the vesting of RSUs, and (iii) 99,443 shares of common stock issuable upon exercise of options granted pursuant to the Non-Employee Director Deferred Compensation Plan.

(2) Since RSUs do not have any exercise price, such units are not included in the weighted average exercise price calculation.

DIRECTOR COMPENSATION

Overview

The Board of Directors sets non-employee director compensation, which is designed to provide competitive compensation necessary to attract and retain high quality non-employee directors and to encourage ownership of TripAdvisor common stock to further align their interests with those of our stockholders. Each non-employee director of TripAdvisor is eligible to receive the following compensation:

- an annual cash retainer of $50,000, paid in equal quarterly installments;
- an RSU award with a value of $150,000 (based on the closing price of TripAdvisor's common stock on the NASDAQ Stock Market on the date of grant), upon such director's initial election to office and on December 15th of each year, subject to vesting in three equal installments commencing on the first anniversary of the grant date and, in the event of a Change in Control (as defined in the 2011 Plan), full acceleration of vesting;
- an annual cash retainer of $20,000 for each member of the Audit Committee (including the Chairman) and $15,000 for each member of the Compensation Committees (including the Chairperson); and
- an additional annual cash retainer of $10,000 for each of the Chairman of the Audit Committee and the Chairperson of the Compensation Committees.

In March 2015, the Compensation Committee retained Compensia to assist in a review of non-employee director compensation relative to non-director compensation paid by companies in our peer group. Based on the results of this analysis, the Compensation Committee is considering changes to the non-employee director compensation plan to more closely align compensation with term of service. In light of this anticipated change and stated goal, at the request of the Compensation Committee, on December 15, 2015, the Company did not issue the annual RSU award contemplated above.

We also pay reasonable travel and accommodation expenses of the non-employee directors in connection with their participation in meetings of the Board of Directors.

TripAdvisor employees do not receive compensation for services as directors. Accordingly, Mr. Kaufer does not receive any compensation for his service as a director.

Non-Employee Director Deferred Compensation Plan

Under TripAdvisor's Non-Employee Director Deferred Compensation Plan, the non-employee directors may defer all or a portion of their directors' fees. 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 TripAdvisor common stock that could have been purchased on the date such fees would otherwise be payable or (ii) credited to a cash fund. If any dividends are paid on TripAdvisor common stock, dividend equivalents will be credited on the share units. The cash fund will be credited with deemed interest at an annual rate equal to the average "bank prime loan" rate for such year identified in the U.S. Federal Reserve Statistical Release. Upon termination of service as a director of TripAdvisor, a director will receive (1) with respect to share units, such number of shares of TripAdvisor common stock as the share units represent and (2) with respect to the cash fund, a cash payment. Payments upon termination will be made in either one lump sum or up to five installments, as elected by the eligible director at the time of the deferral election.

2015 Non-Employee Director Compensation Table

The following table shows the compensation information for the non-employee directors of TripAdvisor for the year ended December 31, 2015:

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)(3)	Total ($)
Gregory B. Maffei	65,000	-	65,000
Jonathan F. Miller	70,000	-	70,000
Dipchand (Deep) Nishar	50,000	-	50,000
Jeremy Philips	65,000	-	65,000
Spencer M. Rascoff	70,000	-	70,000
Christopher W. Shean (4)	48,333	-	48,333
Sukhinder Singh Cassidy	75,000	-	75,000
Robert S. Wiesenthal	80,000	-	80,000

(1) The amounts reported in this column represent the annual cash retainer amounts for services in 2015, including fees with respect to which directors elected to defer and credit towards the purchase of share units representing shares of TripAdvisor common stock pursuant to the Company's Non-Employee Director Deferred Compensation Plan.

(2) Stock awards consist of RSUs. There were no stock awards issued to our non-employee directors during 2015.

(3) As of December 31, 2015, Mr. Maffei held 3,123 unvested RSUs, Messrs. Miller, Philips and Wiesenthal and Ms. Singh Cassidy each held 1,998 unvested RSUs and Messrs. Nishar and Rascoff each held 2,667 unvested RSUs.

(4) Mr. Shean resigned from the Board of Directors effective December 18, 2015; thus, the fees paid in cash were calculated only through such date and any RSUs held but unvested as of December 18, 2015 were cancelled.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Beneficial Ownership Table

The following table presents information as of April 25, 2016, relating to the beneficial ownership of TripAdvisor's capital stock by (i) each person or entity known to TripAdvisor to own beneficially more than 5% of the outstanding shares of TripAdvisor's common stock or Class B common stock, (ii) each director and director nominee of TripAdvisor, (iii) the named executive officers and (iv) our executive officers and directors, as a group. In each case, except as otherwise indicated in the footnotes to the table, the shares are owned directly by the named owners, with sole voting and dispositive power. Unless otherwise indicated, beneficial owners listed in the table may be contacted at TripAdvisor's corporate headquarters at 400 1st Avenue, Needham, Massachusetts 02494.

Shares of TripAdvisor Class B common stock may, at the option of the holder, be converted on a one-for-one basis into shares of TripAdvisor common stock; therefore, the common stock column below includes shares of Class B common stock held by each such listed person, entity or group, and the beneficial ownership percentage of each such listed person assumes the conversion of all Class B common stock into common stock. For each listed person, entity or group, the number of shares of TripAdvisor common stock and Class B common stock and the percentage of each such class listed also include shares of common stock and Class B common stock that may be acquired by such person, entity or group on the conversion or exercise of equity securities, such as stock options, which can be converted or exercised, and RSUs that have or will have vested, within 60 days of April 25, 2016, but do not assume the conversion or exercise of any equity securities (other than the conversion of the Class B common stock) owned by any other person, entity or group.

The percentage of votes for all classes of TripAdvisor's capital stock is based on one vote for each share of common stock and ten votes for each share of Class B common stock. There were 132,897,713 shares of common stock and 12,799,999 shares of Class B common stock outstanding on April 25, 2016.

Beneficial Owner	Common Stock Shares		Common Stock %	Class B Common Stock Shares		Class B Common Stock %	Percent (%) of Votes (All Classes)
5% Beneficial Owners							
Liberty TripAdvisor Holdings, Inc. 12300 Liberty Boulevard Englewood, CO 80112	30,959,751	(1)	21.3	12,799,999	(1)	100	56.0
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	10,656,221	(2)	7.3	0		0	4.1
Baillie Gifford & Co Calton Square 1 Greenside Row Edinburgh EH1 3AN Scotland, UK	9,853,642	(3)	6.8	0		0	3.8
The Vanguard Group 100 Vanguard Blvd Malvern, PA 19355	9,427,178	(4)	6.5	0		0	3.6
Jackson Square Partners, LLC 101 California Street, Suite 3750, San Francisco, CA 94111	8,225,449	(5)	5.7	0		0	3.2
Named Executive Officers and Directors							
Gregory B. Maffei	7,237	(6)	*	0		0	*
Stephen Kaufer	994,955	(7)	*	0		0	*
Jonathan F. Miller	10,942		*	0		0	*
Dipchand (Deep) Nishar	3,261		*	0		0	*
Jeremy Philips	10,942		*	0		0	*
Spencer M. Rascoff	3,261		*	0		0	*
Albert Rosenthaler	-		*	0		0	*
Sukhinder Singh Cassidy	10,942		*	0		0	*
Robert S. Wiesenthal	10,942		*	0		0	*
Ernst Teunissen	-		*	0		0	*
Seth J. Kalvert	147,603	(8)	*	0		0	*
Dermot M. Halpin	106,166	(9)	*	0		0	*
Barrie Seidenberg	13,002	(10)	*	0		0	*
Julie M.B. Bradley	101,778	(11)	*	0		0	*
All executive officers, directors and director nominees as a group (13 persons)	1,421,031	(12)	*	0		0	*

* The percentage of shares beneficially owned does not exceed 1% of the class.

