

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

FORM 10-Q

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

For the quarterly period ended **September, 30, 2020**
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: **001-37429**

EXPEDIA GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2705720
(I.R.S. Employer Identification No.)

1111 Expedia Group Way W.
Seattle, WA 98119
(Address of principal executive office) (Zip Code)
(206) 481-7200
(Registrant's telephone number, including area code)

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.0001 par value	EXPE	The Nasdaq Global Select Market
Expedia Group, Inc. 2.500% Senior Notes due 2022	EXPE22	New York Stock Exchange

The number of shares outstanding of each of the registrant's classes of common stock as of October 23, 2020 was:

Common stock, \$0.0001 par value per share	135,937,978 shares
Class B common stock, \$0.0001 par value per share	5,523,452 shares

Expedia Group, Inc.

Form 10-Q

For the Quarter Ended September 30, 2020

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Part I. Item 1. Consolidated Financial Statements

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share and per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue	\$ 1,504	\$ 3,558	\$ 4,279	\$ 9,320
Costs and expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below) ⁽¹⁾	375	548	1,393	1,538
Selling and marketing ⁽¹⁾	529	1,646	2,035	4,810
Technology and content ⁽¹⁾	224	304	787	905
General and administrative ⁽¹⁾	134	210	473	599
Depreciation and amortization	220	228	681	684
Impairment of goodwill	14	—	799	—
Impairment of intangible assets	41	—	172	—
Legal reserves, occupancy tax and other	2	11	(11)	25
Restructuring and related reorganization changes	78	2	206	16
Operating income (loss)	(113)	609	(2,256)	743
Other income (expense):				
Interest income	3	17	16	45
Interest expense	(113)	(40)	(258)	(120)
Other, net	(1)	(25)	(158)	(13)
Total other expense, net	(111)	(48)	(400)	(88)
Income (loss) before income taxes	(224)	561	(2,656)	655
Provision for income taxes	24	(154)	319	(161)
Net income (loss)	(200)	407	(2,337)	494
Net (income) loss attributable to non-controlling interests	8	2	108	(5)
Net income (loss) attributable to Expedia Group, Inc.	(192)	409	(2,229)	489
Preferred stock dividend	(29)	—	(46)	—
Net income (loss) attributable to Expedia Group, Inc. common stockholders	\$ (221)	\$ 409	\$ (2,275)	\$ 489
Earnings (loss) per share attributable to Expedia Group, Inc. available to common stockholders				
Basic	\$ (1.56)	\$ 2.77	\$ (16.13)	\$ 3.30
Diluted	(1.56)	2.71	(16.13)	3.24
Shares used in computing earnings (loss) per share (000's):				
Basic	141,306	147,232	141,068	148,052
Diluted	141,306	150,635	141,068	150,912

(1) Includes stock-based compensation as follows:

Cost of revenue	\$ 3	\$ 3	\$ 9	\$ 9
Selling and marketing	12	11	37	34
Technology and content	15	18	53	56
General and administrative	17	28	57	76

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (200)	\$ 407	\$ (2,337)	\$ 494
Currency translation adjustments, net of tax ⁽¹⁾	48	(58)	(8)	(56)
Comprehensive income (loss)	(152)	349	(2,345)	438
Less: Comprehensive income (loss) attributable to non-controlling interests	6	(18)	(94)	(13)
Less: Preferred stock dividend	29	—	46	—
Comprehensive income (loss) attributable to Expedia Group, Inc. common stockholders	<u>\$ (187)</u>	<u>\$ 367</u>	<u>\$ (2,297)</u>	<u>\$ 451</u>

(1) Currency translation adjustments include tax benefit of \$7 million and \$8 million associated with net investment hedges for the three and nine months ended September 30, 2020 and tax expense of \$7 million and \$8 million for the three and nine months ended September 30, 2019.

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except number of shares, which are reflected in thousands, and par value)

	September 30, 2020	December 31, 2019
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,353	\$ 3,315
Restricted cash and cash equivalents	725	779
Short-term investments	23	526
Accounts receivable, net of allowance of \$118 and \$41	839	2,524
Income taxes receivable	110	70
Prepaid expenses and other current assets	685	521
Total current assets	6,735	7,735
Property and equipment, net	2,303	2,198
Operating lease right-of-use assets	598	611
Long-term investments and other assets	606	796
Deferred income taxes	557	145
Intangible assets, net	1,537	1,804
Goodwill	7,343	8,127
TOTAL ASSETS	\$ 19,679	\$ 21,416
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, merchant	\$ 581	\$ 1,921
Accounts payable, other	521	906
Deferred merchant bookings	3,247	5,679
Deferred revenue	177	321
Income taxes payable	34	88
Accrued expenses and other current liabilities	1,076	1,050
Current maturities of long-term debt	—	749
Total current liabilities	5,636	10,714
Long-term debt, excluding current maturities	8,176	4,189
Revolving credit facility	650	—
Deferred income taxes	105	56
Operating lease liabilities	522	532
Other long-term liabilities	456	389
Commitments and contingencies		
Series A Preferred Stock: \$.001 par value, Authorized shares: 100,000; Shares issued and outstanding: 1,200 and 0	1,022	—
Stockholders' equity:		
Common stock: \$.0001 par value; Authorized shares: 1,600,000	—	—
Shares issued: 259,350 and 256,692; Shares outstanding: 135,906 and 137,076		
Class B common stock: \$.0001 par value; Authorized shares: 400,000	—	—
Shares issued: 12,800 and 12,800; Shares outstanding: 5,523 and 5,523		
Additional paid-in capital	13,361	12,978
Treasury stock - Common stock and Class B, at cost; Shares 130,720 and 126,893	(10,092)	(9,673)
Retained earnings (deficit)	(1,398)	879
Accumulated other comprehensive income (loss)	(239)	(217)
Total Expedia Group, Inc. stockholders' equity	1,632	3,967
Non-redeemable non-controlling interests	1,480	1,569
Total stockholders' equity	3,112	5,536
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 19,679	\$ 21,416

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions, except share and per share data)
(Unaudited)

Three months ended September 30, 2019	Common stock		Class B common stock		Additional paid-in capital	Treasury stock - Common and Class B		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non-redeemable non-controlling interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance as of June 30, 2019	234,102,186	\$ —	12,799,999	\$ —	\$ 9,821	97,384,212	\$ (5,771)	\$ 508	\$ (216)	\$ 1,565	\$ 5,907
Net income (loss) (excludes \$2 of net loss attributable to redeemable non-controlling interest)								409		—	409
Other comprehensive income (loss), net of taxes									(42)	(16)	(58)
Payment of dividends to common stockholders (declared at \$0.34 per share)								(50)			(50)
Proceeds from exercise of equity instruments and employee stock purchase plans	1,428,632	—			121						121
Treasury stock activity related to vesting of equity instruments						23,791	(2)				(2)
Liberty Expedia Holdings transaction	20,745,181	—			2,883	23,876,671	(3,217)				(334)
Common stock repurchases						2,300,944	(300)				(300)
Adjustment to the fair value of redeemable non-controlling interests								(17)			(17)
Other changes in ownership of non-controlling interests					—					6	6
Stock-based compensation expense					58						58
Other					(1)						(1)
Balance as of September 30, 2019	<u>256,275,999</u>	<u>\$ —</u>	<u>12,799,999</u>	<u>\$ —</u>	<u>\$ 12,882</u>	<u>123,585,618</u>	<u>\$ (9,290)</u>	<u>\$ 850</u>	<u>\$ (258)</u>	<u>\$ 1,555</u>	<u>\$ 5,739</u>

Nine months ended September 30, 2019	Common stock		Class B common stock		Additional paid-in capital	Treasury stock - Common and Class B		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non-redeemable non-controlling interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance as of December 31, 2018	231,492,986	\$ —	12,799,999	\$ —	\$ 9,549	97,158,586	\$ (5,742)	\$ 517	\$ (220)	\$ 1,547	\$ 5,651
Net income (loss) (excludes \$2 of net loss attributable to redeemable non-controlling interest)								489		7	496
Other comprehensive income (loss), net of taxes									(38)	(18)	(56)
Payment of dividends to stockholders (declared at \$0.98 per share)								(145)			(145)
Proceeds from exercise of equity instruments and employee stock purchase plans	4,037,832	—			277						277
Withholding taxes for stock options					(2)						(2)
Treasury stock activity related to vesting of equity instruments						249,417	(31)				(31)
Liberty Expedia Holdings transaction	20,745,181	—			2,883	23,876,671	(3,217)				(334)
Common stock repurchases						2,300,944	(300)				(300)
Adjustment to the fair value of redeemable non-controlling interests								(17)			(17)
Other changes in ownership of non-controlling interests					(3)					19	16
Impact of adoption of new accounting guidance								6			6
Stock-based compensation expense					177						177
Other					1						1
Balance as of September 30, 2019	<u>256,275,999</u>	<u>\$ —</u>	<u>12,799,999</u>	<u>\$ —</u>	<u>\$ 12,882</u>	<u>123,585,618</u>	<u>\$ (9,290)</u>	<u>\$ 850</u>	<u>\$ (258)</u>	<u>\$ 1,555</u>	<u>\$ 5,739</u>

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions, except share and per share data)
(Unaudited)

Three months ended September 30, 2020	Common stock		Class B common stock		Additional paid-in capital	Treasury stock - Common and Class B		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non-redeemable non-controlling interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance as of June 30, 2020	259,084,932	\$ —	12,799,999	\$ —	\$ 13,300	130,670,373	\$ (10,087)	\$ (1,206)	\$ (273)	\$ 1,469	\$ 3,203
Net income (loss)								(192)		(8)	(200)
Other comprehensive income (loss), net of taxes									34	14	48
Proceeds from exercise of equity instruments and employee stock purchase plans	264,728	—			9						9
Treasury stock activity related to vesting of equity instruments						49,640	(5)				(5)
Other changes in ownership of non-controlling interests					(2)					5	3
Stock-based compensation expense					55						55
Other					(1)						(1)
Balance as of September 30, 2020	<u>259,349,660</u>	<u>\$ —</u>	<u>12,799,999</u>	<u>\$ —</u>	<u>\$ 13,361</u>	<u>130,720,013</u>	<u>\$ (10,092)</u>	<u>\$ (1,398)</u>	<u>\$ (239)</u>	<u>\$ 1,480</u>	<u>\$ 3,112</u>

Nine months ended September 30, 2020	Common stock		Class B common stock		Additional paid-in capital	Treasury stock - Common and Class B		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non-redeemable non-controlling interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance as of December 31, 2019	256,691,777	\$ —	12,799,999	\$ —	\$ 12,978	126,892,525	\$ (9,673)	\$ 879	\$ (217)	\$ 1,569	\$ 5,536
Net income (loss)								(2,229)		(108)	(2,337)
Other comprehensive income (loss), net of taxes									(22)	14	(8)
Payment of dividends to common stockholders (declared at \$0.34 per share)								(48)			(48)
Payment of preferred dividends (declared at \$14.58 per share)					(17)						(17)
Proceeds from exercise of equity instruments and employee stock purchase plans	2,657,883	—			105						105
Common stock warrants, net of issuance costs					110						110
Treasury stock activity related to vesting of equity instruments						442,739	(49)				(49)
Common stock repurchases						3,364,119	(370)				(370)
Adjustment to the fair value of redeemable non-controlling interests					4						4
Other changes in ownership of non-controlling interests					8					5	13
Stock-based compensation expense					173						173
Other					—	20,630	—				—
Balance as of September 30, 2020	<u>259,349,660</u>	<u>\$ —</u>	<u>12,799,999</u>	<u>\$ —</u>	<u>\$ 13,361</u>	<u>130,720,013</u>	<u>\$ (10,092)</u>	<u>\$ (1,398)</u>	<u>\$ (239)</u>	<u>\$ 1,480</u>	<u>\$ 3,112</u>

See accompanying notes.

EXPEDIA GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine months ended September 30,	
	2020	2019
Operating activities:		
Net income (loss)	\$ (2,337)	\$ 494
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation of property and equipment, including internal-use software and website development	559	530
Amortization of intangible assets	122	154
Impairment of goodwill and intangible assets	971	—
Amortization of stock-based compensation	156	175
Deferred income taxes	(368)	(58)
Foreign exchange loss on cash, restricted cash and short-term investments, net	27	40
Realized gain on foreign currency forwards	(89)	(4)
Loss on minority equity investments, net	202	13
Provision for credit losses and other, net	144	(16)
Changes in operating assets and liabilities:		
Accounts receivable	1,636	(543)
Prepaid expenses and other assets	(219)	—
Accounts payable, merchant	(1,340)	119
Accounts payable, other, accrued expenses and other liabilities	(272)	207
Tax payable/receivable, net	(62)	(6)
Deferred merchant bookings	(2,437)	1,305
Deferred revenue	(142)	16
Net cash provided by (used in) operating activities	(3,449)	2,426
Investing activities:		
Capital expenditures, including internal-use software and website development	(669)	(864)
Purchases of investments	(685)	(1,283)
Sales and maturities of investments	1,161	635
Acquisitions, net of cash and restricted cash acquired	—	80
Other, net	86	3
Net cash used in investing activities	(107)	(1,429)
Financing activities:		
Revolving credit facility borrowings	2,672	—
Revolving credit facility repayments	(2,022)	—
Proceeds from issuance of long-term debt, net of issuance costs	3,946	1,235
Net proceeds from issuance of preferred stock and warrants	1,132	—
Payment of Liberty Expedia Exchangeable Debentures	—	(400)
Payment of long-term debt	(750)	—
Purchases of treasury stock	(419)	(352)
Payment of dividends to common stockholders	(48)	(145)
Payment of preferred stock dividends	(17)	—
Proceeds from exercise of equity awards and employee stock purchase plan	105	277
Other, net	(28)	(8)
Net cash provided by financing activities	4,571	607
Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(31)	(62)
Net increase in cash, cash equivalents and restricted cash and cash equivalents	984	1,542
Cash, cash equivalents and restricted cash and cash equivalents at beginning of period	4,097	2,705
Cash, cash equivalents and restricted cash and cash equivalents at end of period	\$ 5,081	\$ 4,247
Supplemental cash flow information		
Cash paid for interest	\$ 217	\$ 156
Income tax payments, net	103	216

See accompanying notes.

Notes to Consolidated Financial Statements

September 30, 2020

(Unaudited)

Note 1 – Basis of Presentation

Description of Business

Expedia Group, Inc. and its subsidiaries provide travel products and services to leisure and corporate travelers in the United States and abroad as well as various media and advertising offerings to travel and non-travel advertisers. These travel products and services are offered through a diversified portfolio of brands including: Brand Expedia®, Hotels.com®, Expedia® Partner Solutions, Vrbo®, Egencia®, trivago®, Orbitz®, Travelocity®, Hotwire®, Wotif®, ebookers®, CheapTickets®, Expedia Group™ Media Solutions, Expedia Local Expert®, CarRentals.com™, Expedia® CruiseShipCenters®, Classic Vacations®, Traveldoo®, VacationRentals.com and SilverRail™. In addition, many of these brands have related international points of sale. We refer to Expedia Group, Inc. and its subsidiaries collectively as “Expedia Group,” the “Company,” “us,” “we” and “our” in these consolidated financial statements.

COVID-19

During the second and third quarters of 2020, travel booking volumes remained significantly below prior year levels and cancellation levels remain elevated compared to pre-COVID levels. We have seen varying degrees of containment of the virus globally and some signs of travel recovery; however, the degree of containment and the recovery in travel, has varied country to country and there have been instances where cases of COVID-19 have started to increase again after a period of decline. Additionally, travel restrictions and quarantine orders remain in place. Overall, the full duration and total impact of COVID-19 remains uncertain and it is difficult to predict how the recovery will unfold for the travel industry and, in particular, our business, going forward.

Due to the high degree of cancellations and customer refunds and lower new bookings in the merchant business model, the Company experienced unfavorable working capital trends and material negative cash flow in the first half of 2020, although the level of negative cash flow moderated as booking trends improved and cancellations stabilized in recent months. We expect cash flow to remain negative until the decline in new merchant bookings improves further with cancellations either remaining stable or moderating further. For a discussion on incremental credit losses and allowance impacts related to our accounts receivable and prepaid merchant bookings, see Note 2 – Summary of Significant Accounting Policies. For a discussion of goodwill and intangible asset impairments recognized in conjunction with this pandemic, see Note 3 – Fair Value Measurements. For a discussion of recent actions to strengthen our liquidity position in the current environment, see Note 4 – Debt and Note 5 – Capital Stock - Preferred Stock and Warrants.

Basis of Presentation

These accompanying financial statements present our results of operations, financial position and cash flows on a consolidated basis. The unaudited consolidated financial statements include Expedia Group, Inc., 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.

We have prepared the accompanying unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial reporting. We have included all adjustments necessary for a fair presentation of the results of the interim period. These adjustments consist of normal recurring items. Our interim unaudited consolidated financial statements are not necessarily indicative of results that may be expected for any other interim period or for the full year. These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2019, previously filed with the Securities and Exchange Commission (“SEC”). trivago is a separately listed company on the Nasdaq Global Select Market and, therefore is subject to its own reporting and filing requirements, which could result in possible differences that are not expected to be material to Expedia Group.

Accounting Estimates

We use estimates and assumptions in the preparation of our interim unaudited consolidated financial statements in accordance with GAAP. Our estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our interim unaudited consolidated financial statements. These estimates and assumptions also affect the reported amount of net income or loss during any period. Our actual financial results could differ significantly from these estimates. The significant estimates underlying our interim unaudited consolidated financial statements

Notes to Consolidated Financial Statements – (Continued)

include revenue recognition; recoverability of current and long-lived assets, intangible assets and goodwill; income and transactional taxes, such as potential settlements related to occupancy and excise taxes; loss contingencies; deferred loyalty rewards; acquisition purchase price allocations; stock-based compensation; accounting for derivative instruments and provisions for credit losses, customer refunds and chargebacks.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business disruptions and adversely impact our results of operations. As a result, many of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

Reclassifications

We have reclassified prior period financial statements to conform to the current period presentation. During the first quarter of 2020, we reclassified depreciation expense from within our operating expense line items on our consolidated statements of operations to be included with intangible asset amortization expense. The following table presents a summary of the amounts as reported and as reclassified in our consolidated statements of operations for the three and nine months ended September 30, 2019:

	Three months ended September 30, 2019		Nine months ended September 30, 2019	
	As reported	As reclassified	As reported	As reclassified
	(In millions)			
Cost of revenue	\$ 569	\$ 548	\$ 1,604	\$ 1,538
Selling and marketing	1,660	1,646	4,852	4,810
Technology and content	440	304	1,304	905
General and administrative	217	210	622	599
Depreciation and amortization	50	228	154	684

Seasonality

We generally experience seasonal fluctuations in the demand for our travel services. For example, traditional leisure travel bookings are generally the highest in the first three quarters as travelers plan and book their spring, summer and winter holiday travel. The number of bookings typically decreases in the fourth quarter. Because revenue for most of our travel services, including merchant and agency hotel, is recognized as the travel takes place rather than when it is booked, revenue typically lags bookings by several weeks for our hotel business and can be several months or more for our alternative accommodations business. Historically, Vrbo has seen seasonally stronger bookings in the first quarter of the year, with the relevant stays occurring during the peak summer travel months. The seasonal revenue impact is exacerbated with respect to income by the nature of our variable cost of revenue and direct sales and marketing costs, which we typically realize in closer alignment to booking volumes, and the more stable nature of our fixed costs. Furthermore, operating profits for our primary advertising business, trivago, have typically been experienced in the second half of the year, particularly the fourth quarter, as selling and marketing costs offset revenue in the first half of the year as we typically increase marketing during the busy booking period for spring, summer and winter holiday travel. As a result on a consolidated basis, revenue and income are typically the lowest in the first quarter and highest in the third quarter. The growth of our international operations, advertising business or a change in our product mix, including the growth of Vrbo, may influence the typical trend of the seasonality in the future.

Due to COVID-19, which led to significant cancellations for future travel during the first half of the year, and has impacted new travel bookings for the majority of 2020, we have not experienced our typical seasonal pattern for bookings, revenue and profit during 2020. In addition, with the lower new bookings and elevated cancellations in the merchant business model, our typical, seasonal working capital source of cash has been significantly disrupted resulting in the Company experiencing unfavorable working capital trends and material negative cash flow during the first half of 2020 when we typically generate significant positive cash flow. Seasonal trends were more normalized during the third quarter, but it is difficult to forecast the seasonality for the upcoming quarters, given the uncertainty related to the duration of the impact from COVID-19 and the shape and timing of any sustained recovery. In addition, we are experiencing much shorter booking windows in both our hotel and alternative accommodations business, which could also impact the seasonality of our working capital and cash flow.

Note 2 – Summary of Significant Accounting Policies**Recently Adopted Accounting Policies**

Measurement of Credit Losses on Financial Instruments. As of January 1, 2020, we adopted the Accounting Standards Updates (“ASU”) guidance on the measurement of credit losses for financial assets measured at amortized cost, which includes accounts receivable, and available-for-sale debt securities, using the modified retrospective method. The new guidance replaced the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. Upon adoption, this new guidance did not have a material impact on our consolidated financial statements and no cumulative-effect adjustment to retained earnings was made.

Cloud Computing Arrangements. As of January 1, 2020, we adopted the new ASU guidance on the accounting for implementation costs incurred for a cloud computing arrangement that is a service contract using the prospective method. The update conformed the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the accounting guidance that provides for capitalization of costs incurred to develop or obtain internal-use-software. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

Fair Value Measurements. As of January 1, 2020, we adopted the new ASU guidance related to the disclosure requirements on fair value measurements, which removed, modified or added certain disclosures using the prospective method. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

Guarantor Financial Information. In March 2020, the SEC amended Rule 3-10 of Regulation S-X regarding financial disclosure requirements for registered debt offerings involving subsidiaries as either issuers or guarantors and affiliates whose securities are pledged as collateral. This new guidance narrows the circumstances that require separate financial statements of subsidiary issuers and guarantors and streamlines the alternative disclosures required in lieu of those statements. We adopted these amendments for the quarter ended March 31, 2020. Accordingly, combined summarized financial information has been presented only for the issuer and guarantors of our senior notes for the most recent fiscal year and the year-to-date interim period, and the location of the required disclosures has been removed from the Notes to the Consolidated Financial Statements and moved to Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Recent Accounting Policies Not Yet Adopted

Simplifying the Accounting for Income Taxes. In December 2019, the Financial Accounting Standards Board issued new guidance to simplify the accounting for income taxes. This new standard eliminates certain exceptions in current guidance related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. For public business entities, this guidance is effective for interim or annual periods beginning after December 15, 2020, with early adoption permitted in any interim period within that year. We are currently evaluating the impact of this guidance on our consolidated financial statements.

Investments - equity securities; Investments - Equity Method and Joint Ventures; Derivatives and Hedging. In January 2020, the FASB issued an accounting standards update which clarifies the interaction between the accounting for investments in equity securities, equity method investments and certain derivative instruments. The new standard is expected to reduce diversity in practice and increase comparability of the accounting for these interactions. The standards update is effective for interim or annual periods beginning after December 15, 2020, with early adoption permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity. In August 2020, the FASB issued an accounting standards update which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity’s own equity. Specifically, the standard simplifies accounting for convertible instruments by removing major separation models required under current GAAP, removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it, and simplifies the diluted earnings per share calculation in certain areas. The standards update is effective for interim or annual periods beginning after December 15, 2021. Early adoption is permitted for fiscal periods beginning after December 15, 2020 but the guidance must be adopted as of the beginning of the fiscal year. We are currently evaluating the impact of this guidance on our consolidated financial statements and the timing of adoption.

Significant Accounting Policies

Below are the significant accounting policies updated during 2020 as a result of the recently adopted accounting policies noted above as well as certain other accounting policies with interim disclosure requirements. For a comprehensive description of our accounting policies, refer to our Annual Report on Form 10-K for the year ended December 31, 2019.

Revenue

Prepaid Merchant Bookings. We classify payments made to suppliers in advance of Vrbo performance obligations as prepaid merchant bookings included within prepaid and other current assets. Prepaid merchant bookings was \$420 million as of September 30, 2020 and \$226 million as of December 31, 2019.

Deferred Merchant Bookings. We classify cash payments received in advance of our performance obligations as deferred merchant bookings. At December 31, 2019, \$4.898 billion of cash advance cash payments was reported within deferred merchant bookings, \$3.429 billion of which was recognized resulting in \$569 million of revenue during the nine months ended September 30, 2020. At September 30, 2020, the related balance was \$2.476 billion.

At December 31, 2019, \$781 million of deferred loyalty rewards was reported within deferred merchant bookings, \$333 million of which was recognized within revenue during the nine months ended September 30, 2020. At September 30, 2020, the related balance was \$771 million.

Deferred Revenue. At December 31, 2019, \$321 million was recorded as deferred revenue, \$199 million of which was recognized as revenue during the nine months ended September 30, 2020. At September 30, 2020, the related balance was \$177 million.

Practical Expedients and Exemptions. We have used the portfolio approach to account for our loyalty points as the rewards programs share similar characteristics within each program in relation to the value provided to the traveler and their breakage patterns. Using this portfolio approach is not expected to differ materially from applying the guidance to individual contracts. However, we will continue to assess and refine, if necessary, how a portfolio within each rewards program is defined.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

Cash, Restricted Cash and Cash Equivalents

Our cash and cash equivalents include cash and liquid financial instruments, including money market funds and term deposit investments, with maturities of three months or less when purchased. Restricted cash includes cash and cash equivalents that is restricted through legal contracts, regulations or our intention to use the cash for a specific purpose. Our restricted cash primarily relates to certain traveler deposits and to a lesser extent collateral for office leases. The following table reconciles cash, cash equivalents and restricted cash reported in our consolidated balance sheets to the total amount presented in our consolidated statements of cash flows:

	September 30, 2020	December 31, 2019
	(in millions)	
Cash and cash equivalents	\$ 4,353	\$ 3,315
Restricted cash and cash equivalents	725	779
Restricted cash included within long-term investments and other assets	3	3
Total cash, cash equivalents and restricted cash and cash equivalents in the consolidated statement of cash flow	<u>\$ 5,081</u>	<u>\$ 4,097</u>

Accounts Receivable and Allowances

Accounts receivable are generally due within thirty days and are recorded net of an allowance for expected uncollectible amounts. We consider accounts outstanding longer than the contractual payment terms as past due. The risk characteristics we generally review when analyzing our accounts receivable pools primarily include the type of receivable (for example, credit card vs hotel collect), collection terms and historical or expected credit loss patterns. For each pool, we make estimates of expected credit losses for our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history continually updated for new collections data, the credit quality of our customers, current economic conditions, reasonable and supportable forecasts of future economic conditions and other factors that may affect our ability to collect from customers. The provision for estimated credit losses is recorded as cost of revenue in our consolidated statements of operations. During the nine months ended September 30, 2020, we recorded approximately \$97 million of incremental allowance for expected uncollectible amounts, including estimated future losses in consideration of the impact of COVID-19 pandemic on the economy and the Company, partially offset by \$19 million of write-offs. Actual future bad debt could differ materially from this estimate resulting from changes in our assumptions of the duration and severity of the impact of the COVID-19 pandemic.

Notes to Consolidated Financial Statements – (Continued)
Note 3 – Fair Value Measurements

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2020 are classified using the fair value hierarchy in the table below:

	Total	Level 1	Level 2
	(In millions)		
Assets			
Cash equivalents:			
Money market funds	\$ 59	\$ 59	\$ —
Term deposits	112	—	112
U.S. treasury securities	150	150	—
Derivatives:			
Foreign currency forward contracts	2	—	2
Investments:			
Term deposits	23	—	23
Marketable equity securities	61	61	—
Total assets	\$ 407	\$ 270	\$ 137

Financial assets measured at fair value on a recurring basis as of December 31, 2019 are classified using the fair value hierarchy in the table below:

	Total	Level 1	Level 2
	(In millions)		
Assets			
Cash equivalents:			
Money market funds	\$ 36	\$ 36	\$ —
Term deposits	865	—	865
U.S. treasury securities	10	10	—
Investments:			
Term deposits	526	—	526
Marketable equity securities	129	129	—
Total assets	\$ 1,566	\$ 175	\$ 1,391
Liabilities			
Derivatives:			
Foreign currency forward contracts	\$ 8	\$ —	\$ 8

We classify our cash equivalents and investments within Level 1 and Level 2 as we value our cash equivalents and investments using quoted market prices or alternative pricing sources and models utilizing market observable inputs. Valuation of the foreign currency forward contracts is based on foreign currency exchange rates in active markets, a Level 2 input.

As of September 30, 2020 and December 31, 2019, our cash and cash equivalents consisted primarily of U.S. treasury securities and term deposits with maturities of three months or less and bank account balances.

We hold term deposit investments with financial institutions. Term deposits with original maturities of less than three months are classified as cash equivalents and those with remaining maturities of less than one year are classified within short-term investments.

Our marketable equity securities consist of our investment in Despegar, a publicly traded company, which is included in long-term investments and other assets in our consolidated balance sheets. During the nine months ended September 30, 2020 and 2019, we recognized a loss of approximately \$68 million and \$10 million within other, net in our consolidated statements of operations related to the fair value changes of this equity investment.

Derivative instruments are carried at fair value on our consolidated balance sheets. We use foreign currency forward contracts to economically hedge certain merchant revenue exposures, foreign denominated liabilities related to certain of our loyalty programs and our other foreign currency-denominated operating liabilities. 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. Our foreign currency forward contracts are typically short-term and, as they do not qualify for hedge accounting treatment, we classify the changes in their fair value in other, net. As of September 30, 2020, we were party to outstanding forward contracts hedging our liability and revenue exposures with a total net notional value of \$1.3 billion. We had a net forward asset of \$2 million (\$13 million gross forward asset) as of September 30, 2020 recorded in prepaid expenses and other current assets and a net forward liability of \$8 million (\$30 million gross forward liability) as of December 31, 2019 recorded in accrued expenses and other current liabilities. We recorded \$(1) million and \$15 million in net gains (losses) from foreign currency forward contracts during the three months ended September 30, 2020 and 2019 as well as \$99 million and \$3 million in net gains from foreign currency forward contracts during the nine months ended September 30, 2020 and 2019.

