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 June 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	**20-2705720**
(State or other jurisdiction of incorporation or organization)	**(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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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:

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
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 July 17, 2020 was:

Common stock, $0.0001 par value per share	135,703,255	shares
Class B common stock, $0.0001 par value per share	5,523,452	shares

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Expedia Group, Inc.

Form 10-Q

For the Quarter Ended June 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 June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenue	$ 566	$ 3,153	$ 2,775	$ 5,762
Costs and expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below) (1)	389	500	1,018	990
Selling and marketing (1)	296	1,643	1,506	3,164
Technology and content (1)	255	304	563	601
General and administrative (1)	152	205	339	389
Depreciation and amortization	232	228	461	456
Impairment of goodwill	20	—	785	—
Impairment of intangible assets	10	—	131	—
Legal reserves, occupancy tax and other	8	4	(13)	14
Restructuring and related reorganization charges	53	4	128	14
Operating income (loss)	(849)	265	(2,143)	134
Other income (expense):				
Interest income	3	17	13	28
Interest expense	(95)	(39)	(145)	(80)
Other, net	(12)	(8)	(157)	12
Total other expense, net	(104)	(30)	(289)	(40)
Income (loss) before income taxes	(953)	235	(2,432)	94
Provision for income taxes	213	(48)	295	(7)
Net income (loss)	(740)	187	(2,137)	87
Net (income) loss attributable to non-controlling interests	4	(4)	100	(7)
Net income (loss) attributable to Expedia Group, Inc.	(736)	183	(2,037)	80
Preferred stock dividend	(17)	—	(17)	—
Net income (loss) attributable to Expedia Group, Inc. common stockholders	$ (753)	$ 183	$ (2,054)	$ 80
Earnings (loss) per share attributable to Expedia Group, Inc. available to common stockholders				
Basic	$ (5.34)	$ 1.23	$ (14.57)	$ 0.54
Diluted	(5.34)	1.21	(14.57)	0.53
Shares used in computing earnings (loss) per share (000's):				
Basic	141,072	149,049	140,947	148,468
Diluted	141,072	151,561	140,947	151,057

(1) Includes stock-based compensation as follows:				
Cost of revenue	$ 3	$ 3	$ 6	$ 6
Selling and marketing	13	12	25	23
Technology and content	18	19	38	38
General and administrative	20	25	40	48

See accompanying notes.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Net income (loss)	$ (740)	$ 187	$ (2,137)	$ 87
Currency translation adjustments, net of tax(1)	34	7	(56)	2
Comprehensive income (loss)	(706)	194	(2,193)	89
Less: Comprehensive income (loss) attributable to non-controlling interests	2	10	(100)	5
Less: Preferred stock dividend	17	—	17	—
Comprehensive income (loss) attributable to Expedia Group, Inc. common stockholders	$ (725)	$ 184	$ (2,110)	$ 84

(1) Currency translation adjustments include tax benefit of $3 million and $1 million associated with net investment hedges for the three and six months ended June 30, 2020 and tax benefit of $2 million and tax expense of $1 million for the three and six months ended June 30, 2019.

See accompanying notes.

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EXPEDIA GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except number of shares, which are reflected in thousands, and par value)