(1) Based on information contained in a Schedule 13D filed with the SEC on August 29, 2014 by Liberty TripAdvisor Holdings, Inc. (“LTRIP”). Consists of 18,159,752 shares of Common Stock and 12,799,999 shares of Class B Common Stock owned by LTRIP. Excludes shares beneficially owned by the executive officers and directors of LTRIP, as to which LTRIP disclaims beneficial ownership.

(2) Based solely on information contained in a Schedule 13G/A filed with the SEC on February 10, 2016 by BlackRock, Inc. According to the Schedule 13G, BlackRock beneficially owns and has sole dispositive power with respect to 10,656,221 shares but only has sole voting power with respect to 8,947,940 shares.

(3) Based solely on information contained in a Schedule 13G/A filed with the SEC on February 9, 2016 by Ballie Gifford & Co. (“BG&C”). According to the Schedule 13G/A, BG&C beneficially owns and has sole dispositive power with respect to 9,853,642 shares but only has sole voting power with respect to 7,001,985 shares.

(4) Based solely on information contained in a Schedule 13G filed with the SEC on February 10, 2016 by The Vanguard Group (“Vanguard”). According to the Schedule 13G, Vanguard beneficially owns 9,427,178 shares but only has sole voting power with respect to 214,500 shares and sole dispositive power with respect to 9,203,568 shares.

(5) Based solely on information contained in a Schedule 13G filed with the SEC on February 16, 2016, by Jackson Square Partners, LLC ("Jackson"). According to the Schedule 13G, Jackson beneficially and has sole dispositive power with respect to 8,225,449 shares but only has sole voting power with respect to 2,824,824 shares.

(6) Includes 1,938 shares of common stock that are held by the Maffei Foundation. Mr. Maffei and his wife, as the two directors of the Maffei Foundation, have shared voting and investment power with respect to any shares held by the Maffei Foundation.

(7) Includes options to purchase 610,848 shares of common stock that are currently exercisable or will be exercisable within 60 days of April 25, 2016.

(8) Includes options to purchase 141,754 shares of common stock that are currently exercisable or will be exercisable within 60 days of April 25, 2016.

(9) Includes options to purchase 103,240 shares of common stock that are currently exercisable or will be exercisable within 60 days of April 25, 2016.

(10) Includes options to purchase 11,761 shares of common stock that are currently exercisable or will be exercisable within 60 days of April 25, 2016.

(11) Ms. Bradley resigned as an executive officer effective November 20, 2015. All equity awards held by Ms. Bradley that otherwise would have vested on or before July 31, 2016 accelerated and become fully vested and exercisable. This amount includes options to purchase 101,778 shares of common stock that are currently exercisable or will be exercisable within 60 days of April 25, 2016.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Exchange Act, TripAdvisor officers and directors and persons who beneficially own more than 10% of a registered class of TripAdvisor's equity securities are required to file initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) with the SEC. Such persons are required by the rules of the SEC to furnish TripAdvisor with copies of all such forms they file. Based solely on a review of the copies of such forms furnished to TripAdvisor and/or written representations that no additional forms were required, TripAdvisor believes that all of its directors and officers complied with all the reporting requirements applicable to them with respect to transactions during 2015, with the exception of the first Form 4 filed for Ernst Teunissen, reporting one transaction, which was filed late on December 8, 2015.

Changes in Control

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

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Review and Approval or Ratification of Related Person Transactions

In general, we will enter into or ratify a "related person transaction" only when it has been approved by the Audit Committee of the Board of Directors, in accordance with its written charter. Related persons include our executive officers, directors, 5% or more beneficial owners of our common stock, immediate family members of these persons and entities in which one of these persons has a direct or indirect material interest. Related person transactions are transactions that meet the minimum threshold for disclosure in the proxy statement under the relevant SEC rules (generally, transactions involving amounts exceeding $120,000 in which a related person or entity has a direct or indirect material interest). When a potential related person transaction is identified, management presents it to the Audit Committee to determine whether to approve or ratify. When determining whether to approve, ratify, disapprove or reject any related person transaction, the Audit Committee considers all relevant factors, including the extent of the related person's interest in the transaction, whether the terms are commercially reasonable and whether the related person transaction is consistent with the best interests of TripAdvisor and our stockholders.

The legal and accounting departments work with business units throughout TripAdvisor to identify potential related person transactions prior to execution. In addition, we take the following steps with regard to related person transactions:

- On an annual basis, each director, director nominee and executive officer of TripAdvisor completes a Director and Officer Questionnaire that requires disclosure of any transaction, arrangement or relationship with us during the last fiscal year in which the director or executive officer, or any member of his or her immediate family, had a direct or indirect material interest.
- Each director, director nominee and executive officer is expected to promptly notify our legal department of any direct or indirect interest that such person or an immediate family member of such person had, has or may have in a transaction in which we participate.
- TripAdvisor monitors its accounts payable, accounts receivable and other databases to identify any other potential related person transactions that may require disclosure.
- Any reported transaction that our legal department determines may qualify as a related person transaction is referred to the Audit Committee.

If any related person transaction is not approved, the Audit Committee may take such action as it may deem necessary or desirable in the best interests of TripAdvisor and our stockholders.

Related Person 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. However, we no longer consider Expedia a related party. 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 at the time of the Spin-Off, under which TripAdvisor has satisfied its obligations. However, TripAdvisor continues to be subject to certain post-spin obligations under the Tax Sharing Agreement between TripAdvisor and Expedia.

Under the Tax Sharing Agreement, we are 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 us described in the covenants in the tax sharing agreement, (ii) any acquisition of our equity securities or assets or those of a member of our group, or (iii) any failure of the representations with respect to us or any member of our group to be true or any breach by us or any member of our 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.

Relationship between Liberty, LTRIP and TripAdvisor

On August 27, 2014, the entire beneficial ownership of our common stock and Class B common stock held by Liberty was transferred to LTRIP. Simultaneously, Liberty, LTRIP's former parent company, distributed, by means of a dividend, to the holders of its Liberty Ventures common stock, Liberty's entire equity interest in LTRIP. As a result of the Liberty Spin-Off, effective August 27, 2014, LTRIP became a separate, publicly traded company and 100% of Liberty's interest in TripAdvisor was held by LTRIP.

As a result of these transactions, as of the record date, LTRIP beneficially owned 18,159,752 shares of our common stock and 12,799,999 shares of our Class B common stock, which shares constitute 13.7% of the outstanding shares of common stock and 100% of the outstanding shares of Class B common stock. Assuming the conversion of all of LTRIP's shares of Class B common stock into common stock, LTRIP would beneficially own 21.3% of the outstanding common stock (calculated in accordance with Rule 13d-3). Because each share of Class B common stock is generally entitled to ten votes per share and each share of common stock is entitled to one vote per share, LTRIP may be deemed to beneficially own equity securities representing approximately 56.0% of our voting power. As a result, LTRIP is 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).

WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

TripAdvisor files annual, quarterly and current reports, proxy statements and other information with the SEC. TripAdvisor's filings are available to the public over the Internet at the SEC's website at http://www.sec.gov. You may also read and copy any document that TripAdvisor files with the SEC at its public reference room in Washington, D.C. located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. You can also obtain copies of those documents at prescribed rates by writing to the Public Reference Section of the SEC at that address. TripAdvisor's SEC filings are also available to the public from commercial retrieval services.

The SEC allows TripAdvisor to "incorporate by reference" the information that TripAdvisor's files with the SEC, which means that TripAdvisor can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this proxy statement. TripAdvisor incorporates by reference its Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 18, 2016.