Assets Measured at Fair Value on a Non-recurring Basis

Our non-financial assets, such as goodwill, intangible assets and property and equipment, as well as equity method investments, are adjusted to fair value when an impairment charge is recognized or the underlying investment is sold. Such fair value measurements are based predominately on Level 3 inputs. We measure our minority investments that do not have readily determinable fair values at cost less impairment, adjusted by observable price changes with changes recorded within other, net on our consolidated statements of operations.

Goodwill. During the three and nine months ended September 30, 2020, we recognized goodwill impairment charges of \$14 million and \$799 million. For the nine months ended September 30, 2020, \$559 million related to our Retail segment, primarily our Vrbo reporting unit, and \$240 million related to our trivago segment. Due to the severe and persistent negative effect COVID-19 has had on global economies, the travel industry and our business, as well as the uncertainty and high variability in anticipated versus actual rates of recovery, we deemed it necessary to perform interim assessments of goodwill. During the first quarter of 2020, we recognized goodwill impairment charges of \$765 million. During the second quarter of 2020, we recognized goodwill impairment charges of \$20 million related to a decision to streamline operations for a smaller brand within our Retail segment. During the third quarter of 2020, we recognized an additional goodwill impairment charge of \$14 million related to our trivago segment.

During our interim assessments, we compared the fair value of the reporting units to their carrying value. The fair value estimates for all reporting units except trivago were based on a blended analysis of the present value of future discounted cash flows and market value approach, Level 3 inputs. The significant estimates used in the discounted cash flows model included our weighted average cost of capital, projected cash flows and the long-term rate of growth. Our assumptions were based on the actual historical performance of the reporting unit and took into account operating result trends, the anticipated duration of COVID-19 impacts and rates of recovery, and implied risk premiums based on market prices of our equity and debt as of the assessment dates. Our significant estimates in the market approach model included identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment and assessing comparable revenue and earnings multiples in estimating the fair value of the reporting unit. The fair value estimate for the trivago reporting unit was based on trivago's stock price, a Level 1 input, adjusted for an estimated control premium. The excess of the reporting unit's carrying value over our estimate of the fair value was recorded as the goodwill impairment charge in each of the periods. As of September 30, 2020, the applicable reporting units within our Retail segment had \$2.2 billion goodwill remaining after these impairments and our trivago segment had \$322 million goodwill remaining.

Intangible Assets. During the first quarter of 2020, also as a result of the significant negative impact related to COVID-19, which has had a severe effect on the entire global travel industry, we recognized intangible asset impairment charges of \$121 million. The impairment charges were primarily related to indefinite-lived trade names within our Retail segment and resulted from changes in estimated future revenues of the related brands. The assets, classified as Level 3 measurements, were valued using the relief-from-royalty method, which includes unobservable inputs, including royalty rates and projected revenues. During the second quarter of 2020, we recognized intangible impairment charges of \$10 million primarily related to supplier relationship assets that were entirely written off in connection with our recent decision to streamline a smaller brand within our Retail segment. In addition, during the third quarter of 2020, with the persistence of the pandemic and in conjunction with another interim impairment test, we recognized \$41 million of additional intangible impairment charges within our Retail segment primarily related to indefinite-lived trade names as well as intangible assets related to held-for-sale assets.

The full duration and total impact of COVID-19 remains uncertain and it is difficult to predict how the recovery will unfold (in general and versus our expectations) for global economies, the travel industry or our business. Additionally, as the stock of our trivago segment is publicly traded, it is difficult to predict market dynamics and the extent or duration of any stock price declines. As a result, we may continue to record impairment charges in the future due to the potential long-term economic impact and near-term financial impacts of the COVID-19 pandemic.

Minority Investments without Readily Determinable Fair Values. As of September 30, 2020 and December 31, 2019, the carrying values of our minority investments without readily determinable fair values totaled \$331 million and \$467 million.

Notes to Consolidated Financial Statements – (Continued)

During the nine months ended September 30, 2020, we recorded \$134 million of impairment losses related to a minority investment, which had recent observable and orderly transactions for similar investments, using an option pricing model that utilizes judgmental inputs such as discounts for lack of marketability and estimated exit event timing. As of September 30, 2020, total cumulative adjustments made to the initial cost bases of these investments included \$103 million in unrealized downward adjustments (including impairments). During the three and nine months ended September 30, 2019, we had no material gains or losses recognized related to these minority investments.

Note 4 – Debt

The following table sets forth our outstanding debt:

	September 30, 2020	December 31, 2019
	(In millions)	
5.95% senior notes due 2020	\$ —	\$ 749
2.5% (€650 million) senior notes due 2022	761	725
3.6% senior notes due 2023	495	—
4.5% senior notes due 2024	497	497
6.25% senior notes due 2025	1,971	—
7.0% senior notes due 2025	739	—
5.0% senior notes due 2026	744	743
4.625% senior notes due 2027	743	—
3.8% senior notes due 2028	993	992
3.25% senior notes due 2030	1,233	1,232
Long-term debt ⁽¹⁾	8,176	4,938
Current maturities of long-term debt	—	(749)
Long-term debt, excluding current maturities	\$ 8,176	\$ 4,189
Revolving credit facility	\$ 650	\$ —

(1) Net of applicable discounts and debt issuance costs.

Current Maturities of Long-term Debt

In August 2020, our \$750 million in registered senior unsecured notes that bore interest at 5.95% matured and the balance was repaid.

Long-term Debt

July 2020 Senior Note Private Placements. In July 2020, we privately placed the following senior notes:

- \$500 million of senior unsecured notes that are due in December 2023 that bear interest at 3.6% (the “3.6% Notes”). The 3.6% Notes were issued at a price of 99.922% of the aggregate principal amount. Interest is payable semi-annually in arrears in June and December of each year, beginning December 15, 2020. We may redeem some or all of the 3.6% Notes at any time prior to November 15, 2023 by paying a “make-whole” premium plus accrued and unpaid interest, if any. We may redeem some or all of the 3.6% Notes on or after November 15, 2023 at par plus accrued and unpaid interest, if any.
- \$750 million of senior unsecured notes that are due in August 2027 that bear interest at 4.625% (the “4.625% Notes”). The 4.625% Notes were issued at a price of 99.997% of the aggregate principal amount. Interest is payable semi-annually in arrears in February and August of each year, beginning February 1, 2021. We may redeem some or all of the 4.625% Notes at any time prior to May 1, 2027 by paying a “make-whole” premium plus accrued and unpaid interest, if any. We may redeem some or all of the 4.625% Notes on or after May 1, 2027 at par plus accrued and unpaid interest, if any.

We also entered into a registration rights agreement with respect to the 3.6% Notes and the 4.625% Notes (together, the “July 2020 Notes”), under which we agreed to use commercially reasonable best efforts to file a registration statement to permit the exchange of the July 2020 Notes for registered notes having the same financial terms and covenants, and cause such registration statement to become effective and complete the related exchange offer within 365 days of the issuance of the July 2020 Notes. If we fail to satisfy certain of its obligations under the registration rights agreement, we will be required to pay additional interest of 0.25% per annum to the holders of the July 2020 Notes until such failure is cured.

Notes to Consolidated Financial Statements – (Continued)

May 2020 Senior Note Private Placements. In May 2020, we privately placed the following senior notes:

- \$2 billion of senior unsecured notes that are due in May 2025 that bear interest at 6.25% (the “6.25% Notes”). The 6.25% Notes were issued at a price of 100% of the aggregate principal amount. Interest is payable semi-annually in arrears in May and November of each year, beginning November 1, 2020. We may redeem some or all of the 6.25% Notes at any time prior to February 1, 2025 by paying a “make-whole” premium plus accrued and unpaid interest, if any. We may redeem some or all of the 6.25% Notes on or after February 1, 2025 at par plus accrued and unpaid interest, if any.
- \$750 million of senior unsecured notes that are due in May 2025 that bear interest at 7.0% (the “7.0% Notes”). The 7.0% Notes were issued at a price of 100% of the aggregate principal amount. Interest is payable semi-annually in arrears in May and November of each year, beginning November 1, 2020. We may redeem some or all of the 7.0% Notes at any time prior to May 1, 2022 by paying a “make-whole” premium plus accrued and unpaid interest, if any. We may redeem some or all of the 7.0% Notes on or after May 1, 2022 at specified redemption prices set forth in the 7.0% Indenture, plus accrued and unpaid interest, if any. In addition, at any time or from time to time prior to May 1, 2022, we may redeem up to 40% of the aggregate principal amount of the 7.0% Notes with the net proceeds of certain equity offerings at the specified redemption price described in the 7.0% Indenture plus accrued and unpaid interest, if any.

For additional information about our senior notes, see Note 8 – Debt of the Notes to Consolidated Financial Statements in our 2019 Form 10-K.

All of our outstanding senior notes (collectively the “Notes”) are senior unsecured obligations issued by Expedia Group and guaranteed by certain domestic Expedia Group subsidiaries. The Notes rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations of Expedia Group and the guarantor subsidiaries. In addition, the Notes include covenants that limit our ability to (i) create certain liens, (ii) enter into sale/leaseback transactions and (iii) merge or consolidate with or into another entity or transfer substantially all of our assets. Accrued interest related to the Notes was \$107 million and \$76 million as of September 30, 2020 and December 31, 2019. The Notes are redeemable in whole or in part, at the option of the holders thereof, upon the occurrence of certain change of control triggering events at a purchase price in cash equal to 101% of the principal plus accrued and unpaid interest.

The total estimated fair value of our Notes was approximately \$8.6 billion and \$5.1 billion as of September 30, 2020 and December 31, 2019. The fair value was determined based on quoted market prices in less active markets and is categorized according as Level 2 in the fair value hierarchy.

Credit Facilities

Revolving Credit Facility. As of December 31, 2019, Expedia Group maintained a \$2 billion unsecured revolving credit facility with a group of lenders, which was unconditionally guaranteed by certain domestic Expedia Group subsidiaries that were the same as under the Notes and expired in May 2023. The facility contained covenants including maximum leverage and minimum interest coverage ratios. As of December 31, 2019, we had no revolving credit facility borrowings outstanding. On March 18, 2020, we borrowed \$1.9 billion under the revolving credit facility.

Effective May 5, 2020, the revolving credit facility was amended and restated (the “Amended Credit Facility”) to, among other things:

- suspend the maximum leverage ratio covenant until December 31, 2021;
- increase the maximum permissible leverage ratio (once such covenant is reinstated) until March 31, 2023 (at which time the maximum permissible leverage ratio will return to the level in effect immediately prior to effectiveness of the Amended Credit Facility);
- eliminate the covenant imposing a minimum interest coverage ratio and add a covenant regarding minimum liquidity; as well as
- to make certain other amendments to the affirmative and negative covenants therein.

Obligations under the Amended Credit Facility are secured by substantially all of the assets of the Company and its subsidiaries that guarantee the Amended Credit Facility (subject to certain exceptions, including for our new headquarters located in Seattle, WA) up to the maximum amount permitted under the indentures governing the Notes without securing such Notes. Aggregate commitments under the Amended Credit Facility initially totaled \$2 billion, and mature on May 31, 2023.

Loans under the Amended Credit Facility bear interest (A) in the case of eurocurrency loans, at rates ranging from (i) prior to December 31, 2021, 2.25% per annum and (ii) on and after December 31, 2021, or prior to such date for each quarter that the leverage ratio, as of the end of the most recently ended fiscal quarter for which financial statements have been delivered, calculated on an annualized basis using consolidated EBITDA for the two most recently ended fiscal quarters included in such financial statements multiplied by two, is not greater than 5.00:1.00, from 1.00% to 1.75% depending on the

Notes to Consolidated Financial Statements – (Continued)

Company's credit ratings, and (B) in the case of base rate loans, at rates (i) prior to December 31, 2021, 1.25% per annum and (ii) on and after December 31, 2021, or prior to such date if the leverage ratio condition referred to above is satisfied, from 0.00% to 0.75% per annum depending on the Company's credit ratings.

The amount of stand-by letters of credit ("LOC") issued under the prior credit facility as well as the Amended Credit Facility reduced the credit amount available. As of September 30, 2020 and December 31, 2019, there was \$17 million and \$16 million of outstanding stand-by LOCs issued under the facilities.

On August 5, 2020, the Amended Credit Facility was further amended in order to, among other things, make changes to certain provisions of the Amended Credit Facility to conform to the corresponding provisions in the Foreign Credit Facility described below.

Foreign Credit Facility. Pursuant to the terms of the Amended Credit Facility, on August 5, 2020, the Company and Expedia Group International Holdings III, LLC, as borrower (the "Borrower"), entered into that certain Credit Agreement (as amended, supplemented or otherwise modified from time to time, the "Foreign Credit Facility") with a group of lenders. Obligations under the Foreign Credit Facility are unsecured. Such obligations are guaranteed by the Company, its subsidiaries that guarantee obligations under the Amended Credit Agreement, as mentioned above, and the Second Amendment, dated as of August 5, 2020, as mentioned below, and certain of the Company's additional subsidiaries (collectively, the "Guarantors").

Aggregate commitments under the Foreign Credit Facility total \$855 million, and mature on May 31, 2023. Substantially concurrently with the establishment of the Foreign Credit Facility, the Company reduced commitments under the Amended Credit Facility in an amount equal to \$855 million and prepaid indebtedness under the Amended Credit Facility in an amount equal to \$772 million, which was then outstanding under the Foreign Credit Facility.

Loans under the Foreign Credit Facility bear interest at a rate equal to an index rate plus a margin (A) in the case of eurocurrency loans, (i) prior to December 31, 2021, equal to 2.50% per annum and (ii) on and after December 31, 2021, or prior to such date for each quarter that the leverage ratio, as of the end of the most recently ended fiscal quarter for which financial statements have been delivered, calculated on an annualized basis using consolidated EBITDA for the two most recently ended fiscal quarters included in such financial statements multiplied by two, is not greater than 5.00:1.00, ranging from 1.25% to 2.00% per annum, depending on the Company's credit ratings, and (B) in the case of base rate loans, (i) prior to December 31, 2021, equal to 1.50% per annum and (ii) on and after December 31, 2021, or prior to such date if the leverage ratio condition referred to above is satisfied, ranging from 0.25% to per 1.00% annum, depending on the Company's credit ratings.

The covenants, events of default and other terms and conditions in the Foreign Credit Facility are substantially similar to those in the Amended Credit Facility, but include additional limitations on the Borrower and certain other entities that are not obligors under the Amended Credit Facility.

Subsidiary Credit Facility. In addition, one of our international subsidiaries maintains a Euro 50 million uncommitted credit facility, which is guaranteed by Expedia Group, which may be terminated at any time by the lender.

Outstanding Borrowings. On August 11, 2020, the Company repaid the outstanding amount of \$772 million on the Foreign Credit Facility as well as \$478 million under the Amended Credit Facility. As of September 30, 2020, there were no borrowings outstanding under the Foreign Credit Facility and \$650 million was outstanding under the Amended Credit Facility with the interest rate on the outstanding balance of 2.41%. As of September 30, 2020 and December 31, 2019, there were no borrowings outstanding on the subsidiary credit facility.

Note 5 – Capital Stock***Preferred Stock and Warrants***

On May 5, 2020, we completed the sale of Series A Preferred Stock (as defined below) and warrants (the "Warrants") to purchase our common stock ("Common Stock") to AP Fort Holdings, L.P., an affiliate of Apollo Global Management, Inc. (the "Apollo Purchaser") and SLP Fort Aggregator II, L.P. and SLP V Fort Holdings II, L.P., affiliates of Silver Lake Group, L.L.C. (the "Silver Lake Purchasers") pursuant to the Company's previously announced Investment Agreements, dated as of April 23, 2020, with the Apollo Purchaser and the Silver Lake Purchasers (together, the "Investment Agreements").

We issued and sold (1) to the Apollo Purchaser, pursuant to the Apollo Investment Agreement, 600,000 shares of the Company's newly created Series A Preferred Stock, par value \$0.001 per share (the "Series A Preferred Stock") and warrants (the "Warrants") to purchase 4.2 million shares of the Company's common stock, par value \$0.0001 per share ("Common Stock"), for an aggregate purchase price of \$588 million and (2) to the Silver Lake Purchaser, pursuant to the Silver Lake Investment Agreement, 600,000 shares of Series A Preferred Stock and Warrants to purchase 4.2 million shares of Common Stock, for an aggregate purchase price of \$588 million. At closing, we paid certain fees in an aggregate amount of \$12 million to affiliates of the Apollo Purchaser and the Silver Lake Purchaser. On the terms and subject to the conditions set forth in the Investment Agreements, from and after the closing, (1) each of the Apollo Purchaser and the Silver Lake Purchaser designated

one representative who was appointed to the Board of Directors of the Company (the “Board”) and (2) the Apollo Purchaser appointed one non-voting observer to the Board, in each case until such time as the applicable Purchaser and its Permitted Transferees (as defined in the Investment Agreements) no longer beneficially own (a) at least 50% of the shares of Series A Preferred Stock purchased by the applicable Purchaser under the Investment Agreement (unless the applicable Purchaser holds less than 50% of the shares of Series A Preferred Stock as a result of redemptions by the Company, in which case the reference to 50% shall be replaced with a reference to 20%) and (b) Warrants and/or Common Stock for which the Warrants were exercised that represent in the aggregate and on an as exercised basis, at least 50% of the shares underlying the Warrants purchased by the applicable Purchaser under the Investment Agreement.

The Investment Agreements (including the forms of Certificate of Designations, Warrants and Registration Rights Agreement) contain other customary covenants and agreements, including certain standstill provisions and customary preemptive rights.

Certificate of Designations for Series A Preferred Stock. Dividends on each share of Series A Preferred Stock accrue daily on the Preference Amount (as defined below) at the then-applicable Dividend Rate (as defined below) and are payable semi-annually in arrears. As used herein, “Dividend Rate” with respect to the Series A Preferred Stock means (a) from the closing until the day immediately preceding the fifth anniversary of the closing, 9.5% per annum, (b) beginning on each of the fifth, sixth and seventh anniversaries of the closing, the then-applicable Dividend Rate shall be increased by 100 basis points on each such yearly anniversary, and (c) beginning on each of the eighth and ninth anniversaries of the closing date, the then-applicable Dividend Rate shall be increased by 150 basis points on each such yearly anniversary. The Dividend Rate is also subject to certain adjustments if the Company incurs indebtedness causing its leverage to exceed certain thresholds. Dividends are payable (a) until the third anniversary of the closing, either in cash or through an accrual of unpaid dividends (“Dividend Accrual”), at the Company’s option, (b) from the third anniversary of the closing until the sixth anniversary of the closing, either in cash or in a combination of cash and Dividend Accrual (with no more than 50% of the total amount of such Dividend being paid through a Dividend Accrual), at the Company’s option and (c) thereafter, in cash.

The Series A Preferred Stock rank senior to the Common Stock and the Class B common stock, par value \$0.0001 per share, of the Company (the “Class B Common Stock”) with respect to dividend rights, redemption rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

At any time on or before the first anniversary of the closing, we may redeem all or any portion of the Series A Preferred Stock in cash at a price equal to 105% of the sum of the original liquidation preference of \$1,000 per share of Series A Preferred Stock plus any Dividend Accruals (the “Preference Amount”), plus accrued and unpaid distributions as of the redemption date. Any time after the first anniversary of the closing but on or prior to the second anniversary of the closing, we may redeem all or any portion of the Series A Preferred Stock in cash at a price equal to 103% of the Preference Amount, plus accrued and unpaid distributions as of the redemption date. Any time after the second anniversary of the closing but on or prior to the third anniversary of the closing, we may redeem all or any portion of the Series A Preferred Stock in cash at a price equal to 102% of the Preference Amount, plus accrued and unpaid distributions as of the redemption date. Any time after the third anniversary of the closing but on or prior to the fourth anniversary of the closing, we may redeem all or any portion of the Series A Preferred Stock in cash at a price equal to 101% of the Preference Amount, plus accrued and unpaid distributions as of the redemption date. At any time after the fourth anniversary of the closing, we may redeem all or any portion of the Series A Preferred Stock in cash at a price equal to the Preference Amount plus accrued and unpaid distributions as of the redemption date.

In addition, upon the occurrence of a change of control, (i) we shall have the right, but not the obligation, to redeem any or all of the outstanding shares of Series A Preferred Stock at the then applicable redemption price, payable in cash and (ii) each holder will have the right, but not the obligation, to require the Company to redeem any or all of the outstanding shares of Series A Preferred Stock owned by such holder at the then applicable redemption price, payable in cash.

The Series A Preferred Stock is not convertible into Common Stock or Class B Common Stock.

Each holder of Series A Preferred Stock will have one vote per share on any matter on which holders of Series A Preferred are entitled to vote separately as a class (as described below), whether at a meeting or by written consent. The holders of shares of Series A Preferred Stock do not otherwise have any voting rights.

The vote or consent of the holders of at least two-thirds of the shares of Series A Preferred Stock outstanding at such time, voting together as a separate class, is required in order for the Company to (i) amend, alter or repeal any provision of its Amended and Restated Certificate of Incorporation (including the certificates of designations relating to the Series A Preferred Stock) in a manner that would have an adverse effect on the rights, preferences or privileges of the Series A Preferred Stock, as applicable, (ii) issue, any capital stock ranking senior or pari passu to the Series A Preferred Stock, other than certain issuances to a governmental entity in connection with a financing transaction or (iii) liquidate, dissolve or wind up the Company.

Notes to Consolidated Financial Statements – (Continued)

The Series A Preferred Stock is classified within temporary equity on our consolidated balance sheets due to provisions that could cause the equity to be redeemable at the option of the holder. However, such events that could cause the Series A Preferred Stock to become redeemable are not considered probable of occurring. As of September 30, 2020, the carrying value of the Series A Preferred Stock was \$1,022 million, net of \$68 million in initial discount and issuance costs as well as \$110 million allocated on a relative fair value basis to the concurrently issued Warrants recorded to additional paid-in capital (as described below). The Series A Preferred Stock accumulated \$29 million and \$46 million in dividends during the three and nine months ended September 30, 2020, of which we paid \$17 million (or \$14.58 per share of Series A Preferred Stock) of total dividends during the nine months ended September 30, 2020.

Warrants to Purchase Company Common Stock. Pursuant to the Investment Agreements, we issued to each of (1) the Silver Lake Purchasers (in the aggregate) and (2) the Apollo Purchaser, Warrants to purchase 4.2 million shares of Common Stock at an exercise price of \$72.00 per share, subject to certain customary anti-dilution adjustments provided under the Warrants, including for stock splits, reclassifications, combinations and dividends or distributions made by the Company on the Common Stock. The Warrants are exercisable on a net share settlement basis. The Warrants expire ten years after the closing date.

Registration Rights Agreement. In connection with and concurrently with the effective time of the transactions contemplated by the Investment Agreements, the Company, the Apollo Purchaser and the Silver Lake Purchasers entered into a Registration Rights Agreement (the “Registration Rights Agreement”), pursuant to which the Apollo Purchaser and the Silver Lake Purchasers are entitled to certain registration rights. Under the terms of the Registration Rights Agreement, the Apollo Purchaser and the Silver Lake Purchasers are entitled to customary registration rights with respect to the shares of Common Stock for which the Warrants may be exercised and, from and after the fifth anniversary of the closing, the Series A Preferred Stock.

Dividends on our Common Stock

The Executive Committee, acting on behalf of the Board of Directors, declared the following dividends during the periods presented:

Declaration Date	Dividend Per Share	Record Date	Total Amount (in millions)	Payment Date
Nine Months Ended September 30, 2020				
February 13, 2020	\$ 0.34	March 10, 2020	\$ 48	March 26, 2020
Nine Months Ended September 30, 2019				
February 6, 2019	0.32	March 7, 2019	47	March 27, 2019
May 1, 2019	0.32	May 23, 2019	48	June 13, 2019
July 24, 2019	0.34	August 22, 2019	50	September 12, 2019

During the second quarter of 2020, we suspended quarterly dividends on our common stock. We do not expect to declare future dividends on our common stock, at least until the current economic and operating environment improves.

Treasury Stock

As of September 30, 2020, the Company’s treasury stock was comprised of approximately 123.4 million common stock and 7.3 million Class B shares. As of December 31, 2019, the Company’s treasury stock was comprised of approximately 119.6 million shares of common stock and 7.3 million Class B shares.

Share Repurchases. In April 2018, the Executive Committee, acting on behalf of the Board of Directors, authorized a repurchase of up to 15 million outstanding shares of our common stock. In December 2019, the Board of Directors authorized a repurchase of up to 20 million outstanding shares of our common stock. During the nine months ended September 30, 2020, we repurchased, through open market transactions, 3.4 million shares under these authorizations for the total cost of \$370 million, excluding transaction costs, representing an average repurchase price of \$109.88 per share. As of September 30, 2020, there were approximately 23.3 million shares remaining under the 2018 and 2019 repurchase authorizations. There is no fixed termination date for the repurchases.

For information related to shares repurchased as part of the Liberty Expedia Holdings transaction during the third quarter of 2019, see Note 11 – Liberty Expedia Holdings Transaction.

Accumulated Other Comprehensive Loss

The balance of accumulated other comprehensive loss as of September 30, 2020 and December 31, 2019 was comprised of foreign currency translation adjustments. These translation adjustments include foreign currency transaction losses at September 30, 2020 of \$42 million (\$54 million before tax) and \$15 million (\$19 million before tax) at December 31, 2019 associated with our 2.5% Notes. The 2.5% Notes are Euro-denominated debt designated as hedges of certain of our Euro-denominated net assets.

Note 6 – Earnings (Loss) Per Share

The following table presents our basic and diluted earnings (loss) per share:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
(In millions, except share and per share data)				
Net income (loss) attributable to Expedia Group, Inc.	\$ (192)	\$ 409	\$ (2,229)	\$ 489
Preferred stock dividend	(29)	—	(46)	—
Net income (loss) attributable to Expedia Group, Inc. common stockholders	<u>\$ (221)</u>	<u>\$ 409</u>	<u>\$ (2,275)</u>	<u>\$ 489</u>
Earnings (loss) per share attributable to Expedia Group, Inc. available to common stockholders:				
Basic	\$ (1.56)	\$ 2.77	\$ (16.13)	\$ 3.30
Diluted	(1.56)	2.71	(16.13)	3.24
Weighted average number of shares outstanding (000's):				
Basic	141,306	147,232	141,068	148,052
Dilutive effect of:				
Options to purchase common stock	—	2,336	—	2,074
Other dilutive securities	—	1,067	—	786
Diluted	<u>141,306</u>	<u>150,635</u>	<u>141,068</u>	<u>150,912</u>

Basic earnings per share is calculated using our weighted-average outstanding common shares. 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.

Diluted earnings per share is calculated using our weighted-average outstanding common shares including the dilutive effect of stock awards and common stock warrants as determined under the treasury stock method. In periods when we recognize a net loss, we exclude the impact of outstanding stock awards and common stock warrants from the diluted loss per share calculation as their inclusion would have an antidilutive effect. For both of the three and nine months ended September 30, 2020, approximately 25 million of outstanding stock awards and common stock warrants have been excluded from the calculations of diluted earnings per share attributable to common stockholders because their effect would have been antidilutive. For both of the three and nine months ended September 30, 2019, approximately 2 million of outstanding stock awards have been excluded from the calculations of diluted earnings per share attributable to common stockholders because their effect would have been antidilutive.

Note 7 – Restructuring and Related Reorganization Charges

In February 2020, we committed to restructuring actions intended to simplify our businesses and improve operational efficiencies, which have resulted in headcount reductions, and, during the second and third quarter of 2020, the Company has accelerated further actions to adapt our business to the current environment. As a result, we recognized \$78 million and \$206 million in restructuring and related reorganization charges during the three and nine months ended September 30, 2020. Based on current plans, which are subject to change, we expect total reorganization charges in the remainder of 2020 and into 2021 of approximately \$75 million. However, we continue to actively evaluate additional cost reduction efforts and should we make decisions in future periods to take further actions we will incur additional reorganization charges.

We also engaged in certain smaller scale restructure actions in 2019 to centralize and migrate certain operational functions and systems, for which we recognized \$2 million and \$16 million in restructuring and related reorganization charges during the three and nine months ended September 30, 2019, which were primarily related to severance and benefits.

Notes to Consolidated Financial Statements – (Continued)

The following table summarizes the restructuring and related reorganization activity for the nine months ended September 30, 2020:

	Employee Severance and Benefits	Other	Total
	(In millions)		
Accrued liability as of January 1, 2020	\$ 11	\$ 6	\$ 17
Charges	195	11	206
Payments	(89)	(14)	(103)
Non-cash items	3	(3)	—
Accrued liability as of September 30, 2020	<u>\$ 120</u>	<u>\$ —</u>	<u>\$ 120</u>

Note 8 – Income Taxes

We determine our provision for income taxes for interim periods using an estimate of our annual effective tax rate. We record any changes affecting the estimated annual effective tax rate in the interim period in which the change occurs, including discrete items.

For the three months ended September 30, 2020, the effective tax rate was a 10.8% benefit on a pre-tax loss, compared to a 27.4% expense on pre-tax income for the three months ended September 30, 2019. The change in the effective tax rate was primarily due to discrete items.

For the nine months ended September 30, 2020, the effective tax rate was a 12.0% benefit on a pre-tax loss, compared to a 24.5% expense on pre-tax income for the nine months ended September 30, 2019. The change in the effective tax rate was primarily driven by nondeductible impairment charges and a valuation allowance principally related to unrealized capital losses recorded in the first quarter of 2020.

We are subject to taxation in the United States and foreign jurisdictions. Our income tax filings are regularly examined by federal, state and foreign tax authorities. During the fourth quarter of 2019, the Internal Revenue Service (“IRS”) issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2011 to 2013 tax years. The proposed adjustments would increase our U.S. taxable income by \$696 million, which would result in federal tax of approximately \$244 million, subject to interest. We do not agree with the position of the IRS. We filed a protest with the IRS for our 2011 to 2013 tax years and Appeals returned the case to Exam for further review. We are also under examination by the IRS for our 2014 to 2016 tax years. Subsequent years remain open to examination by the IRS. We do not anticipate a significant impact to our gross unrecognized tax benefits within the next 12 months related to these years.

Note 9 – Commitments and Contingencies**Legal Proceedings**

In the ordinary course of business, we are a party to various lawsuits. Management does not expect these lawsuits to have a material impact on the liquidity, results of operations, or financial condition of Expedia Group. We also evaluate other potential contingent matters, including value-added tax, excise tax, sales tax, transient occupancy or accommodation tax and similar matters. We do not believe that the aggregate amount of liability that could be reasonably possible with respect to these matters would have a material adverse effect on our financial results; however, litigation is inherently uncertain and the actual losses incurred in the event that our legal proceedings were to result in unfavorable outcomes could have a material adverse effect on our business and financial performance.