	June 30, 2020	December 31, 2019
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,053	$ 3,315
Restricted cash and cash equivalents	1,311	779
Short-term investments	422	526
Accounts receivable, net of allowance of $115 and $41	1,002	2,524
Income taxes receivable	107	70
Prepaid expenses and other current assets	1,049	521
Total current assets	8,944	7,735
Property and equipment, net	2,305	2,198
Operating lease right-of-use assets	626	611
Long-term investments and other assets	618	796
Deferred income taxes	482	145
Intangible assets, net	1,600	1,804
Goodwill	7,330	8,127
TOTAL ASSETS	$ 21,905	$ 21,416
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, merchant	$ 531	$ 1,921
Accounts payable, other	518	906
Deferred merchant bookings	4,632	5,679
Deferred revenue	197	321
Income taxes payable	78	88
Accrued expenses and other current liabilities	1,166	1,050
Current maturities of long-term debt	750	749
Total current liabilities	7,872	10,714
Long-term debt, excluding current maturities	6,903	4,189
Revolving credit facility	1,900	—
Deferred income taxes	74	56
Operating lease liabilities	543	532
Other long-term liabilities	388	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: 259,085 and 256,692; Shares outstanding: 135,691 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	13,300	12,978
Treasury stock - Common stock and Class B, at cost; Shares 130,670 and 126,893	(10,087)	(9,673)
Retained earnings (deficit)	(1,206)	879
Accumulated other comprehensive income (loss)	(273)	(217)
Total Expedia Group, Inc. stockholders' equity	1,734	3,967
Non-redeemable non-controlling interests	1,469	1,569
Total stockholders' equity	3,203	5,536
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 21,905	$ 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 June 30, 2019	Common stock		Class B common stock		Additional paid-in capital	Treasury stock		Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Non-redeemable non-controlling interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance as of March 31, 2019	233,294,034	$ —	12,799,999	$ —	$ 9,694	97,355,708	$ (5,767)	$ 373	$ (217)	$ 1,551	$ 5,634
Net income (loss)								183		4	187
Other comprehensive income (loss), net of taxes									1	6	7
Payment of dividends to common stockholders (declared at $0.32 per share)								(48)			(48)
Proceeds from exercise of equity instruments and employee stock purchase plans	808,152	—			65						65
Withholding taxes for stock options					(2)						(2)
Treasury stock activity related to vesting of equity instruments						28,504	(4)				(4)
Other changes in ownership of non-controlling interests					—					4	4
Stock-based compensation expense					63						63
Other					1						1
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

Six months ended June 30, 2019	Common stock		Class B common stock		Additional paid-in capital	Treasury stock		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)								80		7	87
Other comprehensive income (loss), net of taxes									4	(2)	2
Payment of dividends to common stockholders (declared at $0.64 per share)								(95)			(95)
Proceeds from exercise of equity instruments and employee stock purchase plans	2,609,200	—			156						156
Withholding taxes for stock options					(2)						(2)
Treasury stock activity related to vesting of equity instruments						225,626	(29)				(29)
Other changes in ownership of non-controlling interests					(3)					13	10
Impact of adoption of new accounting guidance								6			6
Stock-based compensation expense					119						119
Other					2						2
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

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

Three months ended June 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 March 31, 2020	258,769,812	$ —	12,799,999	$ —	$ 13,124	130,592,112	$ (10,083)	$ (470)	$ (301)	$ 1,471	$ 3,741
Net income (loss)								(736)		(4)	(740)
Other comprehensive income (loss), net of taxes									28	6	34
Payment of preferred dividends (declared at $14.02 per share)					(17)						(17)
Proceeds from exercise of equity instruments and employee stock purchase plans	315,120	—			10						10
Common stock warrants, net of issuance costs					110						110
Treasury stock activity related to vesting of equity instruments						57,631	(4)				(4)
Adjustment to the fair value of redeemable non-controlling interests					4						4
Other changes in ownership of non-controlling interests					9					(4)	5
Stock-based compensation expense					59						59
Other					1	20,630	—				1
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

Six months ended June 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)								(2,037)		(100)	(2,137)
Other comprehensive income (loss), net of taxes									(56)	—	(56)
Payment of dividends to common stockholders (declared at $0.34 per share)								(48)			(48)
Payment of preferred dividends (declared at $14.02 per share)					(17)						(17)
Proceeds from exercise of equity instruments and employee stock purchase plans	2,393,155	—			96						96
Common stock warrants, net of issuance costs					110						110
Treasury stock activity related to vesting of equity instruments						393,099	$ (44)				(44)
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					10					—	10
Stock-based compensation expense					118						118
Other					1	20,630	—				1
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

See accompanying notes.