ANNUAL REPORTS

TripAdvisor's Annual Report to Stockholders for 2016, which includes our Annual Report on Form 10-K for the year ended December 31, 2015 (not including exhibits), is available at http://ir.tripadvisor.com/annual-proxy.cfm. Upon written request to TripAdvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary, TripAdvisor will provide, without charge, an additional copy of TripAdvisor's 2015 Annual Report on Form 10-K. TripAdvisor will furnish any exhibit contained in the Annual Report on Form 10-K upon payment of a reasonable fee. Stockholders may also review a copy of the Annual Report on Form 10-K (including exhibits) by accessing TripAdvisor's corporate website at www.tripadvisor.com or the SEC's website at www.sec.gov.

PROPOSALS BY STOCKHOLDERS FOR PRESENTATION AT THE 2017 ANNUAL MEETING

Stockholders who wish to have a proposal considered for inclusion in TripAdvisor's proxy materials for presentation at the 2017 Annual Meeting of Stockholders must ensure that their proposal is received by TripAdvisor no later than December 29, 2016 at its principal executive offices at 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary. The proposal must be made in accordance with the provisions of Rule 14a-8 of the Exchange Act. Stockholders who intend to present a proposal at the 2017 Annual Meeting of Stockholders without inclusion of the proposal in TripAdvisor's proxy materials are required to provide notice of such proposal to TripAdvisor at its principal executive offices no later than March 13, 2017. TripAdvisor reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS

If you share an address with any of our other stockholders, your household might receive only one copy of the Proxy Statement, Annual Report and Notice, as applicable. To request individual copies of any of these materials for each stockholder in your household, please contact TripAdvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494, Attention: Secretary, or call us at (781) 800-5000. We will deliver copies of the Proxy Statement, Annual Report and/or Notice promptly following your request. To ask that only one copy of any of these materials be mailed to your household, please contact your broker.

Needham, Massachusetts

April 29, 2016

TRIPADVISOR, INC.
AMENDED & RESTATED
2011 STOCK AND ANNUAL INCENTIVE PLAN

SECTION 1. PURPOSE; DEFINITIONS

The purposes of this Plan are to give the Company a competitive advantage in attracting, retaining and motivating officers, employees, directors and/or consultants and to provide the Company and its Subsidiaries and Affiliates with a stock and incentive plan providing incentives directly linked to stockholder value and to assume and govern other awards pursuant to the adjustment of awards granted under the Expedia Long-Term Incentive Plan (as defined in the Employee Matters Agreement) in accordance with the terms of the Employee Matters Agreement ("Adjusted Awards"). Certain terms used herein have definitions given to them in the first place in which they are used. In addition, for purposes of this Plan, the following terms are defined as set forth below:

(a) "Affiliate" means a corporation or other entity controlled by, controlling or under common control with, the Company.

(b) "Adjusted Awards" has the meaning set forth in the preamble to Section 1.

(c) "Applicable Exchange" means the NASDAQ or such other securities exchange as may at the applicable time be the principal market for the Common Stock.

(d) "Award" means an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, other stock-based award or Bonus Award granted or assumed pursuant to the terms of this Plan, including Adjusted Awards.

(e) "Award Agreement" means a written or electronic document or agreement setting forth the terms and conditions of a specific Award.

(f) "Board" means the Board of Directors of the Company.

(g) "Bonus Award" means a bonus award made pursuant to Section 9.

(h) "Cause" means, unless otherwise provided in an Award Agreement, (i) "Cause" as defined in any Individual Agreement to which the applicable Participant is a party, or (ii) if there is no such Individual Agreement or if it does not define Cause: (A) the willful or gross neglect by a Participant of his employment duties; (B) the plea of guilty or nolo contendere to, or conviction for, the commission of a felony offense by a Participant; (C) a material breach by a Participant of a fiduciary duty owed to the Company or any of its subsidiaries; (D) a material breach by a Participant of any nondisclosure, non-solicitation or non-competition obligation owed to the Company or any of its Affiliates; or (E) before a Change in Control, such other events as shall be determined by the Committee and set forth in a Participant's Award Agreement. Notwithstanding the general rule of Section 2(c), following a Change in Control, any determination by the Committee as to whether "Cause" exists shall be subject to de novo review.

(i) "Change in Control" has the meaning set forth in Section 10(a).

(j) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

(k) "Commission" means the Securities and Exchange Commission or any successor agency.

(l) "Committee" has the meaning set forth in Section 2(a).

(m) "Common Stock" means common stock, par value $0.001 per share, of the Company.

(n) "Company" means TripAdvisor, Inc., a Delaware corporation or its successor.

(o) "Disability" means (i) "Disability" as defined in any Individual Agreement to which the Participant is a party, or (ii) if there is no such Individual Agreement or it does not define "Disability," (A) permanent and total disability as determined under the Company's long- term disability plan applicable to the Participant, or (B) if there is no such plan applicable to the Participant or the Committee determines otherwise in an applicable Award Agreement, "Disability" as determined by the Committee. Notwithstanding the above, with respect to an Incentive Stock Option, Disability shall mean Permanent and Total Disability as defined in Section 22(e)(3) of the Code and, with respect to all Awards, to the extent required by Section 409A of the Code, Disability shall mean "disability" within the meaning of Section 409A of the Code.

(p) "Disaffiliation" means a Subsidiary's or Affiliate's ceasing to be a Subsidiary or Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Company and its Affiliates.

(q) "EBITA" means for any period, operating profit (loss) plus (i) amortization, including goodwill impairment, (ii) amortization of non-cash distribution and marketing expense and non-cash compensation expense, (iii) disengagement expenses, (iv) restructuring charges, (v) non cash write-downs of assets or goodwill, (vi) charges relating to disposal of lines of business, (vii) litigation settlement amounts and (viii) costs incurred for proposed and completed acquisitions.

(r) "EBITDA" means for any period, operating profit (loss) plus (i) depreciation and amortization, including goodwill impairment, (ii) amortization of non-cash distribution and marketing expense and non-cash compensation expense, (iii) disengagement expenses, (iv) restructuring charges, (v) non cash write-downs of assets or goodwill, (vi) charges relating to disposal of lines of business, (vii) litigation settlement amounts and (viii) costs incurred for proposed and completed acquisitions.

(s) "Eligible Individuals" means directors, officers, employees and consultants of the Company or any of its Subsidiaries or Affiliates.

(t) "Employee Matters Agreement" means the Employee Matters Agreement by and between Expedia and the Company dated as of December 20, 2011.

(u) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(v) "Expedia" means Expedia, Inc., a Delaware corporation.

(w) "Fair Market Value" means, unless otherwise determined by the Committee, the closing price of a share of Common Stock on the Applicable Exchange on the date of measurement, or if Shares were not traded on the Applicable Exchange on such measurement date, then on the next preceding date on which Shares were traded, all as reported by such source as the Committee may select. If the Common Stock is not listed on a national securities exchange, Fair Market Value shall be determined by the Committee in its good faith discretion, provided that such determination shall be made in a manner consistent with any applicable requirements of Section 409A of the Code.

(x) "Free-Standing SAR" has the meaning set forth in Section 5(b).

(y) "Grant Date" means (i) the date on which the Committee by resolution selects an Eligible Individual to receive a grant of an Award and determines the number of Shares to be subject to such Award or the formula for earning a number of shares or cash amount, (ii) such later date as the Committee shall provide in such resolution or (iii) the initial date on which an Adjusted Award was granted under the Expedia Long-Term Incentive Plan.

(z) "Incentive Stock Option" means any Option that is designated in the applicable Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code, and that in fact so qualifies.

(aa) "Individual Agreement" means an employment, consulting or similar agreement between a Participant and the Company or one of its Subsidiaries or Affiliates.

(bb) "NASDAQ" means the National Association of Securities Dealers Inc. Automated Quotation System.

(cc) "Nonqualified Option" means any Option that is not an Incentive Stock Option.

(dd) "Option" means an Award described under Section 5.

(ee) "Outside Directors" has the meaning set forth in Section 11(a).

(ff) "Participant" means an Eligible Individual to whom an Award is or has been granted.