Litigation Relating to Occupancy Taxes. One hundred one lawsuits have been filed by or against cities, counties and states involving hotel occupancy and other taxes. Nine lawsuits are currently active. These lawsuits are in various stages and we continue to defend against the claims made in them vigorously. With respect to the principal claims in these matters, we believe that the statutes or ordinances at issue do not apply to us or the services we provide and, therefore, that we do not owe the taxes that are claimed to be owed. We believe that the statutes or ordinances at issue generally impose occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations. To date, forty-eight of these lawsuits have been dismissed. Some of these dismissals have been without prejudice and, generally, allow the governmental entity or entities to seek administrative remedies prior to pursuing further litigation. Thirty-four dismissals were based on a finding that we and the other defendants were not subject to the local tax ordinance or that the local government lacked standing to pursue its claims. As a result of this litigation and other attempts by certain jurisdictions to levy such taxes, we have established a reserve for the potential settlement of issues related to hotel occupancy and other taxes, consistent with applicable accounting principles and in light of all current facts and circumstances, in the amount of \$58 million and \$48 million as of September 30, 2020 and December 31, 2019, respectively. Our settlement reserve

is based on our best estimate of probable losses and the ultimate resolution of these contingencies may be greater or less than the liabilities recorded. An estimate for a reasonably possible loss or range of loss in excess of the amount reserved cannot be made. Changes to the settlement reserve are included within legal reserves, occupancy tax and other in the consolidated statements of operations.

Pay-to-Play. Certain jurisdictions may assert that we are required to pay any assessed taxes prior to being allowed to contest or litigate the applicability of the ordinances. This prepayment of contested taxes is referred to as “pay-to-play.” Payment of these amounts is not an admission that we believe we are subject to such taxes and, even when such payments are made, we continue to defend our position vigorously. If we prevail in the litigation, for which a pay-to-play payment was made, the jurisdiction collecting the payment will be required to repay such amounts and also may be required to pay interest.

We are in various stages of inquiry or audit with domestic and foreign tax authorities, some of which, including in the City of Los Angeles regarding hotel occupancy taxes and in the United Kingdom regarding the application of value added tax (“VAT”) to our European Union related transactions as discussed below, may impose a pay-to-play requirement to challenge an adverse inquiry or audit result in court.

Matters Relating to International VAT. We are in various stages of inquiry or audit in multiple European Union jurisdictions, including in the United Kingdom, regarding the application of VAT to our European Union related transactions. While we believe we comply with applicable VAT laws, rules and regulations in the relevant jurisdictions, the tax authorities may determine that we owe additional taxes. In certain jurisdictions, including the United Kingdom, we may be required to “pay-to-play” any VAT assessment prior to contesting its validity. While we believe that we will be successful based on the merits of our positions with regard to the United Kingdom and other VAT audits in pay-to-play jurisdictions, it is nevertheless reasonably possible that we could be required to pay any assessed amounts in order to contest or litigate the applicability of any assessments and an estimate for a reasonably possible amount of any such payments cannot be made.

Competition and Consumer Matters. On August 23, 2018, the Australian Competition and Consumer Commission, or “ACCC”, instituted proceedings in the Australian Federal Court against trivago. The ACCC alleged breaches of Australian Consumer Law, or “ACL,” relating to trivago’s advertisements in Australia concerning the hotel prices available on trivago’s Australian site, trivago’s strike-through pricing practice and other aspects of the way offers for accommodation were displayed on trivago’s Australian website. The matter went to trial in September 2019 and, on January 20, 2020, the Australian Federal Court issued a judgment finding trivago had engaged in conduct in breach of the ACL. On March 4, 2020, trivago filed a notice of appeal of part of that judgment at the Australian Federal Court. On November 4, 2020, the Australian Federal Court dismissed trivago’s appeal. The court has yet to set a date for a separate trial regarding penalties and other orders. We recorded the estimated probable loss associated with the proceedings in a previous period. An estimate for the reasonable possible loss or range of loss in excess of the amount reserved cannot be made.

Note 10 – Divestitures

During the third quarter of 2020, in connection with our efforts to focus on our core businesses and streamline our activities, we committed to a plan that we think is probable of completion within the next year to divest certain smaller businesses within our Retail segment, one of which completed its sale in October 2020.

As a result, beginning in the third quarter of 2020, the related assets and liabilities of these disposal groups are considered held-for-sale and consist of the following as of September 30, 2020:

- Held-for-sale assets of \$60 million, which were primarily classified within cash of \$17 million, accounts receivable of \$18 million and prepaid expenses and other current assets of \$15 million.
- Held-for-sale liabilities of \$68 million, which were primarily classified within accrued expenses and other current liabilities of \$17 million and deferred merchant bookings of \$36 million.

We expect to recognize a loss of approximately \$20 million within other, net in the consolidated statements of operations during the fourth quarter of 2020 with respect to the sale of the disposal group which completed in October 2020.

In May 2020, we completed the sale of Bodybuilding.com, and the impacts of the divestiture are not considered material to the Company.

Note 11 – Liberty Expedia Holdings Transaction

On July 26, 2019, Expedia Group acquired all of the outstanding shares of Liberty Expedia Holdings, Inc. (“Liberty Expedia Holdings”) in a transaction in which the outstanding shares of Liberty Expedia Holdings’ Series A common stock and Series B common stock were exchanged for newly issued shares of common stock of Expedia Group with a fair value of \$2.9 billion, assumption of \$400 million in debt and \$15 million of cash. We accounted for the acquired Liberty Expedia Holdings assets and liabilities, except for the Expedia Group shares repurchased, as a business combination. We accounted for the exchanged Expedia Group shares held by Liberty Expedia Holdings as a share repurchase for consideration of \$3.2 billion. As a result of this transaction, Expedia Group’s shares outstanding were reduced by approximately 3.1 million shares. The fair value of the assets and liabilities acquired in the business combination was \$91 million, which was primarily comprised of \$78 million of cash and \$10 million of a trade name definite lived intangible asset related to Bodybuilding.com. Bodybuilding.com is primarily an Internet retailer of dietary supplements, sports nutrition products, and other health and wellness products. No goodwill was recorded for the portion of the transaction accounted for as a business combination.

In connection with the Liberty Expedia Holdings transaction, a wholly-owned subsidiary of Expedia Group, Inc. (“Merger LLC”) assumed the obligations of Liberty Expedia Holdings with respect to the \$400 million aggregate outstanding principal amount of 1.0% Exchangeable Senior Debentures due 2047 issued by Liberty Expedia Holdings (the “Exchangeable Debentures”) and the indenture governing the Exchangeable Debentures. Also in connection with the Liberty Expedia Holdings transaction, Liberty Expedia Holdings delivered a notice of redemption with respect to the Exchangeable Debentures, pursuant to which Merger LLC would redeem all of the Exchangeable Debentures at a redemption price, in cash, equal to the sum of (i) the adjusted principal amount of such Exchangeable Debentures, (ii) any accrued and unpaid interest on such Exchangeable Debentures to the redemption date, and (iii) any final period distribution on such Exchangeable Debentures (subject to the right of holders of the Exchangeable Debentures to exchange such Exchangeable Debentures for equity of Expedia Group, Inc. or, at Merger LLC’s election, cash or a combination of such equity and cash). On August 26, 2019, Merger LLC redeemed all of the Exchangeable Debentures in exchange for a total payment of approximately \$401 million (with no holders of the Exchangeable Debentures electing to exchange).

Bodybuilding.com was consolidated into our financial statements starting on the acquisition date and we recognized a related \$24 million in revenue and \$3 million in operating losses for the three and nine months ended September 30, 2019, which was included within Corporate and Eliminations in our segment footnote.

Note 12 – Segment Information

Beginning in the first quarter of 2020, we have the following reportable segments: Retail, B2B, and trivago. The change from our previous reportable segments, Core OTA, trivago, Vrbo and Egencia, reflect Expedia Group’s efforts to simplify our organization into a platform operating model by aligning our retail brand operations, combining our business focused brands and centralizing our platform and supply organizations to support all of our businesses. Our Retail segment, which consists of the aggregation of operating segments, provides a full range of travel and advertising services to our worldwide customers through a variety of consumer brands including: Expedia.com and Hotels.com in the United States and localized Expedia and Hotels.com websites throughout the world, Vrbo, Orbitz, Travelocity, Wotif Group, ebookers, CheapTickets, Hotwire.com, CarRentals.com, CruiseShipCenters, Classic Vacations and SilverRail Technologies, Inc. Our B2B segment is comprised of our Expedia Business Services organization including Expedia Partner Solutions, which operates private label and co-branded programs to make travel services available to leisure travelers through third-party company branded websites, and Egencia, a full-service travel management company that provides travel services to businesses and their corporate customers. Our trivago segment generates advertising revenue primarily from sending referrals to online travel companies and travel service providers from its hotel metasearch websites.

We determined our operating segments based on how our chief operating decision makers manage our business, make operating decisions and evaluate operating performance. Our primary operating metric is Adjusted EBITDA. Adjusted EBITDA for our Retail and B2B segments includes allocations of certain expenses, primarily related to our global travel supply organization and the majority of costs from our product and technology platform, as well as facility costs and the realized foreign currency gains or losses related to the forward contracts hedging a component of our net merchant lodging revenue. We base the allocations primarily on transaction volumes and other usage metrics. We do not allocate certain shared expenses such as accounting, human resources, certain information technology and legal to our reportable segments. We include these expenses in Corporate and Eliminations. Our allocation methodology is periodically evaluated and may change.

Our segment disclosure includes intersegment revenues, which primarily consist of advertising and media services provided by our trivago segment to our Retail segment. These intersegment transactions are recorded by each segment at amounts that approximate fair value as if the transactions were between third parties, and therefore, impact segment performance. However, the revenue and corresponding expense are eliminated in consolidation. The elimination of such intersegment transactions is included within Corporate and Eliminations in the table below.

Notes to Consolidated Financial Statements – (Continued)

Corporate and Eliminations also includes unallocated corporate functions and expenses as well as Bodybuilding.com subsequent to our acquisition in July 2019 through its sale in May 2020. In addition, we record amortization of intangible assets and any related impairment, as well as stock-based compensation expense, restructuring and related reorganization charges, legal reserves, occupancy tax and other, and other items excluded from segment operating performance in Corporate and Eliminations. Such amounts are detailed in our segment reconciliation below.

The following tables present our segment information for the three and nine months ended September 30, 2020 and 2019. As a significant portion of our property and equipment is not allocated to our operating segments and depreciation is not included in our segment measure, we do not report the assets by segment as it would not be meaningful. We do not regularly provide such information to our chief operating decision makers.

	Three months ended September 30, 2020				
	Retail	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	\$ 1,246	\$ 203	\$ 55	\$ —	\$ 1,504
Intersegment revenue	—	—	15	(15)	—
Revenue	<u>\$ 1,246</u>	<u>\$ 203</u>	<u>\$ 70</u>	<u>\$ (15)</u>	<u>\$ 1,504</u>
Adjusted EBITDA	\$ 429	\$ (52)	\$ 7	\$ (80)	\$ 304
Depreciation	(136)	(30)	(4)	(13)	(183)
Amortization of intangible assets	—	—	—	(37)	(37)
Impairment of goodwill	—	—	—	(14)	(14)
Impairment of intangible assets	—	—	—	(41)	(41)
Stock-based compensation	—	—	—	(47)	(47)
Legal reserves, occupancy tax and other	—	—	—	(2)	(2)
Restructuring and related reorganization charges	—	—	—	(78)	(78)
Realized (gain) loss on revenue hedges	(15)	—	—	—	(15)
Operating income (loss)	<u>\$ 278</u>	<u>\$ (82)</u>	<u>\$ 3</u>	<u>\$ (312)</u>	<u>(113)</u>
Other expense, net					(111)
Loss before income taxes					(224)
Provision for income taxes					24
Net loss					(200)
Net loss attributable to non-controlling interests					8
Net loss attributable to Expedia Group, Inc.					(192)
Preferred stock dividend					(29)
Net loss attributable to Expedia Group, Inc. common stockholders					<u>\$ (221)</u>

Notes to Consolidated Financial Statements – (Continued)

	Three months ended September 30, 2019				
	Retail	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	\$ 2,613	\$ 731	\$ 190	\$ 24	\$ 3,558
Intersegment revenue	—	—	89	(89)	—
Revenue	<u>\$ 2,613</u>	<u>\$ 731</u>	<u>\$ 279</u>	<u>\$ (65)</u>	<u>\$ 3,558</u>
Adjusted EBITDA	\$ 876	\$ 149	\$ 12	\$ (125)	\$ 912
Depreciation	(128)	(27)	(3)	(20)	(178)
Amortization of intangible assets	—	—	—	(50)	(50)
Stock-based compensation	—	—	—	(60)	(60)
Legal reserves, occupancy tax and other	—	—	—	(11)	(11)
Restructuring and related reorganization charges	—	—	—	(2)	(2)
Realized (gain) loss on revenue hedges	4	(6)	—	—	(2)
Operating income (loss)	<u>\$ 752</u>	<u>\$ 116</u>	<u>\$ 9</u>	<u>\$ (268)</u>	<u>609</u>
Other expense, net					(48)
Income before income taxes					561
Provision for income taxes					(154)
Net income					407
Net loss attributable to non-controlling interests					2
Net income attributable to Expedia Group, Inc.					<u>\$ 409</u>

Notes to Consolidated Financial Statements – (Continued)

	Nine months ended September 30, 2020				
	Retail	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	\$ 3,291	\$ 756	\$ 173	\$ 59	\$ 4,279
Intersegment revenue	—	—	69	(69)	—
Revenue	<u>\$ 3,291</u>	<u>\$ 756</u>	<u>\$ 242</u>	<u>\$ (10)</u>	<u>\$ 4,279</u>
Adjusted EBITDA	\$ 248	\$ (154)	\$ (10)	\$ (292)	\$ (208)
Depreciation	(400)	(96)	(10)	(53)	(559)
Amortization of intangible assets	—	—	—	(122)	(122)
Impairment of goodwill	—	—	—	(799)	(799)
Impairment of intangible assets	—	—	—	(172)	(172)
Stock-based compensation	—	—	—	(156)	(156)
Legal reserves, occupancy tax and other	—	—	—	11	11
Restructuring and related reorganization charges	—	—	—	(206)	(206)
Realized (gain) loss on revenue hedges	(42)	(3)	—	—	(45)
Operating income (loss)	<u>\$ (194)</u>	<u>\$ (253)</u>	<u>\$ (20)</u>	<u>\$ (1,789)</u>	<u>\$ (2,256)</u>
Other expense, net					(400)
Loss before income taxes					(2,656)
Provision for income taxes					319
Net loss					(2,337)
Net loss attributable to non-controlling interests					108
Net loss attributable to Expedia Group, Inc.					(2,229)
Preferred stock dividend					(46)
Net loss attributable to Expedia Group, Inc. common stockholders					<u>\$ (2,275)</u>

Notes to Consolidated Financial Statements – (Continued)

	Nine months ended September 30, 2019				
	Retail	B2B	trivago (In millions)	Corporate & Eliminations	Total
Third-party revenue	\$ 6,847	\$ 1,944	\$ 505	\$ 24	\$ 9,320
Intersegment revenue	—	—	262	(262)	—
Revenue	<u>\$ 6,847</u>	<u>\$ 1,944</u>	<u>\$ 767</u>	<u>\$ (238)</u>	<u>\$ 9,320</u>
Adjusted EBITDA	\$ 1,619	\$ 351	\$ 56	\$ (370)	\$ 1,656
Depreciation	(383)	(81)	(9)	(57)	(530)
Amortization of intangible assets	—	—	—	(154)	(154)
Stock-based compensation	—	—	—	(175)	(175)
Legal reserves, occupancy tax and other	—	—	—	(25)	(25)
Restructuring and related reorganization charges	—	—	—	(16)	(16)
Realized (gain) loss on revenue hedges	(2)	(11)	—	—	(13)
Operating income (loss)	<u>\$ 1,234</u>	<u>\$ 259</u>	<u>\$ 47</u>	<u>\$ (797)</u>	<u>\$ 743</u>
Other expense, net					(88)
Income before income taxes					655
Provision for income taxes					(161)
Net income					494
Net income attributable to non-controlling interests					(5)
Net income attributable to Expedia Group, Inc.					<u>\$ 489</u>

Revenue by Business Model and Service Type

The following table presents revenue by business model and service type:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(in millions)			
Business Model:				
Merchant	\$ 1,032	\$ 1,980	\$ 2,740	\$ 5,173
Agency	329	1,177	996	3,066
Advertising, media and other	143	401	543	1,081
Total revenue	<u>\$ 1,504</u>	<u>\$ 3,558</u>	<u>\$ 4,279</u>	<u>\$ 9,320</u>
Service Type:				
Lodging	\$ 1,229	\$ 2,575	\$ 3,258	\$ 6,468
Air	27	202	67	678
Advertising and media	94	312	322	861
Other ⁽¹⁾	154	469	632	1,313
Total revenue	<u>\$ 1,504</u>	<u>\$ 3,558</u>	<u>\$ 4,279</u>	<u>\$ 9,320</u>

- (1) Other includes car rental, insurance, destination services, cruise and fee revenue related to our corporate travel business, among other revenue streams, none of which are individually material. Other also includes product revenue of \$59 million during the nine months ended September 30, 2020 and \$24 million during the three and nine months ended September 30, 2019 related to Bodybuilding.com, which was sold in May 2020.

Our Retail and B2B segments generate revenue from the merchant, agency and advertising, media and other business models as well as all service types. trivago segment revenue is generated through advertising and media.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the views of our management regarding current expectations and projections about future events and are based on currently available information. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, but not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2019, Part I, Item 1A, “Risk Factors,” in Exhibit 99.2 to our Current Report on Form 8-K filed with the SEC on April 23, 2020, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on May 21, 2020, as well as those discussed in the Risk Factor section and elsewhere in this report. COVID-19, and the volatile regional and global economic conditions stemming from it, and additional or unforeseen effects from the COVID-19 pandemic, could also give rise to or aggravate these risk factors, which in turn could materially adversely affect our business, financial condition, liquidity, results of operations (including revenues and profitability) and/or stock price. Further, COVID-19 may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks to our operations. Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition and results of operations. Accordingly, readers should not place undue reliance on these forward-looking statements. The use of words such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “goal,” “intends,” “likely,” “may,” “plans,” “potential,” “predicts,” “projected,” “seeks,” “should” and “will,” or the negative of these terms or other similar expressions, among others, generally identify forward-looking statements; however, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. We are not under any obligation to, and do not intend to, publicly update or review any of these forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Please carefully review and consider the various disclosures made in this report and in our other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

The information included in this management’s discussion and analysis of financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes included in this Quarterly Report, and the audited consolidated financial statements and notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2019.

Overview

Expedia Group is one of the world’s largest travel companies. We help reduce the barriers to travel, making it easier, more attainable and more accessible, bringing the world within reach for customers and partners around the globe. We leverage our platform and technology capabilities across an extensive portfolio of businesses and brands to orchestrate the movement of people and the delivery of travel experiences on both a local and global basis. We make available, on a stand-alone and package basis, travel services provided by numerous lodging properties, airlines, car rental companies, activities and experiences providers, cruise lines, alternative accommodations property owners and managers, and other travel product and service companies. We also offer travel and non-travel advertisers access to a potential source of incremental traffic and transactions through our various media and advertising offerings on our websites. For additional information about our portfolio of brands, see “Portfolio of Brands” in Part I, Item 1, “Business”, in our Annual Report on Form 10-K for the year ended December 31, 2019.

All percentages within this section are calculated on actual, unrounded numbers.

Trends

The COVID-19 pandemic, and measures to contain the virus, including government travel restrictions and quarantine orders, have had a significant negative impact on the travel industry. COVID-19 has negatively impacted consumer sentiment and consumer’s ability to travel, and many of our supply partners, particularly airlines and hotels, continue to operate at reduced service levels.

As the spread of the virus has been contained to varying degrees in certain countries, some travel restrictions have been lifted and consumers have become more comfortable traveling, particularly to domestic locations. This has led to a moderation of the declines in travel bookings and in cancellation rates compared to the March and April 2020 time period. However, travel

booking volume remains significantly below prior year levels and cancellation levels remain elevated compared to pre-COVID levels.

The degree of containment of the virus, and the recovery in travel, has varied country by country. During the recovery period, including in recent months, there have been instances where cases of COVID-19 have started to increase again after a period of decline, which in some cases impacted the recovery of travel in certain countries. COVID-19 also had broader economic impacts, including an increase in unemployment levels and reduction in economic activity, which could lead to recession and further reduction in consumer or business spending on travel activities, which may negatively impact the timing and level of a recovery in travel demand.

Our financial and operating results for the first nine months of 2020 were significantly impacted due to the decrease in travel demand related to COVID-19. We expect COVID-19 to continue to significantly impact our financial and operating results in the fourth quarter, and expect the impact to the overall travel market, and our business, to continue into 2021. However, the full duration and total impact of COVID-19 remains uncertain and it is difficult to predict how the recovery will play out for the travel industry and, in particular, our business.

Additionally, further health-related events, political instability, geopolitical conflicts, acts of terrorism, significant fluctuations in currency values, sovereign debt issues, and natural disasters, are examples of other events that could have a negative impact on the travel industry in the future.

Prior to the onset of COVID-19, we began to execute a cost savings initiative aimed at simplifying the organization and increasing efficiency. Following the onset of COVID-19, we accelerated execution on several of these cost savings initiatives and took additional actions to reduce costs to help mitigate the impact to demand from COVID-19 and reduce our monthly cash usage. While some cost actions during COVID-19 are temporary and intended to minimize cash usage during this disruption, we expect to continue to benefit from the majority of the savings when business conditions return to more normalized levels. Overall, we now expect annualized run-rate fixed cost savings of \$700 to \$750 million, and we continue to evaluate additional opportunities to increase efficiency and improve operational effectiveness across the Company. In addition to the actions to reduce fixed costs, we are executing initiatives to reduce certain variable costs and improve our marketing efficiency.

As a result of these cost savings initiatives, we expect Adjusted EBITDA margins to increase compared to historical levels when revenue returns to more normalized levels.

Lodging

Lodging includes hotel accommodations and alternative accommodations. As a percentage of our total worldwide revenue in the first nine months of 2020, lodging accounted for 76%. As a result of the impact on travel demand from the COVID-19 outbreak, room nights declined 58% in the third quarter of 2020, and 54% in the first nine months of 2020. The timing of recovery in consumer sentiment on travel and on staying at hotels will be a factor in our level of room night growth, and as noted above, we expect that to vary by country. Average Daily Rates (“ADRs”) for rooms booked on Expedia Group websites increased 8% in the third quarter and 2% in the first nine months of 2020. During the third quarter of 2020, the year-over-year increase in ADRs for our Vrbo business remained elevated compared to quarters prior to the COVID-19 outbreak and Vrbo, which carries a higher ADR than hotels, accounted for a higher percentage of room nights due to the faster recovery in alternative accommodations during this period. This was partially offset by declines in hotel ADRs.

The uncertain environment related to COVID-19, and the potential for a higher degree of discounting activity due to the lower travel demand, could result in continued hotel ADR declines for a period of time. Similarly, fluctuations in supply and demand for alternative accommodations, could impact ADRs for Vrbo. In addition, travel restrictions and shift in consumer behavior during COVID-19 that impact the mix of our lodging bookings across geographies and types of accommodations could impact total ADRs. Given these dynamics, it is difficult to predict ADR trends in the near-term.

Hotel. We generate the majority of our revenue through the facilitation of hotel reservations (stand-alone and package bookings). After rolling out Expedia Traveler Preference (“ETP”) globally over a period of several years, during which time we reduced negotiated economics in certain instances to compensate for hotel supply partners absorbing expenses such as credit card fees and customer service costs, our relationships and overall economics with hotel supply partners have been broadly stable in recent years. As we continue to expand the breadth and depth of our global hotel offering, in some cases we have reduced our economics in various geographies based on local market conditions. These impacts are due to specific initiatives intended to drive greater global size and scale through faster overall room night growth. Additionally, increased promotional activities such as growing loyalty programs contribute to declines in revenue per room night and profitability.

Since our hotel supplier agreements are generally negotiated on a percentage basis, any increase or decrease in ADRs has an impact on the revenue we earn per room night. Over the course of the last several years, occupancies and ADRs in the lodging industry generally increased on a currency-neutral basis in a gradually improving overall travel environment. However, with certain travel restrictions and quarantine orders implemented due to COVID-19, current occupancy rates for hotels in the United States are at significantly reduced levels and ADRs could decline for a period of time. In addition, other factors could

pressure ADR trends, including the continued growth in hotel supply in recent years and the increase in alternative accommodation inventory. Further, while the global lodging industry remains very fragmented, there has been consolidation in the hotel space among chains as well as ownership groups. In the meantime, certain hotel chains have been focusing on driving direct bookings on their own websites and mobile applications by advertising lower rates than those available on third-party websites as well as incentives such as loyalty points, increased or exclusive product availability and complimentary Wi-Fi.

As of September 30, 2020, our global lodging marketplace included approximately 1.7 million properties offered through our global websites, including approximately 800,000 integrated Vrbo alternative accommodations listings.

Alternative Accommodations. With our acquisition of Vrbo (previously HomeAway) and all of its brands in December 2015, we expanded into the fast growing alternative accommodations market. Vrbo is a leader in this market and represents an attractive growth opportunity for Expedia Group. Vrbo has transitioned from a listings-based classified advertising model to an online transactional model that optimizes for both travelers and homeowner and property manager partners, with a goal of increasing monetization and driving growth through investments in marketing as well as in product and technology. Vrbo offers hosts subscription-based listing or pay-per-booking service models. It also generates revenue from a traveler service fee for bookings. As of September 30, 2020, there are 2.1 million online bookable listings available on Vrbo. In addition, we have actively moved to integrate Vrbo listings into our global Retail services, as well as directly add alternative accommodation listings to our offerings, to position our key global brands to offer a full range of lodging options for consumers.

Air

The airline industry has been dramatically impacted by COVID-19. As a result of the significantly reduced air travel demand due to government travel restrictions and the impact on consumer sentiment related to COVID-19, airlines have been operating with less capacity and passenger traffic has declined significantly. During the third quarter of 2020, air passenger traffic declines further moderated, but continue to lag the recover in lodging bookings. The recovery in air travel remains difficult to predict, and may not correlate with the recovery in lodging demand. According to the Transportation Security Administration (“TSA”), air traveler 7-day average throughput declined 95% in April 2020 compared to prior year levels. The declines moderated to down 73% in mid-July 2020 and have further moderated to down 63% as of mid-October. In addition, as of late July, the International Air Transport Association (“IATA”) expected airline passenger traffic to decline 55% in 2020 compared to 2019 levels. For 2021, IATA estimates passenger traffic to increase 62% compared to 2020, representing a decline of nearly 30% compared to 2019 levels. In September 2020, IATA lowered its forecast for air traffic (RPK), currently expecting a decline of 66% compared to 2019.

In addition, there is significant correlation between airline revenue and fuel prices, and fluctuations in fuel prices generally take time to be reflected in air revenue. Given current volatility, it is uncertain how fuel prices could impact airfares. We could encounter pressure on air remuneration as air carriers combine, certain supply agreements renew, and as we continue to add airlines to ensure local coverage in new markets.

Air ticket volumes increased 5% in 2018 and 7% in 2019. In the first nine months of 2020, air ticket volumes declined 61%. As a percentage of our total worldwide revenue in the first nine months of 2020, air accounted for 2%.

Advertising & Media

Our advertising and media business is principally driven by revenue generated by trivago, a leading hotel metasearch website, and Expedia Group Media Solutions, which is responsible for generating advertising revenue on our global online travel brands. In the first nine months of 2020, we generated \$322 million of advertising and media revenue, a 63% decline from the same period in 2019, representing 8% of our total worldwide revenue. Given the decline in travel demand related to COVID-19, online travel agencies have dramatically reduced marketing spend, including on trivago, and given the uncertain duration and impact of COVID-19 it is difficult to predict when spend will recover to normalized levels. In response, trivago has significantly reduced its marketing spend and taken additional actions to lower operating expenses. We expect trivago to continue to experience significant pressure on revenue and profit until online travel agencies and other hotel suppliers begin to see consumer demand that warrants an increase in marketing spend.

Online Travel

Increased usage and familiarity with the internet are driving rapid growth in online penetration of travel expenditures. According to Phocuswright, an independent travel, tourism and hospitality research firm, in 2019, approximately 45% of U.S. and European leisure and unmanaged corporate travel expenditures occurred online. This figure was estimated to reach approximately 50% in 2020, prior to the outbreak of COVID-19. Online penetration rates in the emerging markets, such as Asia Pacific and Latin American regions, are lagging behind that of the United States and Europe. These penetration rates increased over the past few years, and are expected to continue growing, which presents an attractive growth opportunity for our business, while also attracting many competitors to online travel. This competition intensified in recent years, and the industry is expected to remain highly competitive for the foreseeable future. In addition to the growth of online travel agencies, we see

increased interest in the online travel industry from search engine companies such as Google, evidenced by continued product enhancements, including new trip planning features for users and the integration of its various travel products into the Google Travel offering, as well as further prioritizing its own products in search results. Competitive entrants such as “metasearch” companies, including Kayak.com (owned by Booking Holdings), trivago (in which Expedia Group owns a majority interest) as well as TripAdvisor, introduced differentiated features, pricing and content compared with the legacy online travel agency companies, as well as various forms of direct or assisted booking tools. Further, airlines and lodging companies are aggressively pursuing direct online distribution of their products and services. In addition, the increasing popularity of the “sharing economy,” accelerated by online penetration, has had a direct impact on the travel and lodging industry. Businesses such as Airbnb, Vrbo (previously HomeAway, which Expedia Group acquired in December 2015) and Booking.com (owned by Booking Holdings) have emerged as the leaders, bringing incremental alternative accommodation and vacation rental inventory to the market. Many other competitors, including vacation rental metasearch players, continue to emerge in this space, which is expected to continue to grow as a percentage of the global accommodation market. Finally, traditional consumer ecommerce and group buying websites expanded their local offerings into the travel market by adding hotel offers to their websites.

The online travel industry also saw the development of alternative business models and variations in the timing of payment by travelers and to suppliers, which in some cases place pressure on historical business models. In particular, the agency hotel model saw rapid adoption in Europe. Expedia Group facilitates both merchant (Expedia Collect) and agency (Hotel Collect) hotel offerings with our hotel supply partners through both agency-only contracts as well as our hybrid ETP program, which offers travelers the choice of whether to pay Expedia Group at the time of booking or pay the hotel at the time of stay.

We have recently shifted to managing our marketing investments holistically across the brand portfolio in our Retail segment to optimize results for the Company, and making decisions on a market by market basis that we think are appropriate based on the relative growth opportunity, the expected returns and the competitive environment. Over time, intense competition historically led to aggressive marketing efforts by the travel suppliers and intermediaries, and a meaningful unfavorable impact on our overall marketing efficiencies and operating margins. During 2020, we have increased our focus on opportunities to increase marketing efficiency, drive a higher proportion of transactions through direct channels and improve the balance of transaction growth and profitability.

Growth Strategy

Global Expansion. Our Brand Expedia, Hotels.com, Vrbo portfolio, Expedia Partner Solutions and Egencia brands operate both domestically and through international points of sale, including in Europe, Asia Pacific, Canada and Latin America. In addition, ebookers offers multi-product online travel reservations in Europe and the Wotif portfolio of brands are focused principally on the Australia and New Zealand markets. We own a majority share of trivago, a leading metasearch company. In December 2016, trivago successfully completed its initial public offering and trades on the Nasdaq Global Select Market under the symbol “TRVG.” In addition, we have commercial agreements in place with Trip.com and eLong in China, Traveloka in Southeast Asia, as well as Despegar in Latin America, among many others. In conjunction with the commercial arrangements with Traveloka and Despegar, we have also made strategic investments in both companies. In the first nine months of 2020, approximately 34% of worldwide revenue was through international points of sale. Our strategy is focused on continuing to grow our international market share, and over the longer term we aim to increase our mix of international revenue as we execute to strengthen our brands and products in key international markets.

In expanding our global reach, we leverage significant investments in technology, operations, brand building, supplier relationships and other initiatives that we have made since the launch of Expedia.com in 1996. More recently, we have invested in migrating parts of our technology platform to the cloud, as well as focused on expanding our lodging supply, particularly in key international markets. Our scale of operations enhances the value of technology innovations we introduce on behalf of our travelers and suppliers. We believe that our size and scale afford the company the ability to negotiate competitive rates with our supply partners, provide breadth of choice and travel deals to our traveling customers through an expanding supply portfolio and create opportunities for new value added offers for our customers such as our loyalty programs. The size of Expedia Group’s worldwide traveler base makes our websites an increasingly appealing channel for travel suppliers to reach customers. In addition, the sheer size of our user base and search query volume allows us to test new technologies very quickly to determine which innovations are most likely to improve the travel research and booking process, and then roll those features out to our worldwide audience to drive improvements in conversion.

Product Innovation. Each of our leading brands was a pioneer in online travel and has been responsible for driving key innovations in the space for more than two decades. We have made key investments in technology, including significant development of our technical platforms, that make it possible for us to deliver innovations at a faster pace. Improvements in our global platforms for Hotels.com, Brand Expedia and Vrbo continue to enable us to significantly increase the innovation cycle, thereby improving conversion and driving faster growth rates for those brands. Since 2014, we have acquired Travelocity, Wotif Group and Orbitz Worldwide, including Orbitz, CheapTickets and ebookers, and migrated their brands to the Brand

Expedia technology platform. In addition, Orbitz for Business customers were migrated to the Egencia technology platform in 2016. We intend to continue leveraging these technology investments when launching additional points of sale in new countries, introducing new website features, adding supplier products and services including new business model offerings, as well as proprietary and user-generated content for travelers.

Channel Expansion. Technological innovations and developments continue to create new opportunities for travel bookings. In the past few years, each of our brands made significant progress innovating on its mobile websites and mobile applications, contributing to solid download trends, and many of our brands now see more traffic via mobile devices than via traditional PCs and an increasing percentage of transactions are coming through mobile. Mobile bookings continue to present an opportunity for incremental growth as they are often completed with a much shorter booking window than we historically experienced via more traditional online booking methods. Additionally, our brands are implementing new technologies like voice-based search, chatbots and messaging apps as mobile-based options for travelers. In addition, we are seeing significant cross-device usage among our customers, who connect to our websites and apps across multiple devices and platforms throughout their travel planning process. We also believe mobile represents an efficient marketing channel given the opportunity for direct traffic acquisition, increase in share of wallet and in repeat customers, particularly through mobile applications. During 2019, more than 40% of transactions across Expedia Group's Retail brands were booked on a mobile device.

Seasonality

We generally experience seasonal fluctuations in the demand for our travel services. For example, traditional leisure travel bookings are generally the highest in the first three quarters as travelers plan and book their spring, summer and winter holiday travel. The number of bookings typically decreases in the fourth quarter. Because revenue for most of our travel services, including merchant and agency hotel, is recognized as the travel takes place rather than when it is booked, revenue typically lags bookings by several weeks for our hotel business and can be several months or more for our alternative accommodations business. Historically, Vrbo has seen seasonally stronger bookings in the first quarter of the year, with the relevant stays occurring during the peak summer travel months. The seasonal revenue impact is exacerbated with respect to income by the nature of our variable cost of revenue and direct sales and marketing costs, which we typically realize in closer alignment to booking volumes, and the more stable nature of our fixed costs. Furthermore, operating profits for our primary revenue in the business, trivago, have typically been experienced in the second half of the year, particularly the fourth quarter, as selling and marketing costs offset revenue in the first half of the year as we typically increase marketing during the busy booking period for spring, summer and winter holiday travel. As a result on a consolidated basis, revenue and income are typically the lowest in the first quarter and highest in the third quarter. The growth of our international operations, advertising business or a change in our product mix, including the growth of Vrbo, may influence the typical trend of the seasonality in the future.

Due to COVID-19, which led to significant cancellations for future travel during the first half of the year, and has impacted new travel bookings for the majority of 2020, we have not experienced our typical seasonal pattern for bookings, revenue and profit during 2020. In addition, with the lower new bookings and elevated cancellations in the merchant business model, our typical, seasonal working capital source of cash has been significantly disrupted resulting in the Company experiencing unfavorable working capital trends and material negative cash flow during the first half of 2020 when we typically generate significant positive cash flow. Seasonal trends were more normalized during the third quarter, but it is difficult to forecast the seasonality for the upcoming quarters, given the uncertainty related to the duration of the impact from COVID-19 and the shape and timing of any sustained recovery. In addition, we are experiencing much shorter booking windows in both our hotel and alternative accommodations business, which could also impact the seasonality of our working capital and cash flow.

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 we use judgment and estimates in applying those policies. We prepare our consolidated financial statements and accompanying notes in accordance with generally accepted accounting principles in the United States ("GAAP"). Preparation of the consolidated financial statements and accompanying notes requires that we 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. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

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

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

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business disruptions and adversely impact our results of operations. As a result, many of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

Recoverability of Goodwill and Indefinite and Definite-Lived Intangible Assets

Goodwill. We assess goodwill for impairment annually as of October 1, or more frequently, if events and circumstances indicate impairment may have occurred. During the first nine months of 2020, as a result of the significant turmoil related to COVID-19, we concluded that sufficient indicators existed to require us to perform multiple interim impairment assessments. In the evaluation of goodwill for impairment, we typically perform a quantitative assessment and compare the fair value of the reporting unit to the carrying value and, if applicable, record an impairment charge based on the excess of the reporting unit's carrying amount over its fair value. Periodically, we may choose to perform a qualitative assessment, prior to performing the quantitative analysis, to determine whether the fair value of the goodwill is more likely than not impaired.

We generally base our measurement of fair value of reporting units, except for trivago, which is a separately listed company on the Nasdaq Global Select Market, on a blended analysis of the present value of future discounted cash flows and market valuation approach. The discounted cash flows model indicates the fair value of the reporting units based on the present value of the cash flows that we expect the reporting units to generate in the future. Our significant estimates in the discounted cash flows model include: our weighted average cost of capital; long-term rate of growth and profitability of our business; and working capital effects. The market valuation approach indicates the fair value of the business based on a comparison of the Company to comparable publicly traded firms in similar lines of business. Our significant estimates in the market approach model include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment and assessing comparable revenue and operating income multiples in estimating the fair value of the reporting units. The fair value estimate for the trivago reporting unit was based on trivago's stock price, a Level 1 input, adjusted for an estimated control premium.

We believe the weighted use of discounted cash flows and market approach is generally the best method for determining the fair value of our reporting units because these are the most common valuation methodologies used within the travel and internet industries; and the blended use of both models compensates for the inherent risks associated with either model if used on a stand-alone basis.

In addition to measuring the fair value of our reporting units as described above, we consider the combined carrying and fair values of our reporting units in relation to the Company's total fair value of equity plus debt as of the assessment date. Our equity value assumes our fully diluted market capitalization, using either the stock price on the valuation date or the average stock price over a range of dates around the valuation date, plus an estimated acquisition premium which is based on observable transactions of comparable companies. The debt value is based on the highest value expected to be paid to repurchase the debt, which can be fair value, principal or principal plus a premium depending on the terms of each debt instrument.

Indefinite-Lived Intangible Assets. We base our measurement of fair value of indefinite-lived intangible assets, which primarily consist of trade name and trademarks, using the relief-from-royalty method. This method assumes that the trade name and trademarks have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate the future revenue for the related brands, the appropriate royalty rate and the weighted average cost of capital.

Definite-Lived Intangible Assets. We review the carrying value of long-lived assets or asset groups 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 would assess the recoverability of an 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 in the asset 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 as the difference between the asset groups carrying amount and its estimated fair value.

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 an impairment or, in the period in which an impairment is recognized, could result in a materially different impairment charge.

For additional information on our goodwill and intangible asset impairments recorded as a result of our interim impairment testing during the first nine months of 2020, see Note 3 – Fair Value Measurements in the notes to the consolidated financial statements.

For additional information about our other critical accounting policies and estimates, see the disclosure included in our Annual Report on Form 10-K for the year ended December 31, 2019 as well as updates in the current fiscal year provided in Note 2 – Summary of Significant Accounting Policies in the notes to the consolidated financial statements.

Occupancy and Other Taxes

Legal Proceedings. We are currently involved in nine lawsuits brought by or against states, cities and counties over issues involving the payment of hotel occupancy and other taxes. We continue to defend these lawsuits vigorously. With respect to the principal claims in these matters, we believe that the statutes and/or ordinances at issue do not apply to us or the services we provide, namely the facilitation of travel planning and reservations, and, therefore, that we do not owe the taxes that are claimed to be owed. We believe that the statutes and ordinances at issue generally impose occupancy and other taxes on entities that own, operate or control hotels (or similar businesses) or furnish or provide hotel rooms or similar accommodations.

Recent developments include:

- *City of San Antonio, Texas Litigation.* On September 10, 2020, plaintiffs filed a petition for writ of certiorari to the United States Supreme Court, seeking to appeal the United States Fifth Circuit Court of Appeals affirmance of an award of over \$2 million appeal bond costs against the city, which remains pending.
- *Jefferson Parrish, Louisiana Litigation.* On September 17, 2020, the court granted the defendants' motion, denied the plaintiff's motion and dismissed all remaining claims filed by the plaintiff with prejudice. Plaintiff filed a notice of appeal on October 13, 2020.
- *Palm Beach, Florida Litigation.* On October 19, 2020, the Florida Supreme Court denied Palm Beach County's petition for discretionary review, thereby ending the matter.

For additional information on these and other legal proceedings, see Part II, Item 1, Legal Proceedings.

We have established a reserve for the potential settlement of issues related to hotel occupancy and other tax litigation, consistent with applicable accounting principles and in light of all current facts and circumstances, in the amount of \$58 million as of September 30, 2020, and \$48 million as of December 31, 2019.

Certain jurisdictions, including without limitation the states of New York, New Jersey, North Carolina, Minnesota, Oregon, Rhode Island, Maryland, Pennsylvania, Hawaii, Iowa, Massachusetts, Arizona, Wisconsin, Idaho, Arkansas, Indiana, Maine, Nebraska, Vermont, the city of New York, and the District of Columbia, have enacted legislation seeking to tax online travel company services as part of sales or other taxes for hotel and/or other accommodations and/or car rental. In addition, in certain jurisdictions, we have entered into voluntary collection agreements pursuant to which we have agreed to voluntarily collect and remit taxes to state and/or local taxing jurisdictions. We are currently remitting taxes to a number of jurisdictions, including without limitation the states of New York, New Jersey, South Carolina, North Carolina, Minnesota, Georgia, Wyoming, West Virginia, Oregon, Rhode Island, Montana, Maryland, Kentucky, Maine, Pennsylvania, Hawaii, Iowa, Massachusetts, Arizona, Wisconsin, Idaho, Arkansas, Indiana, Nebraska, Vermont, the city of New York and the District of Columbia, as well as certain other jurisdictions.

Pay-to-Play

Certain jurisdictions may assert that we are required to pay any assessed taxes prior to being allowed to contest or litigate the applicability of the ordinances. This prepayment of contested taxes is referred to as "pay-to-play." Payment of these amounts is not an admission that we believe we are subject to such taxes and, even when such payments are made, we continue to defend our position vigorously. If we prevail in the litigation, for which a pay-to-play payment was made, the jurisdiction collecting the payment will be required to repay such amounts and also may be required to pay interest. However, any significant pay-to-play payment or litigation loss could negatively impact our liquidity.

Other Jurisdictions. We are also in various stages of inquiry or audit with domestic and foreign tax authorities, some of which, including the City of Los Angeles regarding hotel occupancy taxes and the United Kingdom regarding the application of value added tax ("VAT") to our European Union related transactions, may impose a pay-to-play requirement to challenge an adverse inquiry or audit result in court.

Segments

Beginning in the first quarter of 2020, we have the following reportable segments: Retail, B2B, and trivago. Our Retail segment provides a full range of travel and advertising services to our worldwide customers through a variety of consumer brands including: Expedia.com and Hotels.com in the United States and localized Expedia and Hotels.com websites throughout the world, Vrbo, Orbitz, Travelocity, Wotif Group, ebookers, CheapTickets, Hotwire.com, CarRentals.com, CruiseShipCenters, Classic Vacations and SilverRail Technologies, Inc. Our B2B segment is comprised of our Expedia Business Services organization including Expedia Partner Solutions, which operates private label and co-branded programs to make travel services available to leisure travelers through third-party company branded websites, and Egencia, a full-service travel management company that provides travel services to businesses and their corporate customers. Our trivago segment generates advertising revenue primarily from sending referrals to online travel companies and travel service providers from its hotel metasearch websites.

Operating Metrics

Our operating results are affected by certain metrics, such as gross bookings and revenue margin, which we believe are necessary for understanding and evaluating us. Gross bookings generally represent the total retail value of transactions booked for agency and merchant transactions, recorded at the time of booking reflecting the total price due for travel by travelers, including taxes, fees and other charges, and are reduced for cancellations and refunds. Revenue margin is defined as revenue as a percentage of gross bookings.

Gross Bookings and Revenue Margin

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Gross bookings	\$ 8,631	\$ 26,927	(68) %	\$ 29,228	\$ 84,628	(65) %
Revenue margin ⁽¹⁾	17.4 %	13.2 %		14.6 %	11.0 %	

(1) trivago, which is comprised of a hotel metasearch business that differs from our transaction-based websites, does not have associated gross bookings or revenue margin. However, third-party revenue from trivago is included in revenue used to calculate total revenue margin.

During the three and nine months ended September 30, 2020, gross bookings decreased 68% and 65%, respectively, compared to the same periods in 2019, resulting from the impacts of the COVID-19 pandemic.

For the third quarter of 2020, declines across our lodging, air and other travel products all moderated compared to the second quarter declines of 90%, with lodging bookings benefiting from year-over-year growth at Vrbo in the third quarter.

Revenue margin for the three ended September 30, 2020 was due in part to a mix shift into products with higher revenue margin and transaction revenue related to Vrbo's shift to merchant of record. Revenue margin for the nine months ended September 30, 2020 was also higher than the prior period due in part to the significant lodging cancellations, which reduced gross bookings, creating an unusual mix of bookings and revenue in the period. Current periods revenue margins are not indicative of our future expectations.

Results of Operations

Revenue

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Revenue by Segment						
Retail	\$ 1,246	\$ 2,613	(52) %	\$ 3,291	\$ 6,847	(52) %
B2B	203	731	(72) %	756	1,944	(61) %
trivago (Third-party revenue)	55	190	(71) %	173	505	(66) %
Corporate (Bodybuilding.com)	—	24	N/A	59	24	149 %
Total revenue	\$ 1,504	\$ 3,558	(58) %	\$ 4,279	\$ 9,320	(54) %

Revenue decreased 58% and 54% for the three and nine months ended September 30, 2020, compared to the same periods in 2019. Revenue grew for both January and February 2020 before significantly declining year-over-year in March through May 2020 with the decline moderating in June 2020 due to the improved trends in the lodging business. In the third quarter of 2020, the year-over-year revenue decline improved in July compared to June and further moderated sequentially in August and September. Our Retail segment revenue declined 52% and B2B segment revenue declined 72% in the quarter. The slower decline in our Retail segment reflects the benefit from growth at Vrbo, while the B2B segment was impacted by the slower recovery for corporate travel demand.

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Revenue by Service Type						
Lodging	\$ 1,229	\$ 2,575	(52) %	\$ 3,258	\$ 6,468	(50) %
Air	27	202	(87) %	67	678	(90) %
Advertising and media ⁽¹⁾	94	312	(70) %	322	861	(63) %
Other	154	469	(67) %	632	1,313	(52) %
Total revenue	\$ 1,504	\$ 3,558	(58) %	\$ 4,279	\$ 9,320	(54) %

(1) Includes third-party revenue from trivago as well as our transaction-based websites.

Lodging revenue decreased 52% and 50% for the three and nine months ended September 30, 2020, compared to the same periods in 2019, on a 58% and 54% decrease in room nights stayed in the respective periods, partially offset by a 14% and 9% increase in revenue per room night in the respective periods.

Air revenue decreased 87% for the three months ended September 30, 2020, compared to the same period in 2019, reflecting a 74% decline in tickets sold and a 48% decline in revenue per ticket. Air revenue declined 90% for the nine months ended September 30, 2020, compared to the same period in 2019, reflecting the adverse impact of COVID-19 on air travel.

Advertising and media revenue decreased 70% and 63% for the three and nine months ended September 30, 2020, compared to the same periods in 2019, due to declines at trivago and Expedia Group Media Solutions. All other revenue, which includes car rental, insurance, destination services, fee revenue related to our corporate travel business and Bodybuilding.com (during the period of our ownership of July 2019 to May 2020), decreased 67% and 52% for the three and nine months ended September 30, 2020, compared to the same periods in 2019.

In addition to the above segment and product revenue discussion, our revenue by business model is as follows:

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Revenue by Business Model						
Merchant	\$ 1,032	\$ 1,980	(48) %	\$ 2,740	\$ 5,173	(47) %
Agency	329	1,177	(72) %	996	3,066	(67) %
Advertising, media and other	143	401	(64) %	543	1,081	(50) %
Total revenue	\$ 1,504	\$ 3,558	(58) %	\$ 4,279	\$ 9,320	(54) %

Merchant revenue decreased for the three and nine months ended September 30, 2020, compared to the same periods in 2019, primarily due to the decrease in merchant hotel revenue driven by a decrease in room nights stayed, partially offset by an increase in Vrbo merchant alternative accommodations revenue due to Vrbo's transition since the prior year from the agency model to merchant of record.

Agency revenue decreased for the three and nine months ended September 30, 2020, compared to the same periods in 2019, primarily due to the decline in agency hotel and air as well as Vrbo agency alternative accommodations revenue.

Advertising, media and other decreased for the three and nine months ended September 30, 2020, compared to the same periods in 2019, primarily due to declines in advertising revenue.

Cost of Revenue

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Direct costs	\$ 256	\$ 393	(35) %	\$ 978	\$ 1,073	(9) %
Personnel and overhead	119	155	(23) %	415	465	(11) %
Total cost of revenue	\$ 375	\$ 548	(31) %	\$ 1,393	\$ 1,538	(9) %
% of revenue	24.9 %	15.4 %		32.6 %	16.5 %	

Cost of revenue primarily consists of direct costs to support our customer operations, including our customer support and telesales as well as fees to air ticket fulfillment vendors; credit card processing, including merchant fees, fraud and chargebacks; and other costs, primarily including data center and cloud costs to support our websites, supplier operations, destination supply, certain transactional level taxes, costs related to Bodybuilding.com during our period of ownership as well as related personnel and overhead costs, including stock-based compensation.

Cost of revenue decreased \$173 million and \$145 million during the three and nine months ended September 30, 2020, compared to the same periods in 2019, primarily due to a decline in merchant fees resulting from lower transaction volumes, a decline in customer service and personnel costs, and lower cloud expenses, partially offset by higher payment processing costs related to Vrbo's transition to merchant of record. In addition, the third quarter of 2019 and the first half of 2020 included costs related to Bodybuilding.com, which was disposed of in the second quarter of 2020. The year-to-date period decrease was also partially offset by higher bad debt reserves related to future collection risk from the impact of COVID-19.

Selling and Marketing

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Direct costs	\$ 341	\$ 1,398	(76) %	\$ 1,395	\$ 4,041	(65) %
Indirect costs	188	248	(24) %	640	769	(17) %
Total selling and marketing	\$ 529	\$ 1,646	(68) %	\$ 2,035	\$ 4,810	(58) %
% of revenue	35.2 %	46.3 %		47.6 %	51.6 %	

Selling and marketing expense primarily relates to direct costs, including traffic generation costs from search engines and internet portals, television, radio and print spending, private label and affiliate program commissions, public relations and other costs. The remainder of the expense relates to indirect costs, including personnel and related overhead in our various brands and global supply organization, as well as stock-based compensation costs.

Selling and marketing expenses decreased \$1.1 billion and \$2.8 billion during the three and nine months ended September 30, 2020, compared to the same periods in 2019, primarily due to a decrease in direct costs driven by a significant reduction in marketing spend in March 2020 and continuing into the second and third quarter of 2020 related to the impact on travel demand from COVID-19.

Technology and Content

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Personnel and overhead	\$ 161	\$ 227	(29) %	\$ 566	\$ 690	(18) %
Other	63	77	(19) %	221	215	3 %
Total technology and content	\$ 224	\$ 304	(26) %	\$ 787	\$ 905	(13) %
% of revenue	14.9 %	8.5 %		18.4 %	9.7 %	

Technology and content expense includes product development and content expense, as well as information technology costs to support our infrastructure, back-office applications and overall monitoring and security of our networks, and is principally comprised of personnel and overhead, including stock-based compensation, as well as other costs including cloud expense and licensing and maintenance expense.

Technology and content expense decreased \$80 million and \$118 million during the three and nine months ended September 30, 2020, compared to the same periods in 2019, primarily reflecting lower personnel and related costs.

General and Administrative

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Personnel and overhead	\$ 102	\$ 148	(31) %	\$ 349	\$ 434	(20) %
Professional fees and other	32	62	(48) %	124	165	(24) %
Total general and administrative	\$ 134	\$ 210	(36) %	\$ 473	\$ 599	(21) %
% of revenue	8.9 %	5.9 %		11.1 %	6.4 %	

General and administrative expense consists primarily of personnel-related costs, including our executive leadership, finance, legal and human resource functions and related stock-based compensation as well as fees for external professional services.

General and administrative expense decreased \$76 million and \$126 million during the three and nine months ended September 30, 2020, compared to the same periods in 2019, mainly driven by lower personnel costs, professional fees and lower stock-based compensation.

Depreciation and Amortization

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Depreciation	\$ 183	\$ 178	3 %	\$ 559	\$ 530	6 %
Amortization of intangible assets	37	50	(26) %	122	154	(21) %
Total depreciation and amortization	\$ 220	\$ 228	(3) %	\$ 681	\$ 684	— %

Depreciation increased \$5 million and \$29 million during the three and nine months ended September 30, 2020, compared to the same periods in 2019, due to depreciation related to our new headquarters and higher internal-use software and website development depreciation, partially offset by lower data center depreciation. Amortization of intangible assets decreased \$13 million and \$32 million during the three and nine months ended September 30, 2020, compared to the same periods in 2019 primarily due to the completion of amortization related to certain intangible assets as well as the impact of definite-lived intangible impairments in the current year.

Impairment of Goodwill and Intangible Assets

During the three and nine months ended September 30, 2020, as a result of the significant negative impact related to the COVID-19, which has had a severe effect on the entire global travel industry, we recognized goodwill impairment charges of \$14 million and \$799 million as well as intangible asset impairment charges of \$41 million and \$172 million. See Note 3 – Fair Value Measurements in the notes to the consolidated financial statements for further information.

Legal Reserves, Occupancy Tax and Other

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Legal reserves, occupancy tax and other	\$ 2	\$ 11	(85) %	\$ (11)	\$ 25	N/A
% of revenue	0.1 %	0.3 %		(0.3)%	0.3 %	

Legal reserves, occupancy tax and other consists of changes in our reserves for court decisions and the potential and final settlement of issues related to hotel occupancy and other taxes, expenses recognized related to monies paid in advance of occupancy and other tax proceedings (“pay-to-play”) as well as certain other legal reserves.

During the nine months ended September 30, 2020, we recorded a \$25 million gain in relation to a legal settlement, which was partially offset by changes in our reserve related to hotel occupancy and other taxes. During the nine months ended September 30, 2019, we received a \$10 million refund of prepaid pay-to-play amounts from the State of Hawaii in connection with the general excise tax litigation resulting in a corresponding benefit during the period, which nets down increases in reserves for occupancy tax and other matters.

Restructuring and Related Reorganization Charges

In late February 2020, we committed to restructuring actions intended to simplify our businesses and improve operational efficiencies, which have resulted in headcount reductions, and, during the second and third quarter of 2020, the Company has accelerated further actions to adapt our business to the current environment. As a result, we recognized \$78 million and \$206 million in restructuring and related reorganization charges during the three and nine months ended September 30, 2020. Based on current plans, which are subject to change, we expect total reorganization charges in the remainder of 2020 and into 2021 of approximately \$75 million. However, we continue to actively evaluate additional cost reduction efforts and should we make decisions in future periods to take further actions we will incur additional reorganization charges.

We also engaged in certain smaller scale restructure actions in 2019 to centralize and migrate certain operational functions and systems, for which we recognized \$2 million and \$16 million in restructuring and related reorganization charges during the three and nine months ended September 30, 2019, which were primarily related to severance and benefits.

Operating Income (Loss)

	Three months ended September 30,			% Change	Nine months ended September 30,			% Change
	2020	2019			2020	2019		
	(\$ in millions)				(\$ in millions)			
Operating income (loss)	\$ (113)	\$ 609		N/A	\$ (2,256)	\$ 743		N/A
% of revenue	(7.5)%	17.1 %			(52.7)%	8.0 %		

During the three and nine months ended September 30, 2020, we had operating losses of \$113 million and \$2.3 billion, compared to operating income of \$609 million and \$743 million for the same periods in 2019, primarily due to declining revenue in the current year periods resulting from the COVID-19 pandemic as well as the intangible impairment charges mentioned above.

Adjusted EBITDA by Segment

	Three months ended September 30,			% Change	Nine months ended September 30,			% Change
	2020	2019			2020	2019		
	(\$ in millions)				(\$ in millions)			
Retail	\$ 429	\$ 876		(51) %	\$ 248	\$ 1,619		(85) %
B2B	(52)	149		N/A	(154)	351		N/A
trivago	7	12		(45) %	(10)	56		N/A
Unallocated overhead costs (Corporate) ⁽¹⁾	(80)	(125)		(37) %	(292)	(370)		(21) %
Total Adjusted EBITDA ⁽²⁾	\$ 304	\$ 912		(67) %	\$ (208)	\$ 1,656		N/A

(1) Includes immaterial operating results of Bodybuilding.com subsequent to our acquisition in July 2019 through its sale in May 2020.

(2) Adjusted EBITDA is a non-GAAP measure. See “Definition and Reconciliation of Adjusted EBITDA” below for more information.

Adjusted EBITDA is our primary segment operating metric. See Note 12 – Segment Information in the notes to the consolidated financial statements for additional information on intersegment transactions, unallocated overhead costs and for a reconciliation of Adjusted EBITDA by segment to net income (loss) attributable to Expedia Group, Inc. for the periods presented above.

Our Retail, B2B and trivago segment Adjusted EBITDA all declined during the three and nine months ended September 30, 2020, compared to the same periods in 2019, resulting from impacts of the COVID-19 pandemic as revenue decreased for the current year period, partially offset by a decline in direct sales and marketing expense.

Unallocated overhead costs decreased \$45 million and \$78 million during the three and nine months ended September 30, 2020, compared to the same periods in 2019, primarily due to lower general and administrative expenses.

Interest Income and Expense

	Three months ended September 30,			% Change	Nine months ended September 30,			% Change
	2020	2019			2020	2019		
	(\$ in millions)				(\$ in millions)			
Interest income	\$ 3	\$ 17		(83) %	\$ 16	\$ 45		(64) %
Interest expense	(113)	(40)		184 %	(258)	(120)		115 %

Interest income decreased for the three and nine months ended September 30, 2020, compared to the same periods in 2019, as a result of lower rates of return. Interest expense increased for the three and nine months ended September 30, 2020, compared to the same periods in 2019, as a result of additional interest on the \$1.25 billion senior unsecured notes issued in September 2019, the \$2.75 billion senior unsecured notes issued in May 2020, the \$1.25 billion senior unsecured notes issued in July 2020 as well as outstanding amounts on our revolving credit facility since March 2020.

Other, Net

Other, net is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(\$ in millions)			
Foreign exchange rate gains (losses), net	\$ 10	\$ (2)	\$ 52	\$ (14)
Gains (losses) on minority equity investments, net	(7)	(25)	(202)	(13)
Other	(4)	2	(8)	14
Total other, net	\$ (1)	\$ (25)	\$ (158)	\$ (13)

During the nine months ended September 30, 2020, losses on minority equity investments, net included \$134 million of impairment losses related to a minority investment as well as \$68 million of mark-to-market losses related to our publicly traded marketable equity investment, Despegar. See Note 3 – Fair Value Measurements in the notes to the consolidated financial statements for further information.