(gg) "Performance Goals" means the performance goals established by the Committee in connection with the grant of Restricted Stock, Restricted Stock Units or Bonus Awards or other stock-based awards. In the case of Qualified-Performance Based Awards that are intended to qualify under Section 162(m)(4)(C) of the Code, (i) such goals shall be based on the attainment of one or any combination of the following: specified levels of earnings per share from continuing operations, net profit after tax, EBITDA, EBITA, gross profit, cash generation, unit volume, market share, sales, asset quality, earnings per share, operating income, revenues, return on assets, return on operating assets, return on equity, profits, total stockholder return (measured in terms of stock price appreciation and/or dividend growth), cost saving levels, marketing- spending efficiency, core non-interest income, change in working capital, return on capital, and/or stock price, with respect to the Company or any subsidiary, division or department of the Company that are intended to qualify under Section 162(m)(4)(C) of the Code and (ii) such Performance Goals shall be set by the Committee within the time period prescribed by Section 162(m) of the Code and related regulations. Such Performance Goals also may be based upon the attaining of specified levels of Company, Subsidiary, Affiliate or divisional performance under one or more of the measures described above relative to the performance of other entities, divisions or subsidiaries.

(hh) "Plan" means this TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan, as set forth herein and as hereafter amended from time to time.

(ii) "Plan Year" means the calendar year or, with respect to Bonus Awards, the Company's fiscal year if different.

(jj) "Qualified Performance-Based Award" means an Award intended to qualify for the Section 162(m) Exemption, as provided in Section 11.

(kk) "Restricted Stock" means an Award described under Section 6.

(ll) "Restricted Stock Units" means an Award described under Section 7.

(mm) "Retirement" means retirement from active employment with the Company, a Subsidiary or Affiliate at or after the Participant's attainment of age 65.

(nn) "RS Restriction Period" has the meaning set forth in Section 6(b)(ii).

(oo) "RSU Restriction Period" has the meaning set forth in Section 7(b)(ii).

(pp) "Section 162(m) Exemption" means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code.

(qq) “Separation” has the meaning set forth in the Employee Matters Agreement.

(rr) “Share” means a share of Common Stock.

(ss) “Stock Appreciation Right” has the meaning set forth in Section 5(b).

(tt) “Subsidiary” means any corporation, partnership, joint venture, limited liability company or other entity during any period in which at least a 50% voting or profits interest is owned, directly or indirectly, by the Company or any successor to the Company.

(uu) “Tandem SAR” has the meaning set forth in Section 5(b).

(vv) “Term” means the maximum period during which an Option or Stock Appreciation Right may remain outstanding, subject to earlier termination upon Termination of Employment or otherwise, as specified in the applicable Award Agreement.

(ww) “Termination of Employment” means the termination of the applicable Participant’s employment with, or performance of services for, the Company and any of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee, if a Participant’s employment with, or membership on a board of directors of, the Company and its Affiliates terminates but such Participant continues to provide services to the Company and its Affiliates in a non-employee director capacity or as an employee, as applicable, such change in status shall not be deemed a Termination of Employment. A Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Company and its Affiliates shall be deemed to incur a Termination of Employment if, as a result of a Disaffiliation, such Subsidiary, Affiliate, or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately thereafter become an employee of (or service provider for), or member of the board of directors of, the Company or another Subsidiary or Affiliate. Temporary absences from employment of ninety (90) days or less because of illness, vacation or leave of absence and transfers among the Company and its Subsidiaries and Affiliates shall not be considered Termination of Employment. For the avoidance of doubt, the Separation shall not constitute a Termination of Employment for purposes of any Adjusted Award. Notwithstanding the foregoing, with respect to any Award that constitutes “nonqualified deferred compensation” within the meaning of Section 409A of the Code, “Termination of Employment” shall mean a “separation from service” as defined under Section 409A of the Code.

SECTION 2. ADMINISTRATION

(a) Committee. The Plan shall be administered by the Compensation Committee of the Board or such other committee of the Board as the Board may from time to time designate (the “Committee”), which shall be composed of not less than two directors, and shall be appointed by and serve at the pleasure of the Board. The Committee shall, subject to Section 11, have plenary authority to grant Awards pursuant to the terms of the Plan to Eligible Individuals. Among other things, the Committee shall have the authority, subject to the terms of the Plan and the Employee Matters Agreement (including the original terms of the grant of the Adjusted Award):

(i) to select the Eligible Individuals to whom Awards may from time to time be granted;

(ii) to determine whether and to what extent Incentive Stock Options, Nonqualified Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, other stock-based awards, Bonus Awards or any combination thereof, are to be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder or the amount of any Bonus Award;

(iv) to determine the terms and conditions of each Award granted hereunder, based on such factors as the Committee shall determine;

(v) subject to Section 12, to modify, amend or adjust the terms and conditions of any Award, at any time or from time to time;

(vi) to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable;

(vii) subject to Section 11, to accelerate the vesting or lapse of restrictions of any outstanding Award, based in each case on such considerations as the Committee in its sole discretion determines;

(viii) to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto);

(ix) to establish any "blackout" period that the Committee in its sole discretion deems necessary or advisable;

(x) to decide all other matters that must be determined in connection with an Award; and

(xi) to otherwise administer the Plan.

(b) Procedures.

(i) The Committee may act only by a majority of its members then in office, except that the Committee may, except to the extent prohibited by applicable law or the listing standards of the Applicable Exchange and subject to Section 11, allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it.

(ii) Subject to Section 11(c), any authority granted to the Committee may also be exercised by the full Board. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

(c) Discretion of Committee. Subject to Section 1(h), any determination made by the Committee or by an appropriately delegated officer pursuant to delegated authority under the provisions of the Plan with respect to any Award shall be made in the sole discretion of the Committee or such delegate at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated officer pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company, Participants, and Eligible Individuals.

(d) Award Agreements. The terms and conditions of each Award (other than any Bonus Award), as determined by the Committee, shall be set forth in an Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. The effectiveness of an Award shall not be subject to the Award Agreement's being signed by the Company and/or the Participant receiving the Award unless specifically so provided in the Award Agreement. Award Agreements may be amended only in accordance with Section 12 hereof.

SECTION 3. COMMON STOCK SUBJECT TO PLAN

(a) Plan Maximums. The maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be the sum of (i) the number of Shares that may be issuable upon exercise or vesting of the Adjusted Awards and (ii) 25,000,000. The maximum number of Shares that may be granted pursuant to Options intended to be Incentive Stock Options shall be 7,000,000 Shares. Shares subject to an Award under the Plan may be authorized and unissued Shares or may be treasury Shares.

(b) Individual Limits. During a calendar year,

(i) no single Participant may be granted Options and/or Stock Appreciation Rights covering in excess of 3,000,000 shares; or

(ii) no single Participant may be granted Qualified Performance Based Awards in the form of Restricted Stock Units or Restricted Stock covering in excess of 2,000,000 Shares in the aggregate; and

(iii) no non-employee Director may be granted any compensation (including cash and an Award) with a fair value, as determined under accounting rules, as of the Grant Date, of greater than $1,000,000.

Provided, however, that Adjusted Awards shall not be subject to the limitations set forth in this Section 3(b).

(c) Rules for Calculating Shares Delivered.

(i) With respect to Awards other than Adjusted Awards, to the extent that any Award is forfeited, or any Option and the related Tandem SAR (if any) or Free-Standing SAR terminates, expires or lapses without being exercised, or any Award is settled for cash, the Shares subject to such Awards not delivered as a result thereof shall again be available for Awards under the Plan.

(ii) With respect to Awards other than Adjusted Awards, if the exercise price of any Option and/or the tax withholding obligations relating to any Award are satisfied by delivering Shares to the Company (by either actual delivery or by attestation), only the number of Shares issued net of the Shares delivered or attested to shall be deemed delivered for purposes of the limits set forth in Section 3(a).

(iii) With respect to Awards other than Adjusted Awards, to the extent any Shares subject to an Award are withheld to satisfy the exercise price (in the case of an Option) and/or the tax withholding obligations relating to such Award, such Shares shall not be deemed to have been delivered for purposes of the limits set forth in Section 3(a).

(d) Adjustment Provisions.

(i) In the event of a merger, consolidation, acquisition of property or shares, stock rights offering, liquidation, Disaffiliation, or similar event affecting the Company or any of its Subsidiaries (each, a “Corporate Transaction”), the Committee or the Board may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the various maximum limitations set forth in Sections 3(a) and 3(b) upon certain types of Awards and upon the grants to individuals of certain types of Awards, (C) the number and kind of Shares or other securities subject to outstanding Awards; and (D) the exercise price of outstanding Options and Stock Appreciation Rights.

(ii) In the event of a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination, or recapitalization or similar event affecting the capital structure of the Company (each, a “Share Change”), the Committee or the Board shall make such substitutions or adjustments as it deems appropriate and equitable to (A) the aggregate number and kind of Shares or other securities reserved for issuance and delivery under the Plan, (B) the various maximum limitations set forth in Sections 3(a) and 3(b) upon certain types of Awards and upon the grants to individuals of certain types of Awards, the number and kind of Shares or other securities subject to outstanding Awards; and (C) the exercise price of outstanding Options and Stock Appreciation Rights.

(iii) In the case of Corporate Transactions, the adjustments contemplated by clause (i) of this paragraph (d) may include, without limitation, (A) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of a Corporate Transaction with respect to which holders of Common Stock receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option or Stock Appreciation Right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Transaction over the exercise price of such Option or Stock Appreciation Right shall conclusively be deemed valid); (B) the substitution of other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the Shares subject to outstanding Awards; and (C) in connection with any Disaffiliation, arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including, without limitation, other securities of the Company and securities of entities other than the Company), by the affected Subsidiary, Affiliate, or division or by the entity that controls such Subsidiary, Affiliate, or division following such Disaffiliation (as well as any corresponding adjustments to Awards that remain based upon Company securities).

(iv) Any adjustment under this Section 3(d) need not be the same for all Participants.

(v) Any adjustments made pursuant to this Section 3(d) to Awards that are considered "deferred compensation" within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code. Any adjustments made pursuant to this Section 3(d) to Awards that are not considered "deferred compensation" subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either (A) continue not to be subject to Section 409A of the Code or (B) comply with the requirements of Section 409A of the Code. In any event, neither the Committee nor the Board shall have the authority to make any adjustments pursuant to this Section 3(d) to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the Grant Date to be subject thereto.

SECTION 4. ELIGIBILITY

Awards may be granted under the Plan to Eligible Individuals and, with respect to Adjusted Awards, in accordance with the terms of the Employee Matters Agreement; provided, however, that Incentive Stock Options may be granted only to employees of the Company and its subsidiaries or parent corporation (within the meaning of Section 424(f) of the Code) and, with respect to Adjusted Awards that are intended to qualify as incentive stock options within the meaning of Section 421 of the Code, in accordance with the terms of the Employee Matters Agreement.

SECTION 5. OPTIONS AND STOCK APPRECIATION RIGHTS

With respect to Adjusted Awards, the provisions below will be applicable only to the extent that they are not inconsistent with the Employee Matters Agreement and the terms of the applicable Adjusted Award assumed under the Employee Matters Agreement:

(a) Types of Options. Options may be of two types: Incentive Stock Options and Nonqualified Options. The Award Agreement for an Option shall indicate whether the Option is intended to be an Incentive Stock Option or a Nonqualified Option.

(b) Types and Nature of Stock Appreciation Rights. Stock Appreciation Rights may be "Tandem SARs," which are granted in conjunction with an Option, or "Free-Standing SARs," which are not granted in conjunction with an Option. Upon the exercise of a Stock Appreciation Right, the Participant shall be entitled to receive an amount in cash, Shares, or both, in value equal to the product of (i) the excess of the Fair Market Value of one Share over the exercise price of the applicable Stock Appreciation Right, multiplied by (ii) the number of Shares in respect of which the Stock Appreciation Right has been exercised. The applicable Award Agreement shall specify whether such payment is to be made in cash or Common Stock or both, or shall reserve to the Committee or the Participant the right to make that determination prior to or upon the exercise of the Stock Appreciation Right.

(c) Tandem SARs. A Tandem SAR may be granted at the Grant Date of the related Option. A Tandem SAR shall be exercisable only at such time or times and to the extent that the related Option is exercisable in accordance with the provisions of this Section 5, and shall have the same exercise price as the related Option. A Tandem SAR shall terminate or be forfeited upon the exercise or forfeiture of the related Option, and the related Option shall terminate or be forfeited upon the exercise or forfeiture of the Tandem SAR.

(d) Exercise Price. The exercise price per Share subject to an Option or Free- Standing SAR shall be determined by the Committee and set forth in the applicable Award Agreement, and shall not be less than the Fair Market Value of a share of the Common Stock on the applicable Grant Date. In no event may any Option or Free-Standing SAR granted under this Plan be amended, other than pursuant to Section 3(d), to decrease the exercise price thereof, be cancelled in conjunction with the grant of any new Option or Free-Standing SAR with a lower exercise price, be cancelled for cash or other Award or otherwise be subject to any action that would be treated, for accounting purposes, as a "repricing" of such Option or Free-Standing SAR, unless such amendment, cancellation, or action is approved by the Company's stockholders.

(e) Term. The Term of each Option and each Free-Standing SAR shall be fixed by the Committee, but shall not exceed ten years from the Grant Date in the case of an Incentive Stock Option.

(f) Vesting and Exercisability. Except as otherwise provided herein, Options and Free-Standing SARs shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides that any Option or Free-Standing SAR will become exercisable only in installments, the Committee may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Committee may determine. In addition, the Committee may at any time accelerate the exercisability of any Option or Free-Standing SAR. In the event of a temporary absence exceeding ninety (90) days, the Company shall have authority to suspend the vesting period for such period of time and on such terms as management of the Company shall deem appropriate.

(g) Method of Exercise. Subject to the provisions of this Section 5, Options and Free- Standing SARs may be exercised, in whole or in part, at any time during the applicable Term by giving written notice of exercise to the Company or through the procedures established with the Company's appointed third-party Option administrator specifying the number of Shares as to which the Option or Free-Standing SAR is being exercised; provided, however, that, unless otherwise permitted by the Committee, any such exercise must be with respect to a portion of the applicable Option or Free-Standing SAR relating to no less than the lesser of the number of Shares then subject to such Option or Free-Standing SAR or 100 Shares. In the case of the exercise of an Option, such notice shall be accompanied by payment in full of the purchase price (which shall equal the product of such number of Shares multiplied by the applicable exercise price) by certified or bank check or such other instrument as the Company may accept. If approved by the Committee, payment, in full or in part, may also be made as follows:

(i) Payments may be made in the form of unrestricted Shares (by delivery of such Shares or by attestation) of the same class as the Common Stock subject to the Option already owned by the Participant (based on the Fair Market Value of the Common Stock on the date the Option is exercised); provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned Shares of the same class as the Common Stock subject to the Option may be authorized only at the time the Option is granted.

(ii) To the extent permitted by applicable law, payment may be made by delivering a properly executed exercise notice to the Company, together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price, and, if requested, the amount of any federal, state, local or foreign withholding taxes. To facilitate the foregoing, the Company may, to the extent permitted by applicable law, enter into agreements for coordinated procedures with one or more brokerage firms. To the extent permitted by applicable law, the Committee may also provide for Company loans to be made for purposes of the exercise of Options.

(A) Payment may be made by instructing the Committee to withhold a number of Shares having a Fair Market Value (based on the Fair Market Value of the Common Stock on the date the applicable Option is exercised) equal to the product of (A) the exercise price multiplied by (B) the number of Shares in respect of which the Option shall have been exercised.