Provision for Income Taxes

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
	(\$ in millions)			(\$ in millions)		
Provision for income taxes	\$ (24)	\$ 154	N/A	\$ (319)	\$ 161	N/A
Effective tax rate	10.8 %	27.4 %		12.0 %	24.5 %	

We determine our provision for income taxes for interim periods using an estimate of our annual effective tax rate. We record any changes affecting the estimated annual tax rate in the interim period in which the change occurs, including discrete items.

For the three months ended September 30, 2020, the effective tax rate was a 10.8% benefit on a pre-tax loss, compared to a 27.4% expense on pre-tax income for the three months ended September 30, 2019. The change in the effective tax rate was primarily due to discrete items.

For the nine months ended September 30, 2020, the effective tax rate was a 12.0% benefit on a pre-tax loss, compared to a 24.5% expense on pre-tax income for the nine months ended September 30, 2019. The change in the effective tax rate was primarily driven by nondeductible impairment charges and a valuation allowance principally related to unrealized capital losses recorded in the first quarter of 2020.

We are subject to taxation in the United States and foreign jurisdictions. Our income tax filings are regularly examined by federal, state and foreign tax authorities. During the fourth quarter of 2019, the Internal Revenue Service (“IRS”) issued final adjustments related to transfer pricing with our foreign subsidiaries for our 2011 to 2013 tax years. The proposed adjustments would increase our U.S. taxable income by \$696 million, which would result in federal tax of approximately \$244 million, subject to interest. We do not agree with the position of the IRS. We filed a protest with the IRS for our 2011 to 2013 tax years and Appeals returned our case to Exam for further review. We are also under examination by the IRS for our 2014 to 2016 tax years. Subsequent years remain open to examination by the IRS. We do not anticipate a significant impact to our gross unrecognized tax benefits within the next 12 months related to these years.

Definition and Reconciliation of Adjusted EBITDA

We report Adjusted EBITDA as a supplemental measure to U.S. generally accepted accounting principles (“GAAP”). Adjusted EBITDA is among the primary metrics by which management evaluates the performance of the business and on which internal budgets are based. Management believes that investors should have access to the same set of tools that management uses to analyze our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP. Adjusted EBITDA has certain limitations in that it does not take into account the impact of certain expenses to our consolidated statements of operations. We endeavor to compensate for the limitation of the non-GAAP measure presented by also providing the most directly comparable GAAP measure and a description of the reconciling items and adjustments to derive the non-GAAP measure. Adjusted EBITDA also excludes certain items related to transactional tax matters, which may ultimately be settled in cash, and we urge investors to review the detailed disclosure regarding these matters included above, in the Legal Proceedings section, as well as the notes to the financial statements. The non-GAAP financial measure used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

Adjusted EBITDA is defined as net income (loss) attributable to Expedia Group adjusted for (1) net income (loss) attributable to non-controlling interests; (2) provision for income taxes; (3) total other expenses, net; (4) stock-based compensation expense, including compensation expense related to certain subsidiary equity plans; (5) acquisition-related impacts, including (i) amortization of intangible assets and goodwill and intangible asset impairment, (ii) gains (losses) recognized on changes in the value of contingent consideration arrangements, if any, and (iii) upfront consideration paid to settle employee compensation plans of the acquiree, if any; (6) certain other items, including restructuring; (7) items included in legal reserves, occupancy tax and other; (8) that portion of gains (losses) on revenue hedging activities that are included in other, net that relate to revenue recognized in the period; and (9) depreciation.

The above items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount and timing of these items is unpredictable, not driven by core operating results and renders comparisons with prior periods and competitors less meaningful. We believe Adjusted EBITDA is a useful measure for analysts and investors to evaluate our future on-going performance as this measure allows a more meaningful comparison of our performance and projected cash earnings with our historical results from prior periods and to the results of our competitors. Moreover, our management uses this measure internally to evaluate the performance of our business as a whole and our individual business segments. In addition, we believe that by excluding certain items, such as stock-based compensation and acquisition-related impacts, Adjusted EBITDA corresponds more closely to the cash operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

The reconciliation of net income (loss) attributable to Expedia Group, Inc. to Adjusted EBITDA is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(In millions)			
Net income (loss) attributable to Expedia Group, Inc.	\$ (192)	\$ 409	\$ (2,229)	\$ 489
Net income (loss) attributable to non-controlling interests	(8)	(2)	(108)	5
Provision for income taxes	(24)	154	(319)	161
Total other expense, net	111	48	400	88
Operating income (loss)	(113)	609	(2,256)	743
Gain (loss) on revenue hedges related to revenue recognized	15	2	45	13
Restructuring and related reorganization charges	78	2	206	16
Legal reserves, occupancy tax and other	2	11	(11)	25
Stock-based compensation	47	60	156	175
Depreciation and amortization	220	228	681	684
Impairment of goodwill	14	—	799	—
Impairment of intangible assets	41	—	172	—
Adjusted EBITDA	\$ 304	\$ 912	\$ (208)	\$ 1,656

Financial Position, Liquidity and Capital Resources

Our principal sources of liquidity are typically cash flows generated from operations, cash available under our revolving credit facility as well as our cash and cash equivalents and short-term investment balances, which were \$4.4 billion and \$3.8 billion at September 30, 2020 and December 31, 2019. As of September 30, 2020, the total cash and cash equivalents and short-term investments held outside the United States was \$934 million (\$669 million in wholly-owned foreign subsidiaries and \$265 million in majority-owned subsidiaries).

Managing our balance sheet prudently and maintaining appropriate liquidity are high priorities during the current COVID-19 pandemic. In order to best position the Company to navigate our temporary working capital changes and depressed revenue, we have taken a number of actions to bolster our liquidity and preserve financial flexibility, including:

- *Suspension of Share Repurchases.* We have not repurchased any shares since our earnings call on February 13, 2020, and have suspended future share repurchases.
- *Suspension of Quarterly Dividends.* We do not expect to declare quarterly dividends on our common stock, at least until the current economic and operating environment improves.
- *Private Equity Investment.* On April 23, 2020, we entered into an investment agreement with AP Fort Holdings, L.P., an affiliate of Apollo Global Management, Inc., and an investment agreement with SLP Fort Aggregator II, L.P. and SLP V Fort Holdings II, L.P., affiliates of Silver Lake Group, L.L.C., to raise approximately \$1.2 billion in gross proceeds in a private placement of shares of a newly created series of preferred stock and warrants to purchase our common stock. The transaction was completed on May 5, 2020.
- *Senior Notes Issuances.* On May 5, 2020, we privately placed \$2 billion of unsecured 6.250% senior notes that are due in May 2025 (the “6.25% Notes”) and \$750 million of unsecured 7.000% senior notes due May 2025 (the “7.0% Notes”, and, together with the 6.25% Notes, the “6.25% and 7.0% Notes”). The 7.0% notes have certain redemption provisions starting with the second anniversary of the issuance. The 6.25% and 7.0 % Notes were issued at a price of 100% of the aggregate principal amount. Interest is payable semi-annually in arrears in May and November of each year, beginning November 1, 2020. We expect to use the net proceeds of this offering for general corporate purposes, which may include, but are not limited to, the repayment or redemption of our 5.95% senior notes due 2020.

On July 14, 2020, we privately placed \$500 million of unsecured 3.600% senior notes due December 2023 (the “3.6% Notes”) and \$750 million of unsecured 4.625% senior notes due August 2027 (the “4.625% Notes” and, together with the 3.6% Notes, the “3.6% and 4.625% Notes”). The 3.6% Notes were issued at a price of 99.922% of the aggregate principal amount. Interest is payable on the 3.6% Notes semi-annually in arrears in June and December of each year, beginning December 15, 2020. The 4.625% Notes were issued at a price of 99.997% of the aggregate principal amount. Interest is payable on the 4.625% Notes semi-annually in arrears in February and August of each year, beginning February 1, 2021. We expect to use the net proceeds to redeem outstanding shares of our 9.5% Series A Preferred Stock after May 5, 2021, when the redemption premium is scheduled to decrease. Depending on business, liquidity and other trends or conditions, however, we may elect to use all or part of the proceeds for other general corporate purposes, which may include repaying, prepaying, redeeming or repurchasing other indebtedness in lieu of or pending such redemption.

- *Revolving Credit Facility Updates.* During March 2020, we increased our cash on hand by borrowing \$1.9 billion under our then existing \$2 billion revolving credit facility. This existing revolving credit facility was subsequently amended in May 2020 in connection with the issuance of the 6.25% and 7.0% Notes and private placement transaction, to, among other things, provide additional flexibility under pliable covenant provisions with the amended facility initially totaling \$2 billion and mature on May 31, 2023 (“Amended Credit Facility”).

Pursuant to the terms of Amended Credit Facility, in early August 2020, we entered into a foreign credit facility with a group of lenders (“Foreign Credit Facility”) with aggregate commitments which total \$855 million, and maturing on May 31, 2023. Substantially concurrently with the establishment of the Foreign Credit Facility, the Company reduced commitments under the Amended Credit Facility in an amount equal to \$855 million and prepaid indebtedness under the Amended Credit Facility in an amount equal to \$772 million, which was then outstanding under the Foreign Credit Facility.

On August 11, 2020, we repaid the outstanding amount of \$772 million on the Foreign Credit Facility as well as \$478 million under the Amended Credit Facility. As of September 30, 2020, there were no borrowings outstanding under the Foreign Credit Facility and \$650 million was outstanding under the Amended Credit Facility with the interest rate on the outstanding balance of 2.41%.

Our credit ratings are periodically reviewed by rating agencies. As of September 30, 2020, Moody’s rating was Baa3 with an outlook of “negative,” S&P’s rating was BBB- with an outlook of “negative” and Fitch’s rating was BBB- with an outlook of “negative.” The April 2020 rating agency downgrades were in connection with the severe disruption to global travel caused by the COVID-19 pandemic. Changes in our operating results, cash flows, financial position, capital structure, financial policy or capital allocations to share repurchase, dividends, investments and acquisitions could impact the ratings assigned by the various rating agencies. Should our credit ratings be adjusted downward, we may incur higher costs to borrow and/or limited access to capital markets and interest rates on the 6.25% and 7.0% Notes issued in May 2020 as well as on the 3.6% and 4.625% issued in July 2020 will increase, which could have a material impact on our financial condition and results of operations.

As of September 30, 2020, we were in compliance with the covenants and conditions in our revolving credit facilities and outstanding debt as detailed in Note 4 – Debt in the notes to the consolidated financial statements.

Under the merchant model, we receive cash from travelers at the time of booking and we record these amounts on our consolidated balance sheets as deferred merchant bookings. We pay our airline suppliers related to these merchant model bookings generally within a few weeks after completing the transaction. For most other merchant bookings, which is primarily our merchant lodging business, we generally pay after the travelers’ use and, in some cases, subsequent billing from the hotel suppliers. Therefore, generally we receive cash from the traveler prior to paying our supplier, and this operating cycle represents a working capital source of cash to us. Typically, the seasonal fluctuations in our merchant hotel bookings have affected the timing of our annual cash flows. Generally, during the first half of the year, hotel bookings have traditionally exceeded stays, resulting in much higher cash flow related to working capital. During the second half of the year, this pattern typically reverses and cash flows are typically negative. With the impacts of the COVID-19 pandemic, including the high degree of cancellations and customer refunds, particularly during the first half of the year, and the lower new bookings in the merchant business model, these seasonal influences and the working capital source of cash to us has been significantly disrupted resulting in the Company experiencing unfavorable working capital trends and material negative cash flow in the first half of 2020 with the negative cash flow moderating as booking trends improved and cancellations stabilized during the third quarter of 2020. The full duration and total impact of COVID-19, and how the recovery will unfold, remains difficult to predict. We expect cash flow to remain negative until the decline in new merchant bookings improves further with cancellations either remaining stable or moderating further. In addition, we are experiencing much shorter booking windows in both our hotel and alternative accommodation business, which could also impact the seasonality of our working capital and cash flow.

Prior to COVID-19, we embarked on an ambitious cost reduction initiative to simplify the organization and increase efficiency. In response to COVID-19, Expedia Group has taken several additional actions to further reduce costs to help mitigate the financial impact from COVID-19 and continue to improve our long-term cost structure. In addition, certain capital expenditures were deferred, including temporarily halting construction on several real estate projects. After temporarily halting construction on our new headquarters during initial quarantine order, we have restarted construction. We expect to spend approximately \$900 million in total for the project. Of the total, approximately \$680 million was spent between 2016 and 2019, and approximately \$144 million was spent during the first nine months of 2020. Due to the delays related to COVID-19, we now expect the project to be complete in the first half of 2021.

Our cash flows are as follows:

	Nine months ended September 30,		
	2020	2019	\$ Change
	(In millions)		
Cash provided by (used in):			
Operating activities	\$ (3,449)	\$ 2,426	\$ (5,875)
Investing activities	(107)	(1,429)	1,322
Financing activities	4,571	607	3,964
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(31)	(62)	31

For the nine months ended September 30, 2020, net cash used in operating activities was \$3.4 billion compared to cash provided by operations of \$2.4 billion for the nine months ended September 30, 2019. Impacts from the COVID-19 pandemic have resulted in a significant use of cash to fund working capital changes and operating losses in the current year compared to a prior year cash benefit from working capital. The largest driver of the swing in working capital relates to a significant use of cash for deferred merchant bookings as refunds for cancelled bookings exceeded new bookings compared to an increase from deferred merchant bookings in the prior year period.

For the nine months ended September 30, 2020 cash used by investing activities was \$107 million compared to \$1.4 billion for the nine months ended September 30, 2019. The change was due to net sales and maturities of investments of \$476 million during the current year period compared to net purchases of investments of \$648 million in the prior year as well as lower current year capital expenditures primarily related to our new headquarters.

For the nine months ended September 30, 2020, cash provided by financing activities primarily included \$3.9 billion of net proceeds from the issuance of senior notes issued in May and July 2020, \$1.1 billion of net proceeds from our private equity investment, \$650 million of net proceeds from our revolving credit facilities draws, as well as \$105 million of proceeds from the exercise of options and employee stock purchase plans. These sources of cash were partially offset by cash paid to acquire shares of \$419 million, including the repurchased shares in the first quarter of 2020 and treasury stock activity related to the vesting of equity instruments, and cash dividend payments of \$65 million. For the nine months ended September 30, 2019, cash provided by financing activities primarily included \$1.2 billion of net proceeds for the issuance of the 3.25% Notes in September 2019 as well as \$277 million of proceeds from the exercise of options and employee stock purchase plans, partially offset by \$400 million payment of debt assumed in the Liberty Expedia transaction, cash dividend payments of \$145 million and cash paid to acquire shares of \$352 million, including the repurchased shares under the authorization discussed below as well as \$20 million for repurchases with respect to the Liberty Expedia Holdings transaction.

During the first nine months of 2020 and 2019, the Executive Committee, acting on behalf of the Board of Directors, declared and we paid the following common stock dividends:

Declaration Date	Dividend Per Share	Record Date	Total Amount (in millions)	Payment Date
Nine Months Ended September 30, 2020				
February 13, 2020	\$ 0.34	March 10, 2020	\$ 48	March 26, 2020
Nine Months Ended September 30, 2019				
February 6, 2019	0.32	March 7, 2019	47	March 27, 2019
May 1, 2019	0.32	May 23, 2019	48	June 13, 2019
July 24, 2019	0.34	August 22, 2019	50	September 12, 2019

During the nine months ended September 30, 2020, we paid \$17 million (or \$14.58 per share of Series A Preferred Stock) of dividends on the Series A Preferred Stock. The Company does not expect to make future quarterly dividend payments on our common stock, at least until the current economic and operating environment improves. Future declarations of dividends are subject to final determination by our Board of Directors.

Foreign exchange rate changes resulted in a decrease of our cash and restricted cash balances denominated in foreign currency during the nine months ended September 30, 2020 of \$31 million reflecting a net depreciation in foreign currencies relative to the U.S. dollar during the period. Foreign exchange rate changes resulted in an decrease of our cash and restricted cash balances denominated in foreign currency during the nine months ended September 30, 2019 of \$62 million reflecting a net depreciation in foreign currencies during the period, partially offset by higher foreign-denominated cash balances.

In our opinion, our liquidity position provides sufficient capital resources to meet our foreseeable cash needs. There can be no assurance, however, that the cost or availability of future borrowings, including refinancings, if any, will be available on terms acceptable to us.

Summarized Financial Information for Guarantors and the Issuer of Guaranteed Securities

Summarized financial information of Expedia Group, Inc. (the “Parent”) and our subsidiaries that are guarantors of our debt facility and instruments (the “Guarantor Subsidiaries”) is shown below on a combined basis as the “Obligor Group.” The debt facility and instruments are guaranteed by certain of our wholly-owned domestic subsidiaries and rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations. The guarantees are full, unconditional, joint and several with the exception of certain customary automatic subsidiary release provisions. In this summarized financial information of the Obligor Group, all intercompany balances and transactions between the Parent and Guarantor Subsidiaries have been eliminated and all information excludes subsidiaries that are not issuers or guarantors of our debt facility and instruments, including earnings from and investments in these entities.

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	(In millions)	
Combined Balance Sheets Information:		
Current Assets ⁽¹⁾	\$ 5,915	\$ 6,185
Non-Current Assets	9,868	10,320
Current Liabilities	4,734	9,486
Non-Current Liabilities	9,421	4,710
Series A Preferred Stock	1,022	—
	<u>Nine Months Ended</u>	<u>Year Ended December 31,</u>
	<u>September 30, 2020</u>	<u>2019</u>
Combined Statements of Operations Information:		
Revenue	\$ 3,467	\$ 9,463
Operating income (loss) ⁽²⁾	(1,592)	420
Net income (loss)	(1,733)	195
Net income (loss) attributable to Obligors	(1,779)	198

(1) Current assets include intercompany receivables with non-guarantors of \$918 million as of September 30, 2020 and \$1.0 billion as of December 31, 2019.

(2) Operating income (loss) includes intercompany expenses with non-guarantors of \$561 million for the nine months ended September 30, 2020 and \$1.2 billion for the year ended December 31, 2019.

Contractual Obligations, Commercial Commitments and Off-balance Sheet Arrangements

There have been no material changes outside the normal course of business to our contractual obligations and commercial commitments since December 31, 2019. Other than our contractual obligations and commercial commitments, we did not have any off-balance sheet arrangements as of September 30, 2020 or December 31, 2019.

Part I. Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Management

Other than the interest rate risk changes discussed below, there have been no material changes in our market risk during the three and nine months ended September 30, 2020. For additional information, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in Part II of our Annual Report on Form 10-K for the year ended December 31, 2019.

Interest Rate Risk

In May 2020, we privately placed \$2 billion of senior unsecured notes due May 2025 that bear interest at 6.25% and \$750 million of senior unsecured notes due May 2025 that bear interest at 7.0%. In July 2020, we privately placed \$500 million of senior unsecured notes due December 2023 that bear interest at 3.6% and \$750 million of senior unsecured notes due August 2027 that bear interest at 4.625%. These senior unsecured notes issued in May and in July are subject to interest rate adjustments should our credit ratings be adjusted downwards, which would result in increased interest expense in the future.

During the nine months ended September 30, 2020, we made borrowings on our revolving credit facilities. As of September 30, 2020, we have \$650 million in borrowings outstanding under our Amended Credit Facility and the interest rate on the outstanding balance was 2.41%. Because our interest rate is tied to a market rate, we will be susceptible to fluctuations in interest rates if, consistent with our practice to date, we do not hedge the interest rate exposure arising from any borrowings under our revolving credit facility.

Part I. Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures.

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), our management, including our Chairman and Senior Executive, Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, our Chairman and Senior Executive, Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in internal control over financial reporting.

There were no changes to our internal control over financial reporting that occurred during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Item 1. Legal Proceedings

In the ordinary course of business, Expedia Group and its subsidiaries are parties to legal proceedings and claims involving property, tax, personal injury, contract, alleged infringement of third-party intellectual property rights and other claims. A discussion of certain legal proceedings can be found in the section titled “Legal Proceedings,” of our Annual Report on Form 10-K for the year ended December 31, 2019 and our Quarterly Report on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020. The following are developments regarding, as applicable, such legal proceedings and/or new legal proceedings:

Litigation Relating to Occupancy and Other Taxes

City of San Antonio, Texas Litigation. On September 10, 2020, plaintiffs filed a petition for writ of certiorari to the United States Supreme Court, which remains pending.

Nassau County, New York Litigation. The New York Supreme Court – Appellate Division heard argument on plaintiffs’ appeal on November 2, 2020 and the parties await a ruling.

Pine Bluff, Arkansas Litigation. The OTCs and the party allowed to intervene on behalf of the State filed cross motions for summary judgment; those motions remain pending.

State of Mississippi Litigation. On August 17, 2020, the court granted the State of Mississippi’s motion for summary judgment on damages in part. A trial on remaining damages issues took place October 5-7, 2020, and the parties await a ruling.

Arizona Cities Litigation. The parties filed cross motions for summary judgment on damages issues on October 2, 2020. Those motions remain pending.

State of Louisiana/City of New Orleans Litigation. The parties filed cross motions for summary judgment on August 31, 2020. The court held a hearing on those motions on October 26, 2020 and has indicated it will announce its ruling on November 6, 2020.

Jefferson Parrish, Louisiana Litigation. On September 17, 2020, the court granted the defendants’ motion, denied the plaintiff’s motion and dismissed all remaining claims filed by the plaintiff with prejudice. Plaintiff filed a notice of appeal on October 13, 2020.

Palm Beach, Florida Litigation. On October 19, 2020, the Florida Supreme Court denied Palm Beach County’s petition for discretionary review, thereby ending the matter.

Jasper County Development District #1, Texas Litigation. On August 17, 2020, Jasper County Development District # 1 filed a lawsuit in Texas state court against Expedia and HomeAway. The complaint alleges claims for declaratory judgment, damages and an accounting.

Non-Tax Litigation and Other Legal Proceedings

Putative Class Action Litigation

Cases against HomeAway.com, Inc. On October 13, 2020, the parties agreed to a tentative settlement of the remaining individual claims.

Buckeye Tree Lodge Lawsuit. The court denied Plaintiff’s motion for summary judgment and denied in part and granted in part Expedia’s motion for summary judgment on September 9, 2020. The case is scheduled for a bench trial on March 8, 2021.

Other Legal Proceedings

New York City Litigation. On October 6, 2020, the city requested that the court dismiss the lawsuit as moot. HomeAway did not oppose the request. On October 7, 2020, the court dismissed the lawsuit as moot, thereby ending the matter.

Helms-Burton Litigation. A hearing on Expedia’s motion to dismiss in the *Echevarria, Echevarria et al.*, and *Trinidad* actions was held on October 19, 2020. A hearing on Expedia’s motion to dismiss in the *Glen* action is scheduled for December 7, 2020.

In re Expedia Group, Inc. Stockholders Litigation. By letter dated September 10, 2020, the SLC informed the court that it had completed its investigation and sought a further extension of time until October 16, 2020, to finalize its investigative report and to file a motion to dismiss the action. That same day, the court granted the SLC’s motion and extended the stay until October 16, 2020. On October 16, 2020, the court granted the SLC’s motion for a further extension of the stay until October 23,

2020. On October 23, 2020, the SLC filed a motion to dismiss the action along with a report of the SLC's investigation. A public version of the SLC's report was filed on October 30, 2020.

Competition and Consumer Matters

Over the last several years, the online travel industry has become the subject of investigations by various national competition authorities ("NCAs"), particularly in Europe. Expedia Group companies are or have been involved in investigations predominately related to whether certain parity clauses in contracts between Expedia Group entities and accommodation providers, sometimes also referred to as "most favored nation" or "MFN" provisions, are anti-competitive.

In Europe, investigations or inquiries into contractual parity provisions between hotels and online travel companies, including Expedia Group companies, were initiated in 2012, 2013 and 2014 by NCAs in Austria, Belgium, Czech Republic, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Poland, Sweden and Switzerland. While the ultimate outcome of some of these investigations or inquiries remains uncertain, and the Expedia Group companies' circumstances are distinguishable from other online travel companies subject to similar investigations and inquiries, we note in this context that on April 21, 2015, the French, Italian and Swedish NCAs, working in close cooperation with the European Commission, announced that they had accepted formal commitments offered by Booking.com to resolve and close the investigations against Booking.com in France, Italy and Sweden by Booking.com removing and/or modifying certain rate, conditions and availability parity provisions in its contracts with accommodation providers in France, Italy and Sweden as of July 1, 2015, among other commitments. Booking.com voluntarily extended the geographic scope of these commitments to accommodation providers throughout Europe as of the same date.

With effect from August 1, 2015, Expedia Group companies waived certain rate, conditions and availability parity clauses in agreements with European hotel partners for a period of five years. While the Expedia Group companies maintain that their parity clauses have always been lawful and in compliance with competition law, these waivers were nevertheless implemented as a positive step towards facilitating the closure of the open investigations into such clauses on a harmonized pan-European basis. Following the implementation of the Expedia Group companies' waivers, nearly all NCAs in Europe have announced either the closure of their investigation or inquiries involving Expedia Group companies or a decision not to open an investigation or inquiry involving Expedia Group companies. On July 31, 2020, Expedia Group announced that it will continue to apply the terms of its above August 1, 2015 waiver, without prejudice to its views that its parity clauses are lawful. Below are descriptions of additional rate parity-related matters of note in Europe.

The German Federal Cartel Office ("FCO") has required another online travel company, Hotel Reservation Service ("HRS"), to remove certain clauses from its contracts with hotels. HRS' appeal of this decision was rejected by the Higher Regional Court Düsseldorf on January 9, 2015. On December 23, 2015, the FCO announced that it had also required Booking.com by way of an infringement decision to remove certain clauses from its contracts with German hotels. Booking.com has appealed the decision and the appeal was heard by the Higher Regional Court Düsseldorf on February 8, 2017. On June 4, 2019, the Higher Regional Court Düsseldorf issued its judgment in this matter and ruled that certain parity clauses are in compliance with applicable German and European competition rules and the FCO's prohibition order against Booking.com was annulled. The decision is not yet final as the FCO has lodged an appeal against the decision of the Higher Regional Court Düsseldorf to the German Federal Supreme Court. The FCO's case against the Expedia Group companies' contractual parity provisions with accommodation providers in Germany remains open but is still at a preliminary stage with no formal allegations of wrongdoing having been communicated to the Expedia Group companies to date.

The Italian competition authority's case closure decision against Booking.com and Expedia Group companies has subsequently been appealed by two Italian hotel trade associations, i.e. Federalberghi and AICA. The Federalberghi appeal remains at an early stage and no hearing date has been fixed; the AICA appeal was cancelled for lack of interest of the AICA on December 12, 2019.

On November 6, 2015, the Swiss competition authority announced that it had issued a final decision finding certain parity terms existing in previous versions of agreements between Swiss hotels and each of certain Expedia Group companies, Booking.com and HRS to be prohibited under Swiss law. The decision explicitly notes that the Expedia Group companies' current contract terms with Swiss hotels are not subject to this prohibition. The Swiss competition authority imposed no fines or other sanctions against the Expedia Group companies and did not find an abuse of a dominant market position by the Expedia Group companies.

On December 10, 2019, the French Competition Authority dismissed all antitrust complaints filed by hotel unions and Accor against Expedia Group companies regarding MFNs and other alleged business practices.

The Directorate General for Competition, Consumer Affairs and Repression of Fraud (the "DGCCRF"), a directorate of the French Ministry of Economy and Finance with authority over unfair trading practices, brought a lawsuit in France against

Expedia Group companies objecting to certain parity clauses in contracts between Expedia Group companies and French hotels. In May 2015, the French court ruled that certain of the parity provisions in certain contracts that were the subject of the lawsuit were not in compliance with French commercial law but imposed no fine and no injunction. The DGCCRF appealed the decision and, on June 21, 2017, the Paris Court of Appeal published a judgment overturning the decision. The court annulled parity clauses contained in the agreements at issue, ordered the Expedia Group companies to amend their contracts, and imposed a fine. The Expedia Group companies appealed the decision and, on July 8, 2020, the French *Cour de cassation* overturned the Court of Appeal's decision.

Hotelverband Deutschland (“IHA”) e.V. (a German hotel association) brought proceedings before the Cologne regional court against Expedia, Inc., Expedia.com GmbH and Expedia Lodging Partner Services Sàrl. IHA applied for a ‘cease and desist’ order against these companies in relation to the enforcement of certain rate and availability parity clauses contained in contracts with hotels in Germany. On or around February 16, 2017, the court dismissed IHA’s action and declared the claimant liable for the Expedia Group defendants’ statutory costs. IHA appealed the decision and, on December 4, 2017, the Court of Appeals rejected IHA’s appeal. The Court of Appeals expressly confirmed that Expedia Group’s MFNs are in compliance both with European and German competition law. While IHA had indicated an intention to appeal the decision to the Federal Supreme Court, it has not lodged an appeal within the applicable deadline, with the consequence that the Court of Appeals judgment has now become final.

A working group of 10 European NCAs (Belgium, Czech Republic, Denmark, France, Hungary, Ireland, Italy, Netherlands, Sweden and the United Kingdom) and the European Commission has been established by the European Competition Network (“ECN”) at the end of 2015 to monitor the functioning of the online hotel booking sector, following amendments made by a number of online travel companies (including Booking.com and Expedia Group companies) in relation to certain parity provisions in their contracts with hotels. The working group issued questionnaires to online travel agencies including Expedia Group companies, metasearch sites and hotels in 2016. The underlying results of the ECN monitoring exercise were published on April 6, 2017.

Legislative bodies in France (July 2015), Austria (December 2016), Italy (August 2017) and Belgium (August 2018) have also adopted new domestic anti-parity clause legislation. Expedia Group believes each of these pieces of legislation violates both EU and national legal principles and therefore, Expedia Group companies have challenged these laws at the European Commission. A motion requesting the Swiss government to take action on narrow price parity has been adopted in the Swiss parliament. The Swiss government is now required to draft legislation implementing the motion. The Company is unable to predict whether and with what content legislation will ultimately be adopted and, if so, when this might be the case. It is not yet clear how any adopted domestic anti-parity clause legislations and/or any possible future legislation in this area may affect Expedia Group's business.