(h) Delivery; Rights of Stockholders. No Shares shall be delivered pursuant to the exercise of an Option until the exercise price therefor has been fully paid and applicable taxes have been withheld. The applicable Participant shall have all of the rights of a stockholder of the Company holding the class or series of Common Stock that is subject to the Option or Stock Appreciation Right (including, if applicable, the right to vote the applicable Shares and the right to receive dividends), when the Participant (i) has given written notice of exercise, (ii) if requested, has given the representation described in Section 14(a), and (iii) in the case of an Option, has paid in full for such Shares.

(i) Terminations of Employment. Subject to Section 10(b), a Participant's Options and Stock Appreciation Rights shall be forfeited upon such Participant's Termination of Employment, except as set forth below:

(i) Upon a Participant's Termination of Employment by reason of death, any Option or Stock Appreciation Right that was unvested at the time of death shall automatically vest (in the case of performance awards, at target) and all Options or Stock Appreciation Rights held by the Participant may be exercised at any time until the earlier of (A) the first anniversary of the date of such death and (B) the expiration of the Term thereof;

(ii) Upon a Participant's Termination of Employment by reason of Disability or Retirement, any Option or Stock Appreciation Right held by the Participant that was exercisable immediately before the Termination of Employment may be exercised at any time until the earlier of (A) the first anniversary of such Termination of Employment and the expiration of the Term thereof;

(iii) Upon a Participant's Termination of Employment for Cause, any Option or Stock Appreciation Right held by the Participant shall be forfeited, effective as of such Termination of Employment;

(iv) Upon a Participant's Termination of Employment for any reason other than death, Disability, Retirement or for Cause, any Option or Stock Appreciation Right held by the Participant that was exercisable immediately before the Termination of Employment may be exercised at any time until the earlier of (A) the 90th day following such Termination of Employment and (B) expiration of the Term thereof; and

(v) Notwithstanding the above provisions of this Section 5(i), if a Participant dies after such Participant's Termination of Employment but while any Option or Stock Appreciation Right remains exercisable as set forth above, such Option or Stock Appreciation Right may be exercised at any time until the later of (A) the earlier of (1) the first anniversary of the date of such death and (2) expiration of the Term thereof and (B) the last date on which such Option or Stock Appreciation Right would have been exercisable, absent this Section 5(i)(v).

Notwithstanding the foregoing, the Committee shall have the power, in its discretion, to apply different rules concerning the consequences of a Termination of Employment; provided, however, that if such rules are less favorable to the Participant than those set forth above, such rules are set forth in the applicable Award Agreement. If an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Option will thereafter be treated as a Nonqualified Option.

(j) Non-transferability of Options and Stock Appreciation Rights. No Option or Free- Standing SAR shall be transferable by a Participant other than (i) by will or by the laws of descent and distribution, or (ii) in the case of a Nonqualified Option or Free-Standing SAR, pursuant to a qualified domestic relations order or as otherwise expressly permitted by the Committee including, if so permitted, pursuant to a transfer to the Participant's family members or to a charitable organization, whether directly or indirectly or by means of a trust or partnership or otherwise. For purposes of this Plan, unless otherwise determined by the Committee, "family member" shall have the meaning given to such term in General Instructions A.1(a)(5) to Form S- 8 under the Securities Act of 1933, as amended, and any successor thereto. A Tandem SAR shall be transferable only with the related Option as permitted by the preceding sentence. Any Option or Stock Appreciation Right shall be exercisable, subject to the terms of this Plan, only by the applicable Participant, the guardian or legal representative of such Participant, or any person to whom such Option or Stock Appreciation Right is permissibly transferred pursuant to this Section 5(j), it being understood that the term "Participant" includes such guardian, legal representative and other transferee; provided, however, that the term "Termination of Employment" shall continue to refer to the Termination of Employment of the original Participant.

SECTION 6. RESTRICTED STOCK

With respect to Adjusted Awards, the provisions below will be applicable only to the extent that they are not inconsistent with the Employee Matters Agreement and the terms of the Adjusted Award assumed under the Employee Matters Agreement:

(a) Nature of Awards and Certificates. Shares of Restricted Stock are actual Shares issued to a Participant, and shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. Any certificate issued in respect of Shares of Restricted Stock shall be registered in the name of the applicable Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> "The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan and an Award Agreement. Copies of such Plan and Agreement are on file at the offices of TripAdvisor, Inc."

The Committee may require that the certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed and that, as a condition of any Award of Restricted Stock, the applicable Participant shall have delivered a stock power, endorsed in blank, relating to the Common Stock covered by such Award.

(b) Terms and Conditions. Shares of Restricted Stock shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition the vesting or transferability of an Award of Restricted Stock upon the continued service of the applicable Participant or the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. In the event that the Committee conditions the grant or vesting of an Award of Restricted Stock upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the applicable Participant, the Committee may, prior to or at the time of grant, designate such an Award as a Qualified Performance-Based Award. The conditions for grant, vesting, or transferability and the other provisions of Restricted Stock Awards (including without limitation any Performance Goals) need not be the same with respect to each Participant.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, during the period, if any, set by the Committee, commencing with the date of such Restricted Stock Award for which such vesting restrictions apply and until the expiration of such vesting restrictions (the "RS Restriction Period"), the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Shares of Restricted Stock.

(iii) Except as provided in this Section 6 and in the applicable Award Agreement, the applicable Participant shall have, with respect to the Shares of Restricted Stock, all of the rights of a stockholder of the Company holding the class or series of Common Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the Shares and the right to receive any cash dividends. If so determined by the Committee in the applicable Award Agreement and subject to Section

14(e), (A) cash dividends on the class or series of Common Stock that is the subject of the Restricted Stock Award shall be automatically reinvested in additional Restricted Stock, held subject to the vesting of the underlying Restricted Stock, and (B) subject to any adjustment pursuant to Section 3(d), dividends payable in Common Stock shall be paid in the form of Restricted Stock of the same class as the Common Stock with which such dividend was paid, held subject to the vesting of the underlying Restricted Stock.

(iv) Except as otherwise set forth in the applicable Award Agreement and subject to Section 10(b), upon a Participant's Termination of Employment for any reason (other than death) during the RS Restriction Period or before the applicable Performance Goals are satisfied, all Shares of Restricted Stock still subject to restriction shall be forfeited by such Participant; provided, however, that subject to Section 11(b), the Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of such Participant's Shares of Restricted Stock. Upon a Participant's Termination of Employment by reason of death, during the RS Restriction Period or before the applicable Performance Goals are satisfied, all Shares of Restricted Stock shall immediately and automatically vest (at target in the case of awards with Performance Goals).

(v) If and when any applicable Performance Goals are satisfied and the RS Restriction Period expires without a prior forfeiture of the Shares of Restricted Stock for which legended certificates have been issued, unlegended certificates for such Shares shall be delivered to the Participant upon surrender of the legended certificates.

SECTION 7. RESTRICTED STOCK UNITS

With respect to Adjusted Awards, the provisions below will be applicable only to the extent that they are not inconsistent with the Employee Matters Agreement and the terms of the Adjusted Award assumed under the Employee Matters Agreement:

(a) Nature of Awards. Restricted Stock Units are Awards denominated in Shares that will be settled, subject to the terms and conditions of the Restricted Stock Units, in an amount in cash, Shares or both, based upon the Fair Market Value of a specified number of Shares.

(b) Terms and Conditions. Restricted Stock Units shall be subject to the following terms and conditions:

(i) The Committee shall, prior to or at the time of grant, condition the grant, vesting, or transferability of Restricted Stock Units upon the continued service of the applicable Participant or the attainment of Performance Goals, or the attainment of Performance Goals and the continued service of the applicable Participant. In the event that the Committee conditions the grant or vesting of Restricted Stock Units upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the applicable Participant, the Committee may, prior to or at the time of grant, designate such Awards as Qualified Performance-Based Awards. The conditions for grant, vesting or transferability and the other provisions of Restricted Stock Units (including without limitation any Performance Goals) need not be the same with respect to each Participant. In the event of a temporary absence exceeding ninety (90) days, the Company shall have authority to suspend the vesting of such Restricted Stock Units for such period of time and on such terms as management of the Company shall deem appropriate.