Outside of Europe, a number of NCAs have also opened investigations or inquired about contractual parity provisions in contracts between hotels and online travel companies in their respective territories, including Expedia Group companies. A Brazilian hotel sector association -- Forum de Operadores Hoteleiros do Brasil -- filed a complaint with the Brazilian Administrative Council for Economic Defence (“CADE”) against a number of online travel companies, including Booking.com, Decolar.com and Expedia Group companies, on July 27, 2016 with respect to parity provisions in contracts between hotels and online travel companies. On September 13, 2016, the Expedia Group companies submitted a response to the complaint to CADE. On March 27, 2018, the Expedia Group companies resolved CADE’s concerns based on a settlement implementing waivers substantially similar to those provided to accommodation providers in Europe. In late 2016, Expedia Group companies resolved the concerns of the Australia and New Zealand NCAs based on implementation of the waivers substantially similar to those provided to accommodation providers in Europe (on September 1, 2016 in Australia and on October 28, 2016 in New Zealand). On and with effect from March 22, 2019, Expedia Group voluntarily and unilaterally waived certain additional rate parity provisions in agreements with Australian hotel partners. The ACCC confirmed it has ceased its investigation into Expedia Group companies’ conduct in relation to such rate parity provisions in around November 2019. Expedia Group companies are in ongoing discussions with a limited number of NCAs in other countries in relation to their contracts with hotels. In April 2019, the Japan Fair Trade Commission (“JFTC”) launched an investigation into certain practices of a number of online travel companies, including Expedia Group companies. Expedia Group is cooperating with the JFTC in this investigation. The Hong Kong Competition Commission (“HKCC”) is conducting an investigation into certain terms and conditions in contracts entered into between online travel companies (including Expedia Group companies) and hotels. Expedia Group has agreed to a set of voluntary commitments with the HKCC to waive certain rate, conditions and availability parity clauses in certain agreements with Hong Kong hotel partners. The commitments have been published on the HKCC’s public register. In February 2020, the Korean Fair Trade Commission (“KFTC”) issued a request for information relating to hotel contracts entered into by Expedia Group companies. Expedia Group is cooperating with the KFTC. Expedia Group is currently unable to predict the impact the implementation of the waivers both in Europe and elsewhere will have on Expedia Group's business, on investigations or inquiries by NCAs in other countries, or on industry practice more generally.

In addition, regulatory authorities in Europe (including the UK Competition and Markets Authority, or “CMA”), Australia, and elsewhere have initiated legal proceedings and/or undertaken market studies, inquiries or investigations relating to online marketplaces and how information is presented to consumers using those marketplaces, including practices such as search results rankings and algorithms, discount claims, disclosure of charges, and availability and similar messaging.

On June 28, 2018, the CMA announced that it will be requiring hotel booking websites to take action to address concerns identified in the course of its ongoing investigation. After consulting with the CMA, on January 31, 2019, we agreed to offer certain voluntary undertakings with respect to the presentation of information on certain of our UK consumer-facing websites in order to address the CMA’s concerns. On February 4, 2019, the CMA confirmed that, as a result of the undertakings offered, it has closed its investigation without any admission or finding of liability. The undertakings become effective on September 1, 2019. On October 21, 2019, the Italian Competition Authority announced that it had accepted Expedia’s voluntary undertakings with respect to the presentation of information on its Italian website and closed the proceedings against Expedia without any admission or finding of liability. The undertakings became effective on September 1, 2019.

On August 23, 2018, the Australian Competition and Consumer Commission, or “ACCC”, instituted proceedings in the Australian Federal Court against trivago. The ACCC alleged breaches of Australian Consumer Law, or “ACL,” relating to trivago’s advertisements in Australia concerning the hotel prices available on trivago’s Australian site, trivago’s strike-through pricing practice and other aspects of the way offers for accommodation were displayed on trivago’s Australian website. The matter went to trial in September 2019 and, on January 20, 2020, the Australian Federal Court issued a judgment finding trivago had engaged in conduct in breach of the ACL. On March 4, 2020, trivago filed a notice of appeal of part of that judgment at the Australian Federal Court. On November 4, 2020, the Australian Federal Court dismissed trivago’s appeal. The court has yet to set a date for a separate trial regarding penalties and other orders. We recorded the estimated probable loss associated with the proceedings as of December 31, 2019. An estimate for the reasonable possible loss or range of loss in excess of the amount reserved cannot be made.

We are cooperating with regulators in the investigations described above where applicable, but we are unable to predict what, if any, effect such actions will have on our business, industry practices or online commerce more generally. Other than described above, we have not accrued a reserve in connection with the market studies, investigations, inquiries or legal proceedings described above either because the likelihood of an unfavorable outcome is not probable, or the amount of any loss is not estimable.

Part II. Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2019, in our Current Report on Form 8-K, filed with the SEC on April 23, 2020, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on May 21, 2020, which could materially affect our business, financial condition or future results. These are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

None.

Part II. Item 6. Exhibits

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

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	SEC File No.	Exhibit	Filing Date
10.1	Credit Agreement dated as of August 5, 2020 among Expedia Group, Inc., Expedia Group International Holdings III, LLC, the Lenders from time to time party hereto and JPMorgan Chase Bank, N.A. as Administrative Agent and London Agent		8-K	001-37429	10.1	8/6/2020
10.2	Second Amendment, dated as of August 5, 2020, among Expedia Group, Inc., Expedia, Inc., Travelscape, LLC, Hotwire, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and London Agent		8-K	001-37429	10.2	8/6/2020
10.3	Expedia Group, Inc. 2013 Employee Stock Purchase Plan, as Amended and Restated	X				
10.4	Expedia Group, Inc. 2013 International Employee Stock Purchase Plan, as Amended and Restated	X				
22	List of Guarantor Subsidiaries of Expedia Group, Inc.	X				
31.1	Certification of the Chairman and Senior Executive pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.3	Certification of the Chief Financial Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of the Chairman and Senior Executive pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of the Chief Executive Officer pursuant Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.3	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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, formatted in XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income (Loss), (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				

Signature

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

November 4, 2020

Expedia Group, Inc.

By: _____ /s/ Eric Hart
Eric Hart
Chief Financial Officer

EXPEDIA GROUP, INC.
2013 EMPLOYEE STOCK PURCHASE PLAN, AS AMENDED AND RESTATED

1. Purpose. The purpose of the Plan is to provide incentive for present and future eligible Employees to acquire equity interests (or increase existing equity interests) in the Company through the purchase of Shares. It is the Company's intention that the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. Accordingly, the provisions of the Plan shall be administered, interpreted and construed in a manner consistent with the requirements of that section of the Code.

2. Definitions.

(a) "Applicable Exchange" means the Nasdaq Stock Market or such other securities exchange or inter-dealer quotation system as may at the applicable time be the principal market for the Shares.

(b) "Applicable Law" means the requirements relating to the administration of equity-based awards under state corporate laws, United States federal and state securities laws, the Code, the rules of the Applicable Exchange and the applicable laws of any non-U.S. jurisdiction where options are, or will be, granted under the Plan.

(c) "Applicable Percentage" means the percentage specified in Section 6(b), subject to adjustment by the Committee as provided in Section 6(b).

(d) "Board" means the Board of Directors of the Company

(e) "Code" means the United States Internal Revenue Code of 1986, as amended, and any successor thereto. Reference to a specific section of the Code or United States Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable successor provision or other provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(f) "Committee" means the committee appointed by the Board to administer the Plan as described in Section 13 or, in the absence of a committee, the Board.

(g) "Company" means Expedia Group, Inc., a Delaware corporation, or any successor thereto.

(h) "Company Transaction" has the meaning given such term in Section 12(b)(iii).

(i) "Compensation" means, with respect to each Participant for each pay period: base salary, wages, overtime, and shift premium paid to such Participant by the Company or a Designated Subsidiary. Except as otherwise determined by the Committee,

“Compensation” does not include: (i) any amounts contributed by the Company or a Designated Subsidiary to any pension plan, (ii) any automobile, relocation or housing allowances, or reimbursement for any expenses, including automobile, relocation or housing expenses, (iii) any amounts paid as a bonus, including a starting bonus, referral fee, annual bonus, relocation bonus, or sales incentives or commissions, (iv) any amounts realized from the exercise of any stock options or other incentive awards, (v) any amounts paid by the Company or a Designated Subsidiary for other fringe benefits, such as health and welfare, hospitalization and group life insurance benefits, disability pay, or perquisites, or paid in lieu of such benefits, or (vi) other similar forms of extraordinary compensation.

(j) “Designated Subsidiaries” means the Subsidiaries (if any) whose employees have been designated by the Board or the Committee in writing from time to time in its discretion as eligible to participate in the Plan.

(k) “Effective Date” means the date described in Section 15(n).

(l) “Employee” means any individual designated as an employee of the Company or a Designated Subsidiary on the payroll records thereof. Employee status shall be determined consistent with Treasury Regulation section 1.421-1(h). For purposes of clarity, the term “Employee” shall not include the following, regardless of any subsequent reclassification as an employee by the Company or a Designated Subsidiary, any governmental agency, or any court: (i) any independent contractor; (ii) any consultant; (iii) any individual performing services for the Company or a Designated Subsidiary who has entered into an independent contractor or consultant agreement with the Company or a Designated Subsidiary; (iv) any individual performing services for the Company or a Designated Subsidiary under an independent contractor or consultant agreement, a purchase order, a supplier agreement or any other agreement that the Company or a Designated Subsidiary enters into for services; (v) any individual classified by the Company or a Designated Subsidiary as contract labor (such as contractors, contract employees, job shoppers), regardless of length of service; and (vi) any leased employee. The Committee shall have discretion to determine whether an individual is an Employee for purposes of the Plan.

(m) “Enrollment Period” means the period during which an eligible Employee may elect to participate in the Plan, with such period occurring before the Entry Date of the next Exercise Period, as prescribed by the Committee.

(n) “Entry Date” means the first Trading Day of each Exercise Period.

(o) “ESPP Brokerage Account” has the meaning given such term in Section 9(a).

(p) “Exchange Act” means the United States Securities Exchange Act of 1934, as amended, from time to time, or any successor law thereto, and the regulations promulgated thereunder.

(q) “Exercise Date” means the last Trading Day of each Exercise Period.

(r) “Exercise Period” means, subject to adjustment as provided in Section 4(b), the approximately three (3) month period beginning on each: (i) March 1 of each year and ending the last day of May of such year, (ii) June 1 of each year and ending on the last day of August of such year, (iii) September 1 of each year and ending on the last day of November of such year or (iv) December 1 of each year and ending on the last day of February of the following year, until the Plan terminates.

(s) “Exercise Price” means the price per Share offered in a given Exercise Period determined as provided in Section 6(b).

(t) “Fair Market Value” means, if the Shares are listed on a national securities exchange, as of any given date, the closing price for a Share on such date on the Applicable Exchange, or if Shares were not traded on the Applicable Exchange on such measurement date, then on the closest preceding date on which Shares are so traded, all as reported by such source as the Committee may select. If the Shares are not listed on a national securities exchange, the Fair Market Value of a Share shall mean the amount determined by the Board in good faith, and in a manner consistent with Section 423 of the Code to be the fair market value of a Share.

(u) “International Plan” means the Expedia, Inc. 2013 International Employee Stock Purchase Plan, as in effect from time to time.

(v) “Offering” means an offering of an option granted under the Plan during an Exercise Period as further described in Section 4. Unless otherwise determined by the Committee, each Offering to the Employees of the Company and of a Designated Subsidiary shall be deemed a separate Offering under the Plan, even if the dates and other terms of the applicable Exercise Periods of each such Offering are identical, and the provisions of the Plan will separately apply to each such Offering. The terms of separate Offerings need not be identical provided that the terms of the Plan and an Offering together satisfy Section 423 of the Code.

(w) “Participant” means an Employee who is eligible to participate in the Plan under Section 3 and who has elected to participate in the Plan by enrolling as provided in Section 5 hereof.

(x) “Plan” means the Expedia Group, Inc. 2013 Employee Stock Purchase Plan, as amended and restated, as in effect from time to time.

(y) “Plan Contributions” means, with respect to each Participant, the after-tax payroll deductions withheld from the Compensation of the Participant under the Plan and other additional payments that the Committee may permit a Participant to make, which are each contributed to the Plan for the Participant as provided in Section 7 hereof.

(z) “Share” means a share of common stock, par value \$0.0001 per share, of the Company (including any new, additional or different stock or securities resulting from any change in capitalization pursuant to Section 12(b)).

(aa) “Subsidiary” means any corporation of which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock, and that otherwise qualifies as a “subsidiary corporation” within the meaning of Section 424(f) of the Code.

(ab) “Tax-Related Items” means any income tax, social insurance contributions, fringe benefit tax, payroll tax, payment on account or other tax-related items arising in relation to the Participant’s participation in the Plan.

(ac) “Terminating Event” means a Participant ceases to be an Employee under any circumstances; provided, however, that, for purposes of the Plan, a Participant’s status as an Employee shall be considered to be continuing intact while such Participant is on military leave, sick leave, or other bona fide leave of absence approved by the Committee or the Participant’s supervisor; provided further, however, that if such period of leave of absence exceeds three (3) months, and the Participant’s right to reemployment is not provided either by statute or by contract, the Participant’s status as an Employee shall be deemed to have terminated on the first day immediately following such three (3)-month period. Unless otherwise determined by the Committee (on a uniform and nondiscriminatory basis), a transfer of a Participant’s employment between or among the Company and/or the Designated Subsidiaries of the Plan shall not be considered a Terminating Event.

(ad) “Trading Day” means a day on which the Applicable Exchange is open for trading.

3. Eligibility.

(a) General Rule. Except as otherwise provided herein, all Employees shall be eligible to participate in the Plan.

(b) Certain Exceptions. Notwithstanding Section 3(a), the Committee, in its discretion, from time to time may, prior to an Entry Date for all options to be granted in one or more separate Offerings, determine on a uniform and nondiscriminatory basis that an Employee will not be eligible to participate in the Plan if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Committee in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Committee in its discretion), (iii) is a highly compensated employee within the meaning of Section 414(q) of the Code or (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or who is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each separate Offering in an identical manner to all Employees of the Designated Subsidiary participating in that Offering. In addition, notwithstanding Section 3(a), eligible Employees who are citizens or residents of a non-U.S. jurisdiction may be excluded from the Plan if (1) the grant of an option under the Plan or any Offering to a citizen or resident of the non-U.S. jurisdiction is prohibited under the laws of such jurisdiction, or (2) compliance with the laws of the non-U.S.

jurisdiction would cause the Plan or the Offering to violate the requirements of Section 423 of the Code, in each case, to the extent allowed under Section 423 of the Code.

4. Exercise Periods.

i. In General. The Plan shall generally be implemented by a series of Exercise Periods, each of which lasts approximately three (3) months, subject to Section 4(b) below.

ii. Changes by Committee. The Committee shall have the authority to make changes to the occurrence, duration and/or the frequency of Exercise Periods with respect to future Exercise Periods if any such change is announced prior to the scheduled beginning of the first Exercise Period to be affected, provided that the duration of an Exercise Period may not exceed five (5) years from the Entry Date (or the expiration of such other applicable period specified under Section 423(b)(7) of the Code).

5. Participation. Employees meeting the eligibility requirements of Section 3 hereof may elect to participate in the Plan commencing on any Entry Date for the applicable Exercise Period by enrolling in the manner and/or through the website designated by the Company during the Enrollment Period.

6. Grant of Option.

iii. Shares Subject to Option. On a Participant's Entry Date, subject to the limitations set forth in Section 6(c), the Participant shall be granted an option to purchase on the subsequent Exercise Date (at the Exercise Price determined as provided in Section 6(b) below) up to a number of Shares determined by dividing such Participant's Plan Contributions accumulated during the current Exercise Period prior to such Exercise Date and retained in the Participant's account as of such Exercise Date by the Exercise Price; provided that the maximum number of Shares a Participant may purchase during any Exercise Period shall be that whole number of Shares determined by dividing \$25,000 by the Fair Market Value of a Share on the Entry Date of such Exercise Period; provided further that such maximum number of Shares may instead be established by the Committee as a fixed number or a different predetermined formula with respect to any Exercise Period prior to the Entry Date thereof. All Participants granted options pursuant to an Exercise Period shall have the same rights and privileges within the meaning of Section 423(b)(5) of the Code. Unless otherwise determined by the Committee, no fractional Shares shall be issued or otherwise transferred upon the exercise of an option under the Plan.

iv. Exercise Price. The Exercise Price offered to each Participant in a given Exercise Period shall be the Applicable Percentage of the Fair Market Value of a Share on the Exercise Date. The Applicable Percentage with respect to each Exercise Period shall be 85% unless and until such Applicable Percentage is increased by the Committee, in its discretion, provided that any such increase in the Applicable Percentage with respect to a given Exercise Period must be established prior to the commencement of the Enrollment Period for such Exercise Period.

v. Limitations on Options that may be Granted. Notwithstanding any provision of the Plan to the contrary, (i) no Employee may participate in the Plan if such Employee,

immediately after the applicable Entry Date, would be deemed for purposes of Section 423(b)(3) of the Code to possess five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary or of any other related corporation for purposes of Section 423 of the Code, and (ii) no Participant shall be granted an option under the Plan which permits his or her right to purchase Shares under the Plan to accrue at a rate which, when aggregated with such Participant's rights to purchase shares under all other employee stock purchase plans of the Company and any Subsidiary, and any other related corporation for purposes of Section 423 of the Code, which are intended to qualify under Section 423 of the Code, exceeds \$25,000 in Fair Market Value (or such other limit, if any, as may be imposed by the Code) for each calendar year in which such option is outstanding at any time. For purposes of clause (ii) of the preceding sentence, the Fair Market Value of Shares purchased with respect to a given Exercise Period shall be determined as of the Entry Date for such Exercise Period. The limitations set forth in this Section 6(c) shall be applied in conformance with applicable regulations under Section 423(b)(8) of the Code.

vi. No Rights as Stockholder. A Participant shall have no voting, dividend or other stockholder rights in the Shares covered by his or her option until such option has been exercised in accordance with the provisions of the Plan and such Shares have actually been issued to such Participant.

vii. Bookkeeping Accounts Maintained. Individual bookkeeping accounts shall be maintained for each Participant. All Plan Contributions from a Participant's Compensation shall be credited to such Participant's Plan account. Except as otherwise required by Applicable Law (i) all Plan Contributions made for a Participant shall be deposited in the Company's or a Designated Subsidiary's general corporate accounts, and no interest shall accrue or be credited with respect to a Participant's Plan Contributions, and (ii) all Plan Contributions received or held by the Company or a Designated Subsidiary may be used by the Company or such Designated Subsidiary for any corporate purpose, and neither the Company nor such Designated Subsidiary shall be obligated to segregate or otherwise set apart such Plan Contributions from any other corporate funds.

7. Plan Contributions.

viii. Plan Contributions by Payroll Deduction. Contributions to the Plan shall be made by after-tax payroll deductions by the Company or Designated Subsidiary, unless the Committee authorizes contributions through another means, in a manner consistent with the provisions of Section 423 of the Code.

ix. Plan Contributions Election. At the time a Participant enrolls with respect to an Exercise Period in accordance with Section 5, the Participant shall authorize Plan Contributions from his or her Compensation to be made on each payroll date during the portion of the Exercise Period that he or she is a Participant in an amount not less than 1% and not more than 15% of the Participant's Compensation on each payroll date during the portion of the Exercise Period that he or she is a Participant. The amount of Plan Contributions must be a whole percentage (e.g., 1%, 2%, 3%, etc.) of the Participant's Compensation. The amount of Plan Contributions may be adjusted to the extent required by Applicable Law.

x. Commencement of Plan Contributions. Except as otherwise determined by the Committee under rules applicable to all Participants, Plan Contributions shall commence with the earliest administratively practicable pay date on or after the Entry Date with respect to which the Participant enrolls in accordance with Section 5, or is deemed to have elected continued participation in the Plan with respect to succeeding Exercise Periods in accordance with Section 7(d).

xi. Automatic Continuation of Plan Contributions for Succeeding Exercise Periods. With respect to each succeeding Exercise Period, a Participant shall be deemed (i) to have elected to participate in such immediately succeeding Exercise Period (and, for purposes of such Exercise Period, the Participant's "Entry Date" shall be the first Trading Day of such succeeding Exercise Period), and (ii) to have authorized the same rate of Plan Contributions for such immediately succeeding Exercise Period as was in effect for the Participant immediately prior to the commencement of such succeeding Exercise Period, unless such Participant elects otherwise prior to the Entry Date of such succeeding Exercise Period, in accordance with Section 7(e) below or such Participant withdraws from the Plan in accordance with Section 11 hereof.

xii. Change of Plan Contributions Election. A Participant may not decrease or increase the rate of his or her Plan Contributions during an Exercise Period. Using the authorization process designated for this purpose by the Company in accordance with Section 5 above authorizing a change in the rate of Plan Contributions, a Participant may decrease or increase the rate of his or her Plan Contributions (within the limitations of Section 7(b) above) commencing with the first Exercise Period that begins after the date of such authorization. Additionally, a Participant may withdraw from an Exercise Period as provided in Section 11(a) hereof.

xiii. Automatic Changes in Plan Contributions. The Company may decrease a Participant's rate of Plan Contributions, but not below zero percent, at any time during an Exercise Period to the extent necessary to comply with Section 423(b)(8) of the Code or any other Applicable Law or Section 6(a) or Section 6(c). Plan Contributions shall recommence at the rate provided in the Participant's enrollment at the beginning of the first Exercise Period beginning in the following calendar year, unless the Participant's participation in the Plan terminates as provided in Section 11.

8. Exercise of Options and Purchase of Shares.

xiv. Exercise of Options. On each Exercise Date, the option for the purchase of Shares of each Participant who has not withdrawn from the Plan and whose participation in the Exercise Period has not otherwise terminated before the Exercise Date shall be automatically exercised to purchase the number of whole Shares determined by dividing (i) the total amount of the accumulated Plan Contributions then credited to the Participant's account under the Plan during the Exercise Period and not previously applied toward the purchase of Shares by (ii) the Exercise Price, subject to the limitations in Section 6(a) and Section 6(c) and any other limitation in the Plan. Notwithstanding the foregoing, the Committee may permit the purchase of whole and fractional Shares upon exercise of options hereunder, commencing with the first Exercise Period that begins after the date of such Committee authorization.

xv. Pro Rata Allocation of Shares. If the aggregate number of Shares to be purchased by all Participants in the Plan and the International Plan on an Exercise Date exceeds the number of Shares available as provided in Section 12(a), the Company shall make a pro rata allocation of the remaining Shares in as uniform a manner as practicable and as the Company determines to be equitable. Unless otherwise determined by the Committee, any fractional Share resulting from such pro rata allocation to any Participant shall be disregarded and shall not be issued.

xvi. Delivery of Shares. As soon as practicable after each Exercise Date, the Company shall arrange the delivery of the Shares purchased by each Participant on such Exercise Date to a broker designated by the Company that will hold such Shares for the benefit of each such Participant; provided that the Company may arrange the delivery to a Participant of a certificate representing such Shares. Shares to be delivered to a Participant under the Plan shall be registered in the name of the Participant, or, if requested by the Participant, in the name of the Participant and his or her spouse, or, if applicable, in the names of the heirs of the Participant.

xvii. Return of Cash Balance. Any cash balance remaining in a Participant's Plan account following any Exercise Date shall be refunded to the Participant as soon as practicable after such Exercise Date. However, if the cash balance to be returned to a Participant pursuant to the preceding sentence is less than the amount that would have been necessary to purchase an additional whole Share on such Exercise Date, the Company may arrange for the cash balance to be retained in the Participant's Plan account and applied toward the purchase of Shares in the subsequent Exercise Period, as the case may be.

xviii. Tax Withholding. At the time of any tax withholding event under the Plan, the Participant shall make adequate provision for the Tax-Related Items withholding obligations, if any, of the Company and/or the applicable Designated Subsidiary which arise upon such tax withholding event. The Company and/or applicable Designated Subsidiary may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary to meet such withholding obligations, or may use any other method of withholding they deem appropriate and take such other action as may be necessary to satisfy withholding and/or reporting obligations for Tax-Related Items.

xix. Expiration of Option. Any portion of a Participant's option remaining unexercised after the end of the Exercise Period to which such option relates shall expire immediately upon the end of such Exercise Period.

xx. Provision of Reports to Participants. Unless otherwise determined by the Committee, each Participant who has exercised all or part of his or her option under the Plan shall receive, as soon as practicable after the Exercise Date, a report of such Participant's Plan account setting forth the total Plan Contributions accumulated prior to such exercise, the number of Shares purchased, the Exercise Price for such Shares, the date of purchase and the cash balance, if any, remaining immediately after such purchase that is to be refunded or retained in the Participant's Plan account pursuant to Section 8(d). The report pursuant to this Section 8(g) may be delivered in such form and by such means, including by electronic transmission, as the Company may determine.

9. ESPP Brokerage Account; Required Holding Period; Disqualifying Disposition.

xxi. Deposit of Shares into ESPP Brokerage Account. Notwithstanding any other provisions of the Plan to the contrary, the Company may require that the Shares purchased on behalf of each Participant under the Plan shall be deposited directly into a brokerage account which the Company may establish for the Participant at a Company-designated brokerage firm (such an account, the “ESPP Brokerage Account”).

xxii. Required Holding Period. The Shares deposited into a Participant’s ESPP Brokerage Account may not be transferred from the ESPP Brokerage Account or disposed of (whether electronically or in certificated form) or pledged until the required holding period, if any, for those Shares is satisfied. The Committee shall have discretion to determine whether a holding period shall apply with respect to Participants generally. Following expiration of any such required holding period, a Participant may sell Shares held in his or her ESPP Brokerage Account at any time (subject to the Expedia Securities Trading Policy and Applicable Law), but in the absence of any such sale, a Participant shall be required to hold such shares in the ESPP Brokerage Account until expiration of the holdings periods specified by Section 423(a)(1) of the Code applicable to such Shares.

xxiii. Participant Required to Report Disqualifying Disposition. A Participant shall be required to report in writing to the Company (or a person or firm designated by the Company) any disposition of Shares purchased under the Plan prior to the expiration of the holding periods specified by Section 423(a)(1) of the Code.

10. Transferability. Neither Plan Contributions credited to a Participant’s account nor any option or rights to exercise any option or receive Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution). Any attempted such assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw in accordance with Section 11(a).

11. Withdrawal; Terminating Event.

xxiv. Withdrawal. A Participant may withdraw from an Exercise Period at any time by giving written notice to the Company (or a person or firm designated by the Company) in the manner and/or through the website designated by the Company. A notice of withdrawal must be received no later than the deadline prescribed by the Company, which deadline may be changed from time to time with appropriate notice to Employees.

Plan Contributions shall cease as soon as administratively practicable after receipt by the Company of the Participant’s notice of withdrawal, and, subject to administrative practicability, no further purchases shall be made for the Participant’s account. All Plan Contributions credited to such Participant’s account, if any, and not yet used to purchase Shares, shall be returned to the Participant as soon as administratively practicable after receipt of the Participant’s notice of withdrawal. Such Participant’s unexercised options to purchase Shares

pursuant to the Plan shall be automatically terminated. Plan Contributions will not resume on behalf of a Participant who has withdrawn from the Plan (a “Former Participant”) unless the Former Participant enrolls in a subsequent Exercise Period in accordance with Section 5 and subject to the restriction provided in Section 11(b), below.

xxv. Effect of Withdrawal on Subsequent Participation. A Former Participant who has withdrawn from the Plan pursuant to Section 11(a) shall be eligible to participate in the Plan at the beginning of the next Exercise Period following the date the Former Participant withdrew, and the Former Participant must submit a new enrollment in accordance with Section 5 in order to again become a Participant.

xxvi. Terminating Event. If a Participant has a Terminating Event, (i) such individual may not make further Plan Contributions, (ii) any amount of cash then credited to his or her Plan account shall, as determined by the Committee (on a uniform and nondiscriminatory basis for all options to be granted in an Offering), either be (A) promptly returned to such individual following the date of such Terminating Event, or (B) used to purchase the number of Shares in accordance with and subject to Sections 8(a) through (c), and (e) through (g), and any cash balance remaining in such individual’s Plan account following such Exercise Date shall be promptly refunded to such individual following the Exercise Date, and (iii) all Shares held in such Participant’s ESPP Brokerage Account shall continue to be held in such ESPP Brokerage Account unless the individual sells or transfers such Shares, subject to satisfaction of both the required holding period (provided that such required holding period shall not apply in the case of a Terminating Event due to death) and the Code Section 423(a)(1) holding period requirements, as referenced in Section 9(b). For the avoidance of doubt, in the event that the employment of a Participant is transferred, and such Participant becomes an employee of a Subsidiary that is not a Designated Subsidiary under the Plan, such Participant shall have a Terminating Event.

12. Shares Issuable under the Plan.

xxvii. Number of Shares. Subject to adjustment as provided in Section 12(b), the maximum number of Shares that may be issued under the Plan and the International Plan in the aggregate shall be 1,500,000. Such Shares issuable under the Plan may be authorized and unissued shares (which will not be subject to preemptive rights), Shares held in treasury by the Company, Shares purchased on the open market or by private purchase or any combination of the foregoing. Any Shares issued under the Plan shall reduce on a Share-for-Share basis the number of Shares available for subsequent issuance under the Plan and the International Plan. If an outstanding option under the Plan or the International Plan for any reason expires or is terminated or cancelled, the Shares allocable to the unexercised portion of such option shall again be available for issuance under the Plan or the International Plan. For avoidance of doubt, up to the maximum number of Shares reserved under this Section 12(a) may be used to satisfy purchases of Shares under the Plan and any remaining portion of such maximum number of Shares may be used to satisfy purchases of Shares under the International Plan.

xxviii. Adjustments Upon Changes in Capitalization; Company Transactions.

a. If the outstanding Shares are increased or decreased, or are changed into or are exchanged for a different number or kind of shares, including as a result of one or more mergers, reorganizations, restructurings, recapitalizations, reclassifications, stock splits, reverse stock splits, stock dividends or the like, or there occurs a separation, spin-off or other distribution of stock or property (including any extraordinary dividend, but excluding any ordinary dividends) affecting the Company and without the Company's receipt of consideration, then appropriate adjustments shall be made to the number and/or kind of shares available for issuance in the aggregate under the Plan and the International Plan and under each outstanding option under the Plan and to the Exercise Price thereof, in each case as determined by the Committee, in its discretion, and the Committee's determination shall be conclusive.

b. In the event of any proposed dissolution or liquidation of the Company, immediately prior to the consummation of such proposed action, any outstanding Exercise Period will terminate, and any Shares held in ESPP Brokerage Accounts, and all Plan Contributions credited to Participant Plan accounts and not used to purchase Shares, shall be distributed to each applicable Participant, unless otherwise provided by the Committee.

c. In the event of sale of all or substantially all of the Company's assets, or a merger, amalgamation, consolidation, acquisition or sale or exchange of shares or similar event affecting the Company (each, a "Company Transaction"), then, as determined by the Committee, in its discretion, which determination shall be conclusive, either:

(A) each option under the Plan shall be assumed or an equivalent option shall be substituted by the Company's successor corporation or a parent corporation (as defined in Section 424(e) of the Code) of such successor corporation, unless the Committee determines, in the exercise of its discretion, and in lieu of such assumption or substitution, to shorten the Exercise Period then in progress by setting a new Exercise Date (the "New Exercise Date"). If the Committee shortens the Exercise Period then in progress in lieu of assumption or substitution in the event of a Company Transaction, the Company shall notify each Participant in writing, prior to the New Exercise Date, that the Exercise Date for such Participant's option has been changed to the New Exercise Date, and that such Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Plan as provided in Section 11(a). For purposes of this Section 12(b), an option granted under the Plan shall be deemed to have been assumed if, following the Company Transaction, the option confers the right to purchase, for each Share subject to the option immediately prior to the Company Transaction, the consideration (whether stock, cash or other securities or property) received in the Company Transaction by holders of Shares for each Share held on the effective date of the Company Transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, that if the consideration received in the Company Transaction was not

solely common stock or Shares of the successor corporation or its parent corporation (as defined in Section 424(e) of the Code), the Committee may, with the consent of the successor corporation, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent corporation equal in fair market value to the per share consideration received by the holders of Shares in the Company Transaction; or

(B) the Plan shall terminate and any Shares held in ESPP Brokerage Accounts and all the Plan Contributions credited to Participant Plan accounts and not yet used to purchase Shares, shall be distributed to each applicable Participant.

d. In all cases, the Committee shall have discretion to exercise any of the powers and authority provided under this Section 12, and the Committee's actions hereunder shall be final and binding on all Participants. Unless otherwise determined by the Committee, no fractional shares of stock shall be issued under the Plan pursuant to any adjustment authorized under the provisions of this Section 12.