(ii) Subject to the provisions of the Plan and the applicable Award Agreement, during the period, if any, set by the Committee, commencing with the date of such Restricted Stock Units for which such vesting restrictions apply and until the expiration of such vesting restrictions (the "RSU Restriction Period"), the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber Restricted Stock Units.

(iii) The Award Agreement for Restricted Stock Units shall specify whether, to what extent and on what terms and conditions the applicable Participant shall be entitled to receive current or delayed payments of cash, Common Stock or other property corresponding to the dividends payable on the Common Stock (subject to Section 14(e) below).

(iv) Except as otherwise set forth in the applicable Award Agreement and subject to Section 10(b), upon a Participant's Termination of Employment for any reason during the RSU Restriction Period or before the applicable Performance Goals are satisfied, all Restricted Stock Units still subject to restriction shall be forfeited by such Participant; provided, however, that subject to Section 11(b), the Committee shall have the discretion to waive, in whole or in part, any or all remaining restrictions with respect to any or all of such Participant's Restricted Stock Units.

(v) Except to the extent otherwise provided in the applicable Award Agreement, an award of Restricted Stock Units shall be settled as and when the Restricted Stock Units vest (but in no event later than March 15 of the calendar year following the end of the calendar year in which the Restricted Stock Units vest).

SECTION 8. OTHER STOCK-BASED AWARDS

Other Awards of Common Stock and other Awards that are valued in whole or in part by reference to, or are otherwise based upon or settled in, Common Stock, including (without limitation), unrestricted stock, performance units, dividend equivalents, and convertible debentures, may be granted under the Plan.

SECTION 9. BONUS AWARDS

(a) Determination of Awards. The Committee shall determine the total amount of Bonus Awards for each Plan Year or such shorter performance period as the Committee may establish in its sole discretion. Bonus amounts payable to any individual Participant with respect to a Plan Year will be limited to a maximum of $10 million. For performance periods that are shorter than a Plan Year, such $10 million maximum may be pro-rated to the extent provided by the Committee. Bonus Awards that are Qualified Performance-Based Awards shall be subject to the provisions of Section 11 of this Plan.

(b) Payment of Awards. Bonus Awards under the Plan shall be paid in cash or in Shares (valued at Fair Market Value as of the date of payment) as determined by the Committee, as soon as practicable following the close of the Plan Year or such shorter performance period as the Committee may establish. It is intended that a Bonus Award will be paid no later than the fifteenth (15^{th}) day of the third month following the later of: (i) the end of the Participant's taxable year in which the requirements for such Bonus Award have been satisfied by the Participant or (ii) the end of the Company's fiscal year in which the requirements for such Bonus Award have been satisfied by the Participant. The Committee may at its option establish procedures pursuant to which Participants are permitted to defer the receipt of Bonus Awards payable hereunder. The Bonus Award to any Participant for any Plan Year or such shorter performance period may be reduced or eliminated by the Committee in its discretion.

SECTION 10. CHANGE IN CONTROL PROVISIONS

(a) Definition of Change in Control. Except as otherwise may be provided in an applicable Award Agreement, for purposes of the Plan, a "Change in Control" shall mean any of the following events:

(i) The acquisition by any individual entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than Liberty TripAdvisor Holdings, Inc., and its Affiliates (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of equity securities of the Company representing more than 50% of the voting power of the then outstanding equity securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by the Company, (B) any acquisition directly from the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii); or

(ii) Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the purchase of assets or stock of another entity (a "Business Combination"), in each case, unless immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 50% of the then outstanding combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, (B) no Person (excluding Liberty TripAdvisor Holdings, Inc., and its Affiliates, any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) will beneficially own, directly or indirectly, more than a majority of the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership of the Company existed prior to the Business Combination and (C) at least a majority of the members of the board of directors (or equivalent governing body, if applicable) of the entity resulting from such Business Combination will have been members of the Incumbent Board at the time of the initial agreement, or action of the Board, providing for such Business Combination; or

(iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) Impact of Event/Double Trigger. Unless otherwise provided in the applicable Award Agreement, subject to Sections 3(d), 10(c) and 14(k), and with respect to Adjusted Awards only, to the extent specified in an Award Agreement, notwithstanding any other provision of this Plan to the contrary, upon a Participant's Termination of Employment, during the two-year period following a Change in Control, by the Company other than for Cause or Disability or by the Participant for Good Reason (as defined below):

(i) any Options and Stock Appreciation Rights outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be fully exercisable and vested and shall remain exercisable until the later of (i) the last date on which such Option or Stock Appreciation Right would be exercisable in the absence of this Section 10(b) and (ii) the earlier of (A) the first anniversary of such Change in Control and (B) expiration of the Term of such Option or Stock Appreciation Right;

(ii) all Restricted Stock outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall become free of all restrictions and become fully vested and transferable; and

(iii) all Restricted Stock Units outstanding as of such Termination of Employment which were outstanding as of the date of such Change in Control shall be considered to be earned and payable in full, and any restrictions shall lapse and such Restricted Stock Units shall be settled as promptly as is practicable (but in no event later than March 15 of the calendar year following the end of the calendar year in which the Restricted Stock Units vest).

(c) For purposes of this Section 10, "Good Reason" means (i) "Good Reason" as defined in any Individual Agreement or Award Agreement to which the applicable Participant is a party, or (ii) if there is no such Individual Agreement or if it does not define Good Reason, without the Participant's prior written consent: (A) a material reduction in the Participant's rate of annual base salary from the rate of annual base salary in effect for such Participant immediately prior to the Change in Control, (B) a relocation of the Participant's principal place of business more than 35 miles from the city in which such Participant's principal place of business was located immediately prior to the Change in Control or (C) a material and demonstrable adverse change in the nature and scope of the Participant's duties from those in effect immediately prior to the Change in Control. In order to invoke a Termination of Employment for Good Reason, a Participant shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (A) through (C) within 90 days following the Participant's knowledge of the initial existence of such condition or conditions, and the Company shall have 30 days following receipt of such written notice (the "Cure Period") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the Cure Period, the Participant must terminate employment, if at all, within 90 days following the Cure Period in order for such Termination of Employment to constitute a Termination of Employment for Good Reason.

(d) Notwithstanding the foregoing, if any Award is subject to Section 409A of the Code, this Section 10 shall be applicable only to the extent specifically provided in the Award Agreement or in the Individual Agreement.

SECTION 11. QUALIFIED PERFORMANCE-BASED AWARDS; SECTION 16(b)

(a) The provisions of this Plan are intended to ensure that all Options and Stock Appreciation Rights granted hereunder to any Participant who is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) in the tax year in which such Option or Stock Appreciation Right is expected to be deductible to the Company qualify for the Section 162(m) Exemption, and all such Awards shall therefore be considered Qualified Performance-Based Awards and this Plan shall be interpreted and operated consistent with that intention (including, without limitation, to require that all such Awards be granted by a committee composed solely of members who satisfy the requirements for being "outside directors" for purposes of the Section 162(m) Exemption ("Outside Directors")). When granting any Award other than an Option or Stock Appreciation Right, the Committee may designate such Award as a Qualified Performance-Based Award, based upon a determination that (i) the recipient is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) with respect to such Award, and (ii) the Committee wishes such Award to qualify for the Section 162(m) Exemption, and the terms of any such Award (and of the grant thereof) shall be consistent with such designation (including, without limitation, that all such Awards be granted by a committee composed solely of Outside Directors).