13. Administration.

xxix. Committee as Administrator. The Plan shall be administered by the Committee. The Committee shall have all authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the foregoing sentences of this Section 13, subject to the express provisions of the Plan and Applicable Law, the Committee shall have full and exclusive discretionary authority to interpret and construe any and all provisions of the Plan and any agreements, forms, and instruments relating to the Plan; prescribe the forms and manner of any agreements, forms, and instruments, and all online enrollment, designation or communication, relating to the Plan; determine eligibility to participate in the Plan including which Subsidiaries shall be Designated Subsidiaries; adopt rules and regulations for administering the Plan; adjudicate and determine all disputes arising under or in connection with the Plan; determine whether a particular item is included in "Compensation;" permit Plan Contributions in excess of the amount designated by a Participant in order to adjust for administrative errors in the Company's processing of properly submitted enrollment agreements and/or changes in contribution amounts; retain and engage such third parties as it shall determine to assist with the administration of the Plan and make all other determinations necessary or advisable for the administration of the Plan. All decisions, actions and determinations by the Committee with respect to the Plan; any agreement, form or instrument relating to the Plan; or any operation or administration of the Plan shall be final, conclusive and binding on all persons.

xxx. Delegation. Subject to Applicable Law, the Committee may, in its discretion, from time to time, delegate all or any part of its responsibilities and powers under the Plan to any employee or group of employees of the Company or any Subsidiary, and revoke any such delegation. Notwithstanding the foregoing, the Board, in its absolute discretion, may at any time and from time to time exercise any and all rights, duties and responsibilities of the Committee under the Plan, including, but not limited to, establishing procedures to be followed by the Committee.

14. Amendment, Suspension, and Termination of the Plan.

xxxi. Amendment of the Plan. The Board or the Committee may at any time, or from time to time, amend the Plan in any respect; provided that (i) except as otherwise provided by Section 4(b) or Section 12(b), or to comply with any Applicable Law, no such amendment may make any change in any option theretofore granted which materially adversely affects the previously accrued rights of any Participant with respect to any such option without such Participant's consent, and (ii) the Plan shall not be amended in any way that will cause options issued under the Plan to fail to meet the requirements for employee stock purchase plans as defined in Section 423 of the Code. To the extent necessary to comply with Section 423 of the Code, or any other Applicable Law, regulation or rule, the Company shall obtain stockholder approval of any such amendment.

xxxii. Suspension of the Plan. The Board or the Committee may, at any time, suspend the Plan; provided that the Company shall provide notice to the Participants prior to the effectiveness of such suspension. The Board or the Committee may resume the operation of the Plan following any such suspension; provided that the Company shall provide notice to the Participants prior to the date of termination of the suspension period. A Participant shall remain a Participant in the Plan during any suspension period (unless he or she withdraws pursuant to Section 11(a)), however, no options shall be granted or exercised, and no Plan Contributions shall be made in respect of any Participant during the suspension period.

xxxiii. Termination of the Plan. The Plan and all rights of Participants hereunder shall terminate on the earliest of:

i. the Exercise Date at which Participants become entitled to purchase a number of Shares greater than the number of Shares remaining available for issuance under the Plan and the International Plan pursuant to Section 12(a);

ii. such date as is determined by the Board in its discretion; or

iii. the last Exercise Date immediately preceding the tenth (10th) anniversary of the Effective Date.

Notwithstanding the foregoing to the contrary, (i) the Board may at any time, with notice to Participants, terminate an Exercise Period then in progress and provide, in its discretion, that the outstanding balance of Plan Contributions credited to Participant Plan accounts and not yet used to purchase Shares shall either be (x) used to purchase Shares on an early Exercise Date established by the Board, or (y) distributed to the applicable Participants, and (ii) upon any termination of the Plan, any Exercise Period then in progress shall be treated as may be determined by the Board in accordance with clause (i) of this sentence, and any Shares held in ESPP Brokerage Accounts shall be distributed to the applicable Participants.

15. Miscellaneous.

xxxiv.Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be in writing and shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person or agent, designated by the Company for the receipt thereof.

xxxv.Expenses of the Plan. All costs and expenses incurred in administering the Plan shall be paid by the Company or a Designated Subsidiary, except that any stamp duties or transfer taxes applicable to participation in the Plan may be charged to the account of such Participant by the Company.

xxxvi.Rights of Participants.

e. Rights or Claims. No person shall have any rights or claims under the Plan except in accordance with the provisions of the Plan and any applicable agreement thereunder. The liability of the Company or any Designated Subsidiary under the Plan is limited to the obligations expressly set forth in the Plan, and no term or provision of the Plan may be construed to impose any further or additional duties, obligations, or costs on the Company, any Designated Subsidiary or any other affiliate thereof or the Board or the Committee not expressly set forth in the Plan. The grant of any option under the Plan shall not confer any rights upon the Participant holding such option other than such terms, and subject to such conditions, as are specified in the Plan as being applicable to such option, or to all options. Without limiting the generality of the foregoing, neither the existence of the Plan nor anything contained in the Plan or in any agreement thereunder shall be deemed to:

- (A) give any Participant the right to be retained in the service of the Company or any Designated Subsidiary, whether in any particular position, at any particular rate of compensation, for any particular period of time or otherwise;
- (B) restrict in any way the right of the Company or any Designated Subsidiary to terminate, change or modify any Participant's employment at any time with or without cause;
- (C) constitute a contract of employment between the Company or any Designated Subsidiary and any Employee, nor shall it constitute a right to remain in the employ of the Company or any Designated Subsidiary;
- (D) give any Employee of the Company or any Designated Subsidiary the right to receive any bonus, whether payable in cash or in Shares, or in any combination thereof, from the Company and/or a Designated Subsidiary, nor be construed as limiting in any way the right of the Company and/or a Designated Subsidiary to determine,

in its discretion, whether or not it shall pay any Employee bonuses, and, if so paid, the amount thereof and the manner of such payment; or

(E) give any Employee any rights whatsoever with respect to any Share options except as specifically provided in the Plan and any applicable agreement thereunder.

f. Options. Notwithstanding any other provision of the Plan, a Participant's right or entitlement to purchase any Shares under the Plan shall only result from continued employment with the Company or any Designated Subsidiary.

g. No Effects on Benefits; No Damages. Any compensation received by a Participant under an option is not part of any (1) normal or expected compensation or salary for any purpose, as an employee or otherwise; (2) termination, indemnity, severance, resignation, redundancy, end of service payments; (3) bonuses; (4) long-service awards; (5) pension or retirement benefits or (6) similar payments under any laws, plans, contracts, policies, programs, arrangements or otherwise, in each case, otherwise payable or provided to such Participant. A Participant shall, by participating in the Plan, waive any and all rights to compensation or damages in consequence of termination of employment of such Participant for any reason whatsoever, whether lawfully or otherwise, insofar as those rights arise or may arise from such Participant ceasing to have rights under the Plan as a result of such termination of employment, or from the loss or diminution in value of such rights or entitlements, including by reason of the operation of the terms of the Plan or the provisions of any statute or law relating to taxation. No claim or entitlement to compensation or damages arises from the termination of the Plan or diminution in value of any option or Shares purchased under the Plan.

h. No Effect on Other Plans. Neither the adoption of the Plan nor anything contained herein shall affect any other compensation or incentive plans or arrangements of the Company or any Designated Subsidiary, or prevent or limit the right of the Company or any Designated Subsidiary to establish any other forms of incentives or compensation for their employees or grant or assume options or other rights otherwise than under the Plan.

xxxvii. Participants Deemed to Accept Plan. By enrolling in the Plan and accepting any benefit thereunder, each Participant and each person claiming under or through any such Participant shall be conclusively deemed to have indicated their acceptance and ratification of, and consent to, all of the terms and conditions of the Plan and any action taken under the Plan by the Board, the Committee or the Company, in any case in accordance with the terms and conditions of the Plan.

xxxviii. Uncertificated Shares. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may nevertheless be effected on a uncertificated basis, to the extent not prohibited by Applicable Law. Notwithstanding any contrary Plan provisions prescribing the manner and form in which stock

certificates may be issued and/or Shares may be held by or on behalf of Participants, the Company and any affiliate thereof shall have the right to make such alternative arrangements as they may, in their discretion, determine, and which may include the transfer of Shares and/or the issue of stock certificates to any nominee or trust or other third party arrangement established for the benefit in whole or in part of Participants.

xxxix. Governing Law. The Plan and each agreement thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Participants are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Delaware to resolve any and all issues that may arise out of or relate to the Plan or any related agreement.

xl. No Constraint on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Designated Subsidiary from taking any corporate action (including the Company's right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets) which is deemed by it to be appropriate, or in its best interest, whether or not such action would have an adverse effect on the Plan, or any rights awarded Participants under the Plan. No employee, beneficiary, or other person, shall have any claim against the Company or any Designated Subsidiary as a result of any such action.

xli. Section 16. The provisions and operation of the Plan are intended to result in no transaction under the Plan (excluding any sale of Shares acquired thereunder) being subject to (and not exempt from) the rules of Section 16 of the Exchange Act, to the extent such rules are or become applicable to the Company.

xlii. Requirements of Law; Limitations on Awards.

i. The Plan, the granting, acceptance and exercise of options and the issuance of Shares under the Plan and the Company's obligation to sell and deliver Shares upon the exercise of options to purchase Shares shall be subject to all Applicable Laws, and to such approvals by any governmental agencies or national securities exchanges as may be required.

j. If at any time the Committee shall determine, in its discretion, that the listing, registration and/or qualification of Shares upon any securities exchange or under any state, Federal or non-United States law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale or purchase of Shares hereunder, the Company shall have no obligation to allow the grant or exercise of any option under the Plan, or to issue or deliver evidence of title for Shares issued under the Plan, in whole or in part, unless and until such listing, registration, qualification, consent and/or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Committee.

k. If at any time counsel to the Company shall be of the opinion that any sale or delivery of Shares pursuant to an option is or may be in the circumstances unlawful or result in the imposition of excise taxes on the Company, any Designated Subsidiary or any affiliate respectively thereof under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the United States Securities Act of 1933, as amended, or otherwise with respect to Shares or options, and the right to exercise any option under the Plan shall be suspended until, in the opinion of such counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company, any Designated Subsidiary or any such affiliate.

l. Upon termination of any period of suspension under Section 15(i)(iii), any option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all Shares available before such suspension and as to the Shares which would otherwise have become available during the period of such suspension, but no suspension shall extend the term of any option.

m. The Committee may require each person receiving Shares in connection with any option under the Plan to represent and agree with the Company in writing that such person is acquiring such Shares for investment without a view to the distribution thereof, and/or provide such other representations and agreements as the Committee may prescribe. The Committee, in its absolute discretion, may impose such restrictions on the ownership and transferability of the Shares purchasable or otherwise receivable by any person under any option as it deems appropriate. Any such restrictions may be set forth in the applicable agreement, and the certificates evidencing such shares may include any legend that the Committee deems appropriate to reflect any such restrictions.

xliii. Data Protection. By participating in the Plan, each Participant consents to the collection, processing, transmission and storage by the Company and any Designated Subsidiary, in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of administering the Plan. The Company and any Designated Subsidiary may share such information with any affiliate thereof, any trustee, its registrars, brokers, other third-party administrator or any person who obtains control of the Company or any Designated Subsidiary or any affiliate respectively thereof, or any division respectively thereof.

xliv. Tax Qualification. Although the Company may endeavor to (1) qualify an option for favorable tax treatment under the laws of the United States or (2) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants under the Plan.

xlv. Electronic Delivery. Any reference in the Plan or any related agreement to an agreement, document, statement, instrument or notice, whether written or otherwise, will include

any agreement, document, statement, instrument or notice delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet.

xlvi. Drafting Context; Captions. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural. The word "Section" herein shall refer to provisions of the Plan, unless expressly indicated otherwise. The words "include," "includes," and "including" herein shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of similar import, unless the context otherwise requires. The headings and captions appearing herein are inserted only as a matter of convenience. They do not define, limit, construe, or describe the scope or intent of the provisions of the Plan.

xlvii. Effective Date. The Plan became effective on June 18, 2013 when it was approved by the stockholders of the Company at the Company's annual meeting of stockholders. (the "Effective Date"). The first amendment and restatement of the Plan became effective as of December 19, 2018 upon its adoption by the Board. The second amendment and restatement of the Plan is effective as of May 15, 2020 upon its adoption by the Compensation Committee of the Board.

EXPEDIA GROUP, INC.
2013 INTERNATIONAL EMPLOYEE STOCK PURCHASE PLAN,
AS AMENDED AND RESTATED

1. Purpose. The purpose of the Plan is to provide incentive for present and future eligible Employees to acquire equity interests (or increase existing equity interests) in the Company through the purchase of Shares. The Plan is not intended to qualify as an “employee stock purchase plan” under Section 423 of the Code.

2. Definitions.

(a) “Applicable Exchange” means the Nasdaq Stock Market or such other securities exchange or inter-dealer quotation system as may at the applicable time be the principal market for the Shares.

(b) “Applicable Law” means the requirements relating to the administration of equity-based awards under state corporate laws, United States federal and state securities laws, the Code, the rules of the Applicable Exchange and the applicable laws of any non-U.S. jurisdiction where options are, or will be, granted under the Plan.

(c) “Applicable Percentage” means the percentage specified in Section 6(b), subject to adjustment by the Committee as provided in Section 6(b).

(d) “Board” means the Board of Directors of the Company.

(e) “Code” means the United States Internal Revenue Code of 1986, as amended, and any successor thereto. Reference to a specific section of the Code or United States Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable successor provision or other provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(f) “Committee” means the committee appointed by the Board to administer the Plan as described in Section 13 or, in the absence of a committee, the Board.

(g) “Company” means Expedia Group, Inc., a Delaware corporation, or any successor thereto.

(h) “Company Transaction” has the meaning given such term in Section 12(b)(iii).

(i) “Compensation” means, with respect to each Participant for each pay period: base salary, wages, overtime, and shift premium paid to such Participant by the Company or a Designated Subsidiary. Except as otherwise determined by the Committee, “Compensation” does not include: (i) any amounts contributed by the Company or a Designated Subsidiary to any pension plan, (ii) any automobile, relocation or housing allowances, or reimbursement for any expenses, including automobile, relocation or housing expenses, (iii) any amounts paid as a bonus, including a starting bonus, referral fee, annual bonus, relocation bonus, or sales incentives or commissions, (iv) any amounts realized from the exercise of any stock options or other incentive awards, (v) any amounts paid by the Company or a Designated Subsidiary for other fringe benefits, such as health and welfare, hospitalization and group life insurance benefits, disability pay, or perquisites, or paid in lieu of such benefits, or (vi) other similar forms of extraordinary compensation.

(j) “Designated Countries” means the countries designated by the Board or the Committee in writing from time to time for the purposes of the Plan.

(k) “Designated Subsidiaries” means the Subsidiaries whose employees have been designated by the Board or the Committee in writing from time to time in its discretion as eligible to participate in the Plan.

(l) “Effective Date” means the date described in Section 15(n).

(m) “Employee” means any individual designated as an employee of a Designated Subsidiary on the payroll records thereof. For purposes of clarity, the term “Employee” shall not include the following, regardless of any subsequent reclassification as an employee by the Company or a Designated Subsidiary, any governmental agency,

or any court: (i) any independent contractor; (ii) any consultant; (iii) any individual performing services for the Company or a Designated Subsidiary who has entered into an independent contractor or consultant agreement with the Company or a Designated Subsidiary; (iv) any individual performing services for the Company or a Designated Subsidiary under an independent contractor or consultant agreement, a purchase order, a supplier agreement or any other agreement that the Company or a Designated Subsidiary enters into for services; (v) any individual classified by the Company or a Designated Subsidiary as contract labor (such as contractors, contract employees, job shoppers), regardless of length of service; and (vi) any leased employee. The Committee shall have discretion to determine whether an individual is an Employee for purposes of the Plan.

(n) “Enrollment Period” means the period during which an eligible Employee may elect to participate in the Plan, with such period occurring before the Entry Date of the next Exercise Period, as prescribed by the Committee.

(o) “Entry Date” means the first Trading Day of each Exercise Period.

(p) “ESPP Brokerage Account” has the meaning given such term in Section 9(a).

(q) “Exchange Act” means the United States Securities Exchange Act of 1934, as amended, from time to time, or any successor law thereto, and the regulations promulgated thereunder.

(r) “Exercise Date” means the last Trading Day of each Exercise Period.

(s) “Exercise Period” means, subject to adjustment as provided in Section 4(b), the approximately three (3) month period beginning on each: (i) March 1 of each year and ending the last day of May of such year, (ii) June 1 of each year and ending on the last day of August of such year, (iii) September 1 of each year and ending on the last day of November of such year or (iv) December 1 of each year and ending on the last day of February of the following year, until the Plan terminates.

(t) “Exercise Price” means the price per Share offered in a given Exercise Period determined as provided in Section 6(b).

(u) “Fair Market Value” means, if the Shares are listed on a national securities exchange, as of any given date, the closing price for a Share on such date on the Applicable Exchange, or if Shares were not traded on the Applicable Exchange on such measurement date, then on the closest preceding date on which Shares are so traded, all as reported by such source as the Committee may select. If the Shares are not listed on a national securities exchange, the Fair Market Value of a Share shall mean the amount determined by the Board in good faith.

(v) “Participant” means an Employee who is eligible to participate in the Plan under Section 3 and who has elected to participate in the Plan by enrolling as provided in Section 5 hereof.

(w) “Plan” means the Expedia Group, Inc. 2013 International Employee Stock Purchase Plan, as amended and restated, as in effect from time to time.

(x) “Plan Contributions” means, with respect to each Participant, the after-tax payroll deductions withheld from the Compensation of the Participant under the Plan and other additional payments that the Committee may permit a Participant to make, which are each contributed to the Plan for the Participant as provided in Section 7 hereof.

(y) “Share” means a share of common stock, par value US\$ 0.0001 per share, of the Company (including any new, additional or different stock or securities resulting from any change in capitalization pursuant to Section 12(b)).

(z) “Subsidiary” means (i) any corporation of which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock, or (ii) any partnership, joint venture or other entity in which the Company holds, directly or indirectly, an equity or voting interest of 80% or more, as determined by the Committee.

(aa) “Tax-Related Items” means any income tax, social insurance contributions, fringe benefit tax, payroll tax, payment on account or other tax-related items arising in relation to the Participant’s participation in the Plan.

(bb) “Terminating Event” means a Participant ceases to be an Employee under any circumstances; provided, however, that, for purposes of the Plan, a Participant’s status as an Employee shall be considered to be continuing intact while such Participant is on military leave, sick leave, or other bona fide leave of absence approved by the Committee or the Participant’s supervisor. A transfer of a Participant’s employment between or among any Designated Subsidiaries (of the Plan or the U.S. Plan) shall be considered a Terminating Event.

(cc) “Trading Day” means a day on which the Applicable Exchange is open for trading.

(dd) “U.S. Plan” means the Expedia Group, Inc. 2013 Employee Stock Purchase Plan, as in effect from time to time.

3. Eligibility.

(a) General Rule. Except as otherwise provided herein, all Employees shall be eligible to participate in the Plan.

(b) Exclusion. Notwithstanding Section 3(a), to the extent permitted by Applicable Law, an Employee shall not be eligible to participate in an Exercise Period if, as of the Entry Date of such Exercise Period: (i) such Employee is an officer within the meaning of Rule 16a-1(f) or an executive officer within the meaning of Rule 3b-7, in each case under the Exchange Act or (ii) such Employee is not employed in a Designated Country. The Committee may, in its discretion, adopt other exclusions from eligibility to participate in the Plan.

4. Exercise Periods.

(a) In General. The Plan shall generally be implemented by a series of Exercise Periods, each of which lasts approximately three (3) months, subject to Section 4(b) below.

(b) Changes by Committee. The Committee shall have the authority to make changes to the occurrence, duration and/or the frequency of Exercise Periods with respect to future Exercise Periods if any such change is announced prior to the scheduled beginning of the first Exercise Period to be affected.

5. Participation. Employees meeting the eligibility requirements of Section 3 hereof may elect to participate in the Plan commencing on any Entry Date for the applicable Exercise Period by enrolling in the manner and/or through the website designated by the Company during the Enrollment Period. Notwithstanding the foregoing, eligible Employees who are citizens or residents of a jurisdiction may be excluded from the Plan if the grant of an option under the Plan or any offering to a citizen or resident of the jurisdiction is prohibited under the laws of such jurisdiction, or if the Committee has otherwise determined, in its sole discretion, that participation of such eligible Employee(s) is not advisable or practicable for any reason.

6. Grant of Option.

(a) Shares Subject to Option. On a Participant’s Entry Date, subject to the limitations set forth in Section 6(c), the Participant shall be granted an option to purchase on the subsequent Exercise Date (at the Exercise Price determined as provided in Section 6(b) below) up to a number of Shares determined by dividing such Participant’s Plan Contributions accumulated during the current Exercise Period prior to such Exercise Date and retained in the Participant’s account as of such Exercise Date by the Exercise Price; provided that the maximum number of Shares a Participant may purchase during any Exercise Period shall be that whole number of Shares determined by dividing US\$25,000 by the Fair Market Value of a Share on the Entry Date of such Exercise Period; provided further that such maximum number of Shares may instead be established by the Committee as a fixed number or a different predetermined formula with respect to any Exercise Period prior to the Entry Date thereof. Unless otherwise determined by the Committee, no fractional Shares shall be issued or otherwise transferred upon the exercise of an option under the Plan.

(b) Exercise Price. The Exercise Price offered to each Participant in a given Exercise Period shall be the Applicable Percentage of the Fair Market Value of a Share on the Exercise Date. The Applicable Percentage with respect to each Exercise Period shall be 85% unless and until such Applicable Percentage is increased by the

Committee, in its discretion, provided that any such increase in the Applicable Percentage with respect to a given Exercise Period must be established prior to the commencement of the Enrollment Period for such Exercise Period.

(c) Limitations on Options that may be Granted. Notwithstanding any provision of the Plan to the contrary, (i) no Employee may participate in the Plan if such Employee, immediately after the applicable Entry Date, would be deemed for purposes of Section 423(b)(3) of the Code to possess five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary or of any other related corporation for purposes of Section 423 of the Code, and (ii) no Participant shall be granted an option under the Plan which permits his or her right to purchase Shares under the Plan to accrue at a rate which, when aggregated with such Participant's rights to purchase shares under all other employee stock purchase plans of the Company and any Subsidiary, and any other related corporation for purposes of Section 423 of the Code, which are intended to qualify under Section 423 of the Code, exceeds US\$25,000 in Fair Market Value (or such other limit, if any, as may be imposed by the Code) for each calendar year in which such option is outstanding at any time. For purposes of clause (ii) of the preceding sentence, the Fair Market Value of Shares purchased with respect to a given Exercise Period shall be determined as of the Entry Date for such Exercise Period. The limitations set forth in this Section 6(c) shall be applied in conformance with applicable regulations under Section 423(b)(8) of the Code.

(d) No Rights as Stockholder. A Participant shall have no voting, dividend or other stockholder rights in the Shares covered by his or her option until such option has been exercised in accordance with the provisions of the Plan and such Shares have actually been issued or otherwise transferred to such Participant or to an appointed nominee.

(e) Bookkeeping Accounts Maintained. Individual bookkeeping accounts shall be maintained for each Participant. All Plan Contributions from a Participant's Compensation shall be credited to such Participant's Plan account in the currency in which paid by the Designated Subsidiary until converted into U.S. dollars. Except as otherwise required by Applicable Law (i) all Plan Contributions made for a Participant shall be deposited in the general corporate accounts of the Company or the applicable Designated Subsidiary and may be used for any corporate purpose, and (ii) no interest shall accrue or be credited with respect to a Participant's Plan Contributions, and neither the Company nor any Designated Subsidiary shall be obligated to segregate or otherwise set apart such Plan Contributions from any other corporate funds.

(f) Conversion into U.S. Dollars. For purposes of determining the number of Shares purchasable by a Participant, the Plan Contributions credited to such Participant's Plan account during each Exercise Period shall be converted into U.S. dollars on the Exercise Date for such Exercise Period on the basis of the exchange rate in effect on such date. The Committee shall have the discretion to determine the applicable exchange rate to be in effect for each Exercise Date by any reasonable method (including, without limitation, the exchange rate actually used by the Company for its intercompany financial transactions for the month of such purchase). Any changes or fluctuations in the exchange rate at which Plan Contributions are converted into U.S. dollars on each Exercise Date shall be borne solely by each applicable Participant.

7. Plan Contributions.

(a) Plan Contributions by Payroll Deduction. Contributions to the Plan shall be made by after-tax payroll deductions by the applicable Designated Subsidiary, unless the Committee authorizes contributions through another means.

(b) Plan Contributions Election. At the time a Participant enrolls with respect to an Exercise Period in accordance with Section 5, the Participant shall authorize Plan Contributions from his or her Compensation to be made on each payroll date during the portion of the Exercise Period that he or she is a Participant in an amount not less than 1% and not more than 15% of the Participant's Compensation on each payroll date during the portion of the Exercise Period that he or she is a Participant. The amount of Plan Contributions must be a whole percentage (e.g., 1%, 2%, 3%, etc.) of the Participant's Compensation. The amount of Plan Contributions may be adjusted to the extent required by Applicable Law.

(c) Commencement of Plan Contributions. Except as otherwise determined by the Committee under rules applicable to all Participants, Plan Contributions shall commence with the earliest administratively practicable pay

date on or after the Entry Date with respect to which the Participant enrolls in accordance with Section 5, or is deemed to have elected continued participation in the Plan with respect to succeeding Exercise Periods, in accordance with Section 7(d).

(d) Automatic Continuation of Plan Contributions for Succeeding Exercise Periods. With respect to each succeeding Exercise Period, a Participant shall be deemed (i) to have elected to participate in such immediately succeeding Exercise Period (and, for purposes of such Exercise Period, the Participant's "Entry Date" shall be the first Trading Day of such succeeding Exercise Period), and (ii) to have authorized the same rate of Plan Contributions for such immediately succeeding Exercise Period as was in effect for the Participant immediately prior to the commencement of such succeeding Exercise Period, unless such Participant elects otherwise prior to the Entry Date of such succeeding Exercise Period, in accordance with Section 7(e) below or such Participant withdraws from the Plan in accordance with Section 11(a) hereof.

(e) Change of Plan Contributions Election. A Participant may not decrease or increase the rate of his or her Plan Contributions during an Exercise Period. Using the authorization process designated for this purpose by the Company in accordance with Section 5 above authorizing a change in the rate of Plan Contributions, a Participant may decrease or increase the rate of his or her Plan Contributions (within the limitations of Section 7(b) above) commencing with the first Exercise Period that begins after the date of such authorization. Additionally, a Participant may withdraw from an Exercise Period as provided in Section 11 hereof.

(f) Automatic Changes in Plan Contributions. The Company may decrease a Participant's rate of Plan Contributions, but not below zero percent, at any time during an Exercise Period to the extent necessary to comply with any Applicable Law or Section 6(a) or Section 6(c). Plan Contributions shall recommence at the rate provided in the Participant's enrollment at the beginning of the first Exercise Period beginning in the following calendar year, unless the Participant's participation in the Plan terminates as provided in Section 11.

8. Exercise of Options and Purchase of Shares.

(a) Exercise of Options. On each Exercise Date, the option for the purchase of Shares of each Participant who has not withdrawn from the Plan and whose participation in the Exercise Period has not otherwise terminated before the Exercise Date shall be automatically exercised to purchase the number of whole Shares determined by dividing (i) the total amount of the accumulated Plan Contributions, as converted into U.S. dollars, then credited to the Participant's account under the Plan during the Exercise Period and not previously applied toward the purchase of Shares by (ii) the Exercise Price, subject to the limitations in Section 6(a) and Section 6(c) and any other limitation in the Plan. Notwithstanding the foregoing, the Committee may permit the purchase of whole and fractional Shares upon exercise of options hereunder, commencing with the first Exercise Period that begins after the date of such Committee authorization.

(b) Pro Rata Allocation of Shares. If the aggregate number of Shares to be purchased by all Participants in the Plan and the U.S. Plan on an Exercise Date exceeds the number of Shares available as provided in Section 12(a), the Company shall make a pro rata allocation of the remaining Shares in as uniform a manner as practicable and as the Company determines to be equitable. Unless otherwise determined by the Committee, any fractional Share resulting from such pro rata allocation to any Participant shall be disregarded and shall not be issued.