(b) Each Qualified Performance-Based Award (other than an Option or Stock Appreciation Right) shall be earned, vested and payable (as applicable) only upon the achievement of one or more Performance Goals, together with the satisfaction of any other conditions, such as continued employment, as the Committee may determine to be appropriate, and no Qualified Performance-Based Award may be amended, nor may the Committee exercise any discretionary authority it may otherwise have under this Plan with respect to a Qualified Performance-Based Award under this Plan, in any manner that would cause the Qualified Performance-Based Award to cease to qualify for the Section 162(m) Exemption; provided, however, that (i) the Committee may provide, either in connection with the grant of the applicable Award or by amendment thereafter, that achievement of such Performance Goals will be waived upon the death or Disability of the Participant or under any other circumstance with respect to which the existence of such possible waiver will not cause the Award to fail to qualify for the Section 162(m) Exemption as of the Grant Date, and (ii) the provisions of Section 10 shall apply notwithstanding this Section 11(b).

(c) The full Board shall not be permitted to exercise authority granted to the Committee to the extent that the grant or exercise of such authority would cause an Award designated as a Qualified Performance-Based Award not to qualify for, or to cease to qualify for, the Section 162(m) Exemption.

(d) The provisions of this Plan are intended to ensure that no transaction under the Plan is subject to (and all such transactions will be exempt from) the short-swing recovery rules of Section 16(b) of the Exchange Act ("Section 16(b)"). Accordingly, the composition of the Committee shall be subject to such limitations as the Board deems appropriate to permit transactions pursuant to this Plan to be exempt (pursuant to Rule 16b-3 promulgated under the Exchange Act) from Section 16(b), and no delegation of authority by the Committee shall be permitted if such delegation would cause any such transaction to be subject to (and not exempt from) Section 16(b).

SECTION 12. TERM, AMENDMENT AND TERMINATION

(a) Effectiveness. The Plan shall be effective as of December 20, 2011 (the "Effective Date").

(b) Termination. The Plan will terminate on the tenth anniversary of the Effective Date. Awards outstanding as of such date shall not be affected or impaired by the termination of the Plan.

(c) Amendment of Plan. The Board may amend, alter, or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of the Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law (including without limitation Section 409A of the Code), stock exchange rules or accounting rules. In addition, no such amendment shall be made without the approval of the Company's stockholders to the extent such approval is required by applicable law or the listing standards of the Applicable Exchange.

(d) Amendment of Awards. Subject to Section 5(d), the Committee may unilaterally amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall, without the Participant's consent, materially impair the rights of any Participant with respect to an Award, except such an amendment made to cause the Plan or Award to comply with applicable law, stock exchange rules or accounting rules.

SECTION 13. UNFUNDED STATUS OF PLAN

It is presently intended that the Plan constitute an "unfunded" plan. Solely to the extent permitted under Section 409A, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or make payments; provided, however, that the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan. Notwithstanding any other provision of this Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, no trust shall be funded with respect to any such Award if such funding would result in taxable income to the Participant by reason of Section 409A(b) of the Code and in no event shall any such trust assets at any time be located or transferred outside of the United States, within the meaning of Section 409A(b) of the Code.

SECTION 14. GENERAL PROVISIONS

(a) Conditions for Issuance. The Committee may require each person purchasing or receiving Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to the distribution thereof. The certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer. Notwithstanding any other provision of the Plan or agreements made pursuant thereto, the Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to fulfillment of all of the following conditions: (i) listing or approval for listing upon notice of issuance, of such Shares on the Applicable Exchange; (ii) any registration or other qualification of such Shares of the Company under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and (iii) obtaining any other consent, approval, or permit from any state or federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.

(b) Additional Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.

(c) No Contract of Employment. The Plan shall not constitute a contract of employment, and adoption of the Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the employment of any employee at any time.

(d) Required Taxes. No later than the date as of which an amount first becomes includible in the gross income of a Participant for federal, state, local or foreign income or employment or other tax purposes with respect to any Award under the Plan, such Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. If determined by the Company, withholding obligations may be settled with Common Stock, including Common Stock that is part of the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to such Participant. The Committee may establish such procedures as it deems appropriate, including making irrevocable elections, for the settlement of withholding obligations with Common Stock.

(e) Limitation on Dividend Reinvestment and Dividend Equivalents. Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of Shares with respect to dividends to Participants holding Awards of Restricted Stock Units, shall only be permissible if sufficient Shares are available under Section 3 for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient Shares are not available for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of Restricted Stock Units equal in number to the Shares that would have been obtained by such payment or reinvestment, the terms of which Restricted Stock Units shall provide for settlement in cash and for dividend equivalent reinvestment in further Restricted Stock Units on the terms contemplated by this Section 14(e).

(f) Designation of Death Beneficiary. The Committee shall establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable in the event of such Participant's death are to be paid or by whom any rights of such eligible Individual, after such Participant's death, may be exercised.

(g) Subsidiary Employees. In the case of a grant of an Award to any employee of a Subsidiary of the Company, the Company may, if the Committee so directs, issue or transfer the Shares, if any, covered by the Award to the Subsidiary, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Subsidiary will transfer the Shares to the employee in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. All Shares underlying Awards that are forfeited or canceled should revert to the Company.

(h) Governing Law and Interpretation. The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Plan are not part of the provisions hereof and shall have no force or effect.

(i) Non-Transferability. Except as otherwise provided in Section 5(j) or by the Committee, Awards under the Plan are not transferable except by will or by laws of descent and distribution.

(j) Foreign Employees and Foreign Law Considerations. The Committee may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Company to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, or subplans as may be necessary or advisable to comply with such legal or regulatory provisions.

(k) Section 409A of the Code. It is the intention of the Company that no Award shall be "deferred compensation" subject to Section 409A of the Code, unless and to the extent that the Committee specifically determines otherwise as provided in this Section 14(k), and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee determines will be subject to Section 409A of the Code, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto and any rules regarding treatment of such Awards in the event of a Change in Control, shall be set forth in the applicable Award Agreement, and shall comply in all respects with Section 409A of the Code. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" subject to Section 409A of the Code, if the Participant is a "specified employee" within the meaning of Section 409A of the Code, any payments (whether in cash, Shares or other property) to be made with respect to the Award upon the Participant's Termination of Employment shall be delayed until the earlier of (A) the first day of the seventh month following the Participant's Termination of Employment and (B) the Participant's death. Each payment under any Award shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award.

(l) Employee Matters Agreement. Notwithstanding anything in this Plan to the contrary, to the extent that the terms of this Plan are inconsistent with the terms of an Adjusted Award, the terms of the Adjusted Award shall be governed by the Employee Matters Agreement, the Expedia Long-Term Incentive Plan and the award agreement granted thereunder; provided, however, that in all events any reference to a "change in control," "change of control" or similar definition in an Award Agreement or the applicable Expedia Long Term Incentive Plan for any such Adjusted Award shall be deemed to refer to a "change in control," "change of control" or similar transaction with respect to the Company (as successor to the originally-referenced entity).

TripAdvisor, Inc.

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Barbara Messing
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Bryan Saltzburg
General Manager,
New Initiatives

Nick Shanny
Senior Vice President, Core Engineering

Noel Watson
Chief Accounting Officer

Corporate and Stockholder Information

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TripAdvisor, Inc.
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Exchange Listing and Ticker Symbol
NASDAQ Global Select Market, "TRIP"

Annual Meeting
June 23, 2016 11:00 a.m. Eastern Time
Sheraton Needham Hotel
100 Cabot Street
Needham, Massachusetts 02494

Publications and Reports
A variety of stockholder publications and reports, including TripAdvisor's Annual Report on Form 10-K, proxy statement, financial news releases and a variety of legal filings are available at http://ir.tripadvisor.com. Stockholders can also request a copy of the Annual Report and proxy statement by contacting the Secretary of TripAdvisor, Inc., 400 1st Avenue, Needham, Massachusetts 02494.

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