(c) Delivery of Shares. As soon as practicable after each Exercise Date, the Company shall arrange the delivery of the Shares purchased by each Participant on such Exercise Date to a broker designated by the Company that will hold such Shares for the benefit of each such Participant; provided that the Company may arrange the delivery to a Participant of a certificate representing such Shares. Shares to be delivered to a Participant under the Plan shall be registered in the name of the Participant, or, if requested by the Participant, in the name of the Participant and his or her spouse, or, if applicable, in the names of the heirs of the Participant.

(d) Return of Cash Balance. Any cash balance remaining in a Participant's Plan account following any Exercise Date shall be refunded, in the currency in which collected by the Designated Subsidiary, to the Participant as soon as practicable after such Exercise Date. However, if the cash balance to be returned to a Participant pursuant to the preceding sentence is less than the amount that would have been necessary to purchase an additional whole

Share on such Exercise Date, the Company may arrange for the cash balance to be retained in the Participant's Plan account and applied toward the purchase of Shares in the subsequent Exercise Period, as the case may be.

(e) Tax Withholding / Social Security. The Company, the Participant's employer, any other Designated Subsidiary or affiliate of the Company, an applicable administrator, or any trustee of an applicable employee benefit trust may withhold any amount or make any arrangements which it considers necessary to satisfy any liability for Tax-Related Items which may arise from the grant, exercise, assignment, release or cancellation of options granted to Participant pursuant to the terms of the Plan. These arrangements may include the sale of Shares on behalf of the Participant, withholding from the Participant's compensation or withholding by such other method deemed appropriate by the Company or applicable Designated Subsidiary.

(f) Expiration of Option. Any portion of a Participant's option remaining unexercised after the end of the Exercise Period to which such option relates shall expire immediately upon the end of such Exercise Period.

(g) Provision of Reports to Participants. Unless otherwise determined by the Committee, each Participant who has exercised all or part of his or her option under the Plan shall receive, as soon as practicable after the Exercise Date, a report of such Participant's Plan account setting forth the total Plan Contributions accumulated prior to such exercise, the number of Shares purchased, the Exercise Price for such Shares, the date of purchase and the cash balance, if any, remaining immediately after such purchase that is to be refunded or retained in the Participant's Plan account pursuant to Section 8(d). The report pursuant to this Section 8(g) may be delivered in such form and by such means, including by electronic transmission, as the Company may determine.

9. ESPP Brokerage Account; Required Holding Period.

(a) Deposit of Shares into ESPP Brokerage Account. Notwithstanding any other provisions of the Plan to the contrary, the Company may require that the Shares purchased on behalf of each Participant under the Plan shall be deposited directly into a brokerage account which the Company may establish for the Participant at a Company-designated brokerage firm (such an account, the "ESPP Brokerage Account").

(b) Required Holding Period. The Shares deposited into a Participant's ESPP Brokerage Account may not be transferred from the ESPP Brokerage Account or disposed of (whether electronically or in certificated form) or pledged until the required holding period, if any, for those Shares is satisfied. The Committee shall have discretion to determine whether a holding period shall apply with respect to Participants generally. Following expiration of any such required holding period, the Participant may sell Shares held in his or her ESPP Brokerage Account at any time (subject to the Expedia Securities Trading Policy and Applicable Law).

10. Transferability. Neither Plan Contributions credited to a Participant's account nor any option or rights to exercise any option or receive Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution). Any attempted such assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw in accordance with Section 11(a).

11. Withdrawal; Terminating Event.

(a) Withdrawal. A Participant may withdraw from an Exercise Period at any time by giving written notice to the Company (or a person or firm designated by the Company) in the manner and/or through the website designated by the Company. A notice of withdrawal must be received no later than the deadline prescribed by the Company, which deadline may be changed from time to time with appropriate notice to Employees. Plan Contributions shall cease as soon as administratively practicable after receipt by the Company of the Participant's notice of withdrawal, and, subject to administrative practicability, no further purchases shall be made for the Participant's account. All Plan Contributions credited to such Participant's account, if any, and not yet used to purchase Shares, shall be returned, in the currency in which collected by the Designated Subsidiary, to the Participant as soon as administratively practicable after receipt of the Participant's notice of withdrawal. Such Participant's unexercised options to purchase Shares pursuant to the Plan shall be automatically terminated. Plan Contributions will not resume on behalf of a Participant who has withdrawn from the Plan (a "Former Participant") unless the Former

Participant enrolls in a subsequent Exercise Period in accordance with Section 5 and subject to the restriction provided in Section 11(b), below.

(b) Effect of Withdrawal on Subsequent Participation. A Former Participant who has withdrawn from the Plan pursuant to Section 11(a) shall be eligible to participate in the Plan at the beginning of the next Exercise Period following the date the Former Participant withdrew, and the Former Participant must submit a new enrollment in accordance with Section 5 in order to again become a Participant.

(c) Terminating Event. If a Participant has a Terminating Event, (i) such individual may not make further Plan Contributions, (ii) any amount of cash then credited to his or her Plan account shall, as determined by the Committee, either be (A) promptly returned, in the currency in which it was collected by the Designated Subsidiary, to such individual following the date of such Terminating Event, or (B) used to purchase the number of Shares in accordance with and subject to Sections 8(a) through (c), and (e) through (g), and any cash balance remaining in such individual's Plan account following such Exercise Date shall be promptly refunded, in the currency in which it was collected by the Designated Subsidiary, to such individual following the Exercise Date, and (iii) all Shares held in such Participant's ESPP Brokerage Account shall continue to be held in such ESPP Brokerage Account unless the individual sells or transfers such Shares, subject to satisfaction of the required holding period as referenced in Section 9(b), provided that such required holding period shall not apply in the case of a Terminating Event due to death. For the avoidance of doubt, in the event that the employment of a Participant is transferred, and such Participant becomes an employee of the Company or another Subsidiary (whether or not such Subsidiary is a Designated Subsidiary), such Participant shall have a Terminating Event.

12. Shares Issuable under the Plan.

(a) Number of Shares. Subject to adjustment as provided in Section 12(b), the maximum number of Shares that may be issued under the Plan and the U.S. Plan in the aggregate shall be 1,500,000. Such Shares issuable under the Plan may be authorized and unissued shares (which will not be subject to preemptive rights), Shares held in treasury by the Company, Shares purchased on the open market or by private purchase or any combination of the foregoing. Any Shares issued under the Plan shall reduce on a Share-for-Share basis the number of Shares available for subsequent issuance under the Plan and the U.S. Plan. If an outstanding option under the Plan or the U.S. Plan for any reason expires or is terminated or cancelled, the Shares allocable to the unexercised portion of such option shall again be available for issuance under the Plan or the U.S. Plan.

(b) Adjustments Upon Changes in Capitalization: Company Transactions.

(i) If the outstanding Shares are increased or decreased, or are changed into or are exchanged for a different number or kind of shares, including as a result of one or more mergers, reorganizations, restructurings, recapitalizations, reclassifications, stock splits, reverse stock splits, stock dividends or the like, or there occurs a separation, spin-off or other distribution of stock or property (including any extraordinary dividend, but excluding any ordinary dividends) affecting the Company, and without the Company's receipt of consideration, then appropriate adjustments shall be made to the number and/or kind of shares available for issuance in the aggregate under the Plan and the U.S. Plan and under each outstanding option under the Plan and to the Exercise Price thereof, in each case as determined by the Committee, in its discretion, and the Committee's determination shall be conclusive.

(ii) In the event of any proposed dissolution or liquidation of the Company, immediately prior to the consummation of such proposed action, any outstanding Exercise Period will terminate, and any Shares held in ESPP Brokerage Accounts, and all Plan Contributions credited to Participant Plan accounts and not used to purchase Shares, shall be distributed to each applicable Participant, unless otherwise provided by the Committee.

(iii) In the event of sale of all or substantially all of the Company's assets, or a merger, amalgamation, consolidation, acquisition or sale or exchange of shares or similar event affecting the Company (each, a "Company Transaction"), then, as determined by the Committee, in its discretion, which determination shall be conclusive, either:

(A) each option under the Plan shall be assumed or an equivalent option shall be substituted by the Company's successor corporation or a parent corporation (as defined in Section 424(e) of the Code) of such successor corporation, unless the Committee determines, in the exercise of its discretion, and in lieu of such assumption or substitution, to shorten the Exercise Period then in progress by setting a new Exercise Date (the "New Exercise Date"). If the Committee shortens the Exercise Period then in progress in lieu of assumption or substitution in the event of a Company Transaction, the Company shall notify each Participant in writing, prior to the New Exercise Date, that the Exercise Date for such Participant's option has been changed to the New Exercise Date, and that such Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Plan as provided in Section 11(a). For purposes of this Section 12(b), an option granted under the Plan shall be deemed to have been assumed if, following the Company Transaction, the option confers the right to purchase, for each Share subject to the option immediately prior to the Company Transaction, the consideration (whether stock, cash or other securities or property) received in the Company Transaction by holders of Shares for each Share held on the effective date of the Company Transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, that if the consideration received in the Company Transaction was not solely common stock or Shares of the successor corporation or its parent corporation (as defined in Section 424(e) of the Code), the Committee may, with the consent of the successor corporation, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent corporation equal in fair market value to the per share consideration received by the holders of Shares in the Company Transaction; or

(B) the Plan shall terminate and any Shares held in ESPP Brokerage Accounts and all the Plan Contributions credited to Participant Plan accounts and not yet used to purchase Shares, shall be distributed to each applicable Participant.

(iv) In all cases, the Committee shall have discretion to exercise any of the powers and authority provided under this Section 12, and the Committee's actions hereunder shall be final and binding on all Participants. Unless otherwise determined by the Committee, no fractional shares of stock shall be issued under the Plan pursuant to any adjustment authorized under the provisions of this Section 12.

13. Administration

(a) Committee as Administrator. The Plan shall be administered by the Committee. The Committee shall have all authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the foregoing sentences of this Section 13, subject to the express provisions of the Plan and Applicable Law, the Committee shall have full and exclusive discretionary authority to interpret and construe any and all provisions of the Plan and any agreements, forms, and instruments relating to the Plan; prescribe the forms and manner of any agreements, forms, and instruments, and all online enrollment, designation or communication, relating to the Plan; determine eligibility to participate in the Plan including which Subsidiaries shall be Designated Subsidiaries; adopt rules and regulations for administering the Plan, including in accordance with Section 13(b) hereof; adjudicate and determine all disputes arising under or in connection with the Plan; determine whether a particular item is included in "Compensation;" permit Plan Contributions in excess of the amount designated by a Participant in order to adjust for administrative errors in the Company's processing of properly submitted enrollment agreements and/or changes in contribution amounts; retain and engage such third parties as it shall determine to assist with the administration of the Plan and make all other determinations necessary or advisable for the administration of the Plan. All decisions, actions and determinations by the Committee with respect to the Plan; any agreement, form or instrument relating to the Plan; or any operation or administration of the Plan shall be final, conclusive and binding on all persons.

(b) Non-U.S. Offerings. Notwithstanding any provision to the contrary in this Plan, the Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures for jurisdictions outside of the United States. Without limiting the generality of the foregoing, the Committee specifically is authorized to adopt rules, procedures and subplans, regarding, without limitation, eligibility to participate, the definition of Compensation, handling of Plan Contributions, making of Plan Contributions (including, without limitation, in forms other than payroll deductions),

establishment of bank or trust accounts to hold Plan Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, withholding procedures and handling of Share issuances, which may vary according to local requirements.

(c) Delegation. Subject to Applicable Law, the Committee may, in its discretion, from time to time, delegate all or any part of its responsibilities and powers under the Plan to any employee or group of employees of the Company or any Subsidiary, and revoke any such delegation. Notwithstanding the foregoing, the Board, in its absolute discretion, may at any time and from time to time exercise any and all rights, duties and responsibilities of the Committee under the Plan, including, but not limited to, establishing procedures to be followed by the Committee.

14. Amendment, Suspension, and Termination of the Plan.

(a) Amendment of the Plan. The Board or the Committee may at any time, or from time to time, amend the Plan in any respect; provided that except as otherwise provided by Section 4(b) or Section 12(b), or to comply with any Applicable Law, no such amendment may make any change in any option theretofore granted which materially adversely affects the previously accrued rights of any Participant with respect to any such option without such Participant's consent. To the extent necessary to comply with any Applicable Law, regulation or rule, the Company shall obtain stockholder approval of any such amendment.

(b) Suspension of the Plan. The Board or the Committee may, at any time, suspend the Plan; provided that the Company shall provide notice to the Participants prior to the effectiveness of such suspension. The Board or the Committee may resume the operation of the Plan following any such suspension; provided that the Company shall provide notice to the Participants prior to the date of termination of the suspension period. A Participant shall remain a Participant in the Plan during any suspension period (unless he or she withdraws pursuant to Section 11(a)), however no options shall be granted or exercised, and no Plan Contributions shall be made in respect of any Participant during the suspension period.

(c) Termination of the Plan. The Plan and all rights of Participants hereunder shall terminate on the earliest of:

- (i) the Exercise Date at which Participants become entitled to purchase a number of Shares greater than the number of Shares remaining available for issuance under the Plan and the U.S. Plan pursuant to Section 12(a);
- (ii) such date as is determined by the Board in its discretion; or
- (iii) the last Exercise Date immediately preceding the tenth (10th) anniversary of the Effective Date.

Notwithstanding the foregoing to the contrary, (i) the Board may at any time, with notice to Participants, terminate an Exercise Period then in progress and provide, in its discretion, that the outstanding balance of Plan Contributions credited to Participant Plan accounts and not yet used to purchase Shares shall either be (x) used to purchase Shares on an early Exercise Date established by the Board, or (y) distributed to the applicable Participants, and (ii) upon any termination of the Plan, any Exercise Period then in progress shall be treated as may be determined by the Board in accordance with clause (i) of this sentence, and any Shares held in ESPP Brokerage Accounts shall be distributed to the applicable Participants.

15. Miscellaneous.

(a) Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be in writing and shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person or agent, designated by the Company for the receipt thereof.

(b) Expenses of the Plan. All costs and expenses incurred in administering the Plan shall be paid by the Company or a Designated Subsidiary, except that any stamp duties or transfer taxes applicable to participation in the Plan may be charged to the account of such Participant by the Company.

(c) Rights of Participants.

(i) Rights or Claims. No person shall have any rights or claims under the Plan except in accordance with the provisions of the Plan and any applicable agreement thereunder. The liability of the Company or any Designated Subsidiary under the Plan is limited to the obligations expressly set forth in the Plan, and no term or provision of the Plan may be construed to impose any further or additional duties, obligations, or costs on the Company, any Designated Subsidiary or any other affiliate thereof or the Board or the Committee not expressly set forth in the Plan. The grant of any option under the Plan shall not confer any rights upon the Participant holding such option other than such terms, and subject to such conditions, as are specified in the Plan as being applicable to such option, or to all options. Without limiting the generality of the foregoing, neither the existence of the Plan nor anything contained in the Plan or in any agreement thereunder shall be deemed to:

- (A) give any Participant the right to be retained in the service of the Company or any Designated Subsidiary, whether in any particular position, at any particular rate of compensation, for any particular period of time or otherwise;
- (B) restrict in any way the right of the Company or any Designated Subsidiary to terminate, change or modify any Participant's employment at any time with or without cause;
- (C) constitute a contract of employment between the Company or any Designated Subsidiary and any Employee, nor shall it constitute a right to remain in the employ of the Company or any Designated Subsidiary;
- (D) give any Employee of the Company or any Designated Subsidiary the right to receive any bonus, whether payable in cash or in Shares, or in any combination thereof, from the Company and/or a Designated Subsidiary, nor be construed as limiting in any way the right of the Company and/or a Designated Subsidiary to determine, in its discretion, whether or not it shall pay any Employee bonuses, and, if so paid, the amount thereof and the manner of such payment; or
- (E) give any Employee any rights whatsoever with respect to any Share options except as specifically provided in the Plan and any applicable agreement thereunder.

(ii) Options. Notwithstanding any other provision of the Plan, a Participant's right or entitlement to purchase any Shares under the Plan shall only result from continued employment with the Company or any Designated Subsidiary.

(iii) No Effects on Benefits; No Damages. Any compensation received by a Participant under an option is not part of any (1) normal or expected compensation or salary for any purpose, as an employee or otherwise; (2) termination, indemnity, severance, resignation, redundancy, end of service payments; (3) bonuses; (4) long-service awards; (5) pension or retirement benefits or (6) similar payments under any laws, plans, contracts, policies, programs, arrangements or otherwise, in each case, otherwise payable or provided to such Participant. A Participant shall, by participating in the Plan, waive any and all rights to compensation or damages in consequence of termination of employment of such Participant for any reason whatsoever, whether lawfully or otherwise, insofar as those rights arise or may arise from such Participant ceasing to have rights under the Plan as a result of such termination of employment, or from the loss or diminution in value of such rights or entitlements, including by reason of the operation of the terms of the Plan or the provisions of any statute or law relating to taxation. No claim or entitlement to compensation or damages arises from the termination of the Plan or diminution in value of any option or Shares purchased under the Plan.

(iv) No Effect on Other Plans. Neither the adoption of the Plan nor anything contained herein shall affect any other compensation or incentive plans or arrangements of the Company or any Designated Subsidiary, or prevent or limit the right of the Company or any Designated Subsidiary to establish any other forms of incentives or compensation for their employees or grant or assume options or other rights otherwise than under the Plan.

(d) Participants Deemed to Accept Plan. By enrolling in the Plan and accepting any benefit thereunder, each Participant and each person claiming under or through any such Participant shall be conclusively deemed to have indicated their acceptance and ratification of, and consent to, all of the terms and conditions of the Plan and any action taken under the Plan by the Board, the Committee or the Company, in any case in accordance with the terms and conditions of the Plan.

(e) Uncertificated Shares. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may nevertheless be effected on a uncertificated basis, to the extent not prohibited by Applicable Law. Notwithstanding any contrary Plan provisions prescribing the manner and form in which stock certificates may be issued and/or Shares may be held by or on behalf of Participants, the Company and any affiliate thereof shall have the right to make such alternative arrangements as they may, in their discretion,

determine, and which may include the transfer of Shares and/or the issue of stock certificates to any nominee or trust or other third party arrangement established for the benefit in whole or in part of Participants.

(f) Governing Law. The Plan and each agreement thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Participants are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Delaware to resolve any and all issues that may arise out of or relate to the Plan or any related agreement.

(g) No Constraint on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Designated Subsidiary from taking any corporate action (including the Company's right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets) which is deemed by it to be appropriate, or in its best interest, whether or not such action would have an adverse effect on the Plan, or any rights awarded Participants under the Plan. No employee, beneficiary, or other person, shall have any claim against the Company or any Designated Subsidiary as a result of any such action.

(h) Section 16. The provisions and operation of the Plan are intended to result in no transaction under the Plan (excluding any sale of Shares acquired thereunder) being subject to (and not exempt from) the rules of Section 16 of the Exchange Act, to the extent such rules are or become applicable to the Company.

(i) Requirements of Law; Limitations on Awards.

(i) The Plan, the granting, acceptance and exercise of options and the issuance of Shares under the Plan and the Company's obligation to sell and deliver Shares upon the exercise of options to purchase Shares shall be subject to all Applicable Laws, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(ii) If at any time the Committee shall determine, in its discretion, that the listing, registration and/or qualification of Shares upon any securities exchange or under any state, Federal or non-United States law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale or purchase of Shares hereunder, the Company shall have no obligation to allow the grant or exercise of any option under the Plan, or to issue or deliver evidence of title for Shares issued under the Plan, in whole or in part, unless and until such listing, registration, qualification, consent and/or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Committee.

(iii) If at any time counsel to the Company shall be of the opinion that any sale or delivery of Shares pursuant to an option is or may be in the circumstances unlawful or result in the imposition of excise taxes on the Company, any Designated Subsidiary or any affiliate respectively thereof under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the United States Securities Act of 1933, as amended, or otherwise with respect to Shares or options, and the right to exercise any option under the Plan shall be suspended until, in the opinion of such counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company, any Designated Subsidiary or any such affiliate.

(iv) Upon termination of any period of suspension under Section 15(i)(iii), any option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all Shares available before such suspension and as to the Shares which would otherwise have become available during the period of such suspension, but no suspension shall extend the term of any option.

(v) The Committee may require each person receiving Shares in connection with any option under the Plan to represent and agree with the Company in writing that such person is acquiring such Shares for investment without a view to the distribution thereof, and/or provide such other representations and agreements as the Committee may prescribe. The Committee, in its absolute discretion, may impose such restrictions on the ownership and transferability of the Shares purchasable or otherwise receivable by any person under any option as it deems appropriate. Any such restrictions may be set forth in the applicable

agreement, and the certificates evidencing such shares may include any legend that the Committee deems appropriate to reflect any such restrictions.

(j) Data Protection. The Participant's personal data is processed in accordance with the Expedia Group Global Staff Privacy Notice and to implement, manage and administer the Plan and participation in the Plan. Such processing activities include data transfer to third parties and countries or jurisdictions outside of where the Participant is employed and are necessary for the provision of the Plan and to comply with applicable laws and legal obligations.

Where applicable and as permitted by law, as a condition of participation, the Participant shall:

- (i) explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of his or her Personal Data (as defined below) by and among, as applicable, the Company, its Designated Subsidiaries, its affiliates, and the trustee of any applicable employee benefit trust for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan;
- (ii) agree that the Company and the applicable Designated Subsidiary, affiliate, or trustee (as the case may be) may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, residency status, any Shares or directorships held in the Company and/or its affiliates (if any), details of all Shares or any other entitlement to Shares or equivalent benefits awarded, canceled, vested, unvested or outstanding in the Participant's favor (collectively, "Personal Data"), for the purpose of implementing, administering and managing the Plan;
- (iii) further agree that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan (the "Recipients") and that these recipients may be located in the Participant's country, or elsewhere, and that the Recipient's country may have different data privacy laws and protections than the Participant's country;
- (iv) authorize the Recipients to receive, possess, use, retain and transfer Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker, escrow agent or other third party with whom the unrestricted Shares acquired upon vesting thereof may be deposited;
- (v) agree that Personal Data will be held in accordance with the Expedia Group Global Staff Privacy Notice, Expedia Group Record Retention Policy, applicable Expedia Group policies, and legal obligations and laws including those governing tax and securities regulations; and
- (vi) agree that refusal or withdrawal of consent given pursuant to this Section 16(j) may affect his or her ability to participate in the Plan.

Different terms may apply to Participants in the European Union and/or European Economic Area or United Kingdom, as described in an appendix to the Plan.

(k) Code Section 409A: Tax Qualification.

(i) Code Section 409A. Options granted under the Plan are intended to be exempt from the application of Section 409A of the Code under the "short-term deferral" exception and any ambiguities shall be construed and interpreted in accordance with such intent. Notwithstanding any provision of the Plan to the contrary, if the Committee determines that an option granted under the Plan may be subject to Section 409A of the Code or that any provision of the Plan would cause an option under the Plan to be subject to Section 409A of the Code, the Committee may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Committee determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Section 409A of the Code, but only to the extent any such amendments or action by the Committee would not violate Section 409A of the Code. The Company will have no liability to a Participant or any other party if an option under the Plan that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee with respect thereto.

(ii) Tax Qualification. Although the Company may endeavor to (1) qualify an option for favorable tax treatment or (2) avoid adverse tax treatment (including under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan, including Section 15(k)(i) hereof. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants under the Plan.

(l) Electronic Delivery. Any reference in the Plan or any related agreement to an agreement, document, statement, instrument or notice, whether written or otherwise, will include any agreement, document, statement, instrument or notice delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet.

(m) Drafting Context; Captions. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural. The word "Section" herein shall refer to provisions of the Plan, unless expressly indicated otherwise. The words "include," "includes," and "including" herein shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of similar import, unless the context otherwise requires. The headings and captions appearing herein are inserted only as a matter of convenience. They do not define, limit, construe, or describe the scope or intent of the provisions of the Plan.

(n) Effective Date. The Plan became effective on June 18, 2013 when it was approved by the stockholders of the Company at the Company's annual meeting of stockholders (the "Effective Date"). The first amendment and restatement of the Plan became effective as of December 19, 2018 upon its adoption by the Board. The second amendment and restatement of the Plan is effective as of May 15, 2020 upon its adoption by the Compensation Committee of the Board.

(o) Country Appendices. Notwithstanding any provision in the Plan to the contrary, the Board may determine that options shall be subject to special terms and provisions for each Designated Country. If the Participant relocates to a different Designated Country, the special terms and conditions for such country will apply to such Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable to comply with local law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the option (unless the Company specifically determines to incur such expense).

(p) Imposition of other Requirements. The Company reserves the right to impose other requirements on each Participant's participation in the Plan, and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

EXPEDIA, INC.
2013 INTERNATIONAL EMPLOYEE STOCK PURCHASE PLAN,
AS AMENDED AND RESTATED

APPENDIX

Data Privacy. For participants working and/or residing in the European Union and/or the European Economic Area or United Kingdom, as determined by the Company in its sole discretion, the following provision replaces Section 16(j) of the Plan.

- i. Controller and Authorized EU Representative. *The Company, with its registered address at 333 108th Avenue NE, Bellevue, Washington 98004, U.S.A., is the controller responsible for processing the Participant's Personal Data (as defined below) in connection with the Plan. The Company's representative in the EU is WWTE Travel Ltd., 53 Merrion Square South 101-103, B02, Dublin, Ireland.*
- ii. Data Collection and Usage. *The Company and the Participant's employer will collect, process and use certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Personal Data"), for the purposes of implementing, administering and managing the Participant's participation in the Plan. The legal basis for the processing of Personal Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Plan and the Company's legitimate business interest of managing the Plan and generally administering the Participant's option.*
- iii. International Data Transfers. *The Company is based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. The Company provides appropriate safeguards for protecting Personal Data that it receives in the United States through its adherence to data transfer agreements, containing Standard Contractual Clauses adopted by the EU Commission, entered into between the Company and the Participant's employer, or any other applicable affiliate within the European Union.*
- iv. Data Retention. *The Company will hold and use Personal Data in accordance with the Expedia Group Global Staff Privacy Notice, Expedia Group Record Retention Policy, applicable Expedia Group policies, and legal obligations and laws including those governing tax and securities regulations.*
- v. Stock Plan Administration Service Providers. *The Company transfers Personal Data to Morgan Stanley Smith Barney LLC and certain of its affiliated companies ("Morgan Stanley"), or a successor, which assists the Company with the implementation, administration and management of the Plan. The Participant acknowledges and understands that Morgan Stanley will open an account for the Participant to receive and trade Shares acquired under the Plan and that the Participant will be asked to agree on separate terms and data processing practices with Morgan Stanley, with such agreement being a condition to the ability to participate in the Plan.*
- vi. Data Subject Rights. *The Participant may have a number of rights under data privacy laws in the Participant's jurisdiction and as described in the Expedia Group Global Staff Privacy Notice. To receive clarification regarding these rights or to exercise these rights, the Participant can contact his or her local human resources representative.*

- vii. *Alternative Basis for Data Processing/Transfer. The Participant understands that in the future, the Company may rely on a different legal basis for the processing and/or transfer of Personal Data and/or request that the Participant provide a data privacy consent or other similar form as appropriate and under local laws. If, at that time, consent is deemed necessary by the Company and/or the Participant's employer for provision of the Plan to the Participant, and the Participant does not consent, the Participant will not be able to participate in the Plan.*

The Expedia Group Global Staff Privacy Notice, Expedia Group Record Retention Policy and other applicable Expedia Group policies are available on the Company's intranet portal.

The following subsidiaries of Expedia Group, Inc. (the “Parent”) are Subsidiary Guarantors with respect to our debt facilities and instruments:

<u>Guarantor</u>	<u>Jurisdiction of Formation</u>
BedandBreakfast.com, Inc.	United States – CO
CarRentals.com, Inc.	United States – NV
Cruise, LLC	United States - WA
EAN.com, LP	United States - DE
Egencia LLC	United States - NV
Expedia Group Commerce, Inc.	United States – DE
Expedia, Inc.	United States - WA
Expedia LX Partner Business, Inc.	United States – DE
Higher Power Nutrition Common Holdings, LLC	United States - DE
HomeAway Software, Inc.	United States - DE
HomeAway.com, Inc.	United States - DE
Hotels.com GP, LLC	United States - TX
Hotels.com, L.P.	United States - TX
Hotwire, Inc.	United States - DE
HRN 99 Holdings, LLC	United States - NY
Interactive Affiliate Network, LLC	United States - DE
LEMS I LLC	United States - DE
LEXE Marginco, LLC	United States - DE
LEXEB, LLC	United States - DE
Liberty Protein, Inc.	United States - DE
Neat Group Corporation	United States – DE
O Holdings Inc.	United States – DE
Orbitz Financial Corp.	United States – DE
Orbitz for Business, Inc.	United States – DE
Orbitz, Inc.	United States - DE
Orbitz, LLC	United States - DE
Orbitz Travel Insurance Services, LLC	United States - DE
Orbitz Worldwide, Inc.	United States - DE
Orbitz Worldwide, LLC	United States - DE
OWW Fulfillment Services, Inc.	United States – TN
Travelscape, LLC	United States - NV
Trip Network, Inc.	United States - DE
VRBO Holdings, Inc.	United States - DE
WWTE, Inc.	United States – NV

Certification

I, Barry Diller, Chairman and Senior Executive of Expedia Group, Inc., certify that:

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

Date: November 4, 2020

/s/ BARRY DILLER

Barry Diller

Chairman and Senior Executive

Certification

I, Peter M. Kern, Vice Chairman and Chief Executive Officer of Expedia Group, Inc., certify that:

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

Date: November 4, 2020

/s/ PETER M. KERN

Peter M. Kern

Vice Chairman and Chief Executive Officer

Certification

I, Eric Hart, Chief Financial Officer of Expedia Group, Inc., certify that:

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

Date: November 4, 2020

/s/ ERIC HART

Eric Hart

Chief Financial Officer

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

I, Barry Diller, Chairman and Senior Executive of Expedia Group, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2020 (the “Report”) which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2020

/s/ BARRY DILLER

Barry Diller

Chairman and Senior Executive

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

I, Peter M. Kern, Vice Chairman and Chief Executive Officer of Expedia Group, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2020 (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2020

/s/ PETER M. KERN

Peter M. Kern

Vice Chairman and Chief Executive Officer

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

I, Eric Hart, Chief Financial Officer of Expedia Group, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2020 (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2020

/s/ ERIC HART

Eric Hart

Chief Financial Officer