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

	Six months ended June 30,	
	2020	2019
Operating activities:		
Net income (loss)	$ (2,137)	$ 87
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	376	352
Amortization of intangible assets	85	104
Impairment of goodwill and intangible assets	916	—
Amortization of stock-based compensation	109	115
Deferred income taxes	(279)	(15)
Foreign exchange (gain) loss on cash, restricted cash and short-term investments, net	65	(13)
Realized gain on foreign currency forwards	(79)	(16)
(Gain) loss on minority equity investments, net	195	(12)
Provision for credit losses and other, net	119	(13)
Changes in operating assets and liabilities:		
Accounts receivable	1,479	(742)
Prepaid expenses and other assets	(585)	(7)
Accounts payable, merchant	(1,389)	271
Accounts payable, other, accrued expenses and other liabilities	(244)	436
Tax payable/receivable, net	(82)	(143)
Deferred merchant bookings	(1,058)	2,726
Deferred revenue	(121)	157
Net cash provided by (used in) operating activities	(2,630)	3,287
Investing activities:		
Capital expenditures, including internal-use software and website development	(493)	(573)
Purchases of investments	(685)	(636)
Sales and maturities of investments	761	27
Other, net	76	16
Net cash provided by (used in) investing activities	(341)	(1,166)
Financing activities:		
Revolving credit facility borrowings	1,900	—
Proceeds from issuance of long-term debt, net of issuance costs	2,714	—
Net proceeds from issuance of preferred stock and warrants	1,132	—
Purchases of treasury stock	(414)	(29)
Payment of dividends to common stockholders	(48)	(95)
Payment of preferred stock dividends	(17)	—
Proceeds from exercise of equity awards and employee stock purchase plan	96	156
Other, net	(30)	2
Net cash provided by financing activities	5,333	34
Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(93)	20
Net increase in cash, cash equivalents and restricted cash and cash equivalents	2,269	2,175
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	$ 6,366	$ 4,880
Supplemental cash flow information		
Cash paid for interest	$ 118	$ 87
Income tax payments, net	63	157

See accompanying notes.

Notes to Consolidated Financial Statements

June 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®, HomeAway®, 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 quarter ended June 30, 2020, travel booking volumes remain 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 in certain countries 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, many 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.

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 second quarter of 2020, although the level of negative cash flow moderated as booking trends improved and cancellations stabilized during the quarter. 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, Note 5 – Capital Stock - Preferred Stock and Warrants, as well as Note 11 – Subsequent Events.

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 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 six months ended June 30, 2019:

	Three months ended June 30, 2019		Six months ended June 30, 2019	
	As reported	As reclassified	As reported	As reclassified
	(In millions)			
Cost of revenue	$ 522	$ 500	$ 1,035	$ 990
Selling and marketing	1,657	1,643	3,192	3,164
Technology and content	435	304	864	601
General and administrative	214	205	405	389
Depreciation and amortization	52	228	104	456

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 impacted travel bookings in the first half of 2020 and led to significant cancellations for future travel, we do not expect 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. 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.

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 and the timing of adoption

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 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 our performance obligations as prepaid merchant bookings included within prepaid and other current assets. Prepaid merchant bookings was $579 million as of June 30, 2020, which is net of a $11 million reserve for future collectibility risk in consideration of the impact of the COVID-19 pandemic on the economy, 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, $3.173 billion of which was recognized resulting in $506 million of revenue during the six months ended June 30, 2020. At June 30, 2020, the related balance was $3.842 billion.

At December 31, 2019, $781 million of deferred loyalty rewards was reported within deferred merchant bookings, $209 million of which was recognized within revenue during the six months ended June 30, 2020. At June 30, 2020, the related balance was $790 million.

Deferred Revenue. At December 31, 2019, $321 million was recorded as deferred revenue, $159 million of which was recognized as revenue during the six months ended June 30, 2020. At June 30, 2020, the related balance was $197 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:

	June 30, 2020	December 31, 2019
	(in millions)	
Cash and cash equivalents	$ 5,053	$ 3,315
Restricted cash and cash equivalents	1,311	779
Restricted cash included within long-term investments and other assets	2	3
Total cash, cash equivalents and restricted cash and cash equivalents in the consolidated statement of cash flow	$ 6,366	$ 4,097

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 six months ended June 30, 2020, we recorded approximately $82 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 $8 million of other adjustments. 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.

Note 3 – Fair Value Measurements

Financial assets and liabilities measured at fair value on a recurring basis as of June 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	$ 458	$ 458	$ —
Term deposits	107	—	107
Derivatives:			
Foreign currency forward contracts	12	—	12
Investments:			
Term deposits	422	—	422
Marketable equity securities	69	69	—
Total assets	$ 1,068	$ 527	$ 541

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 June 30, 2020 and December 31, 2019, our cash and cash equivalents consisted primarily of 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 six months ended June 30, 2020 and 2019, we recognized a gain (loss) of approximately $(60) million and $14 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 June 30, 2020, we were party to outstanding forward contracts hedging our liability and revenue exposures with a total net notional value of $2.4 billion. We had a net forward asset of $12 million ($37 million gross forward asset) as of June 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 $(6) million in net gains (losses) from foreign currency forward contracts during both of the three months ended June 30, 2020 and 2019 as well as $100 million and $(12) million in net gains (losses) from foreign currency forward contracts during the six months ended June 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 first quarter of 2020, we recognized goodwill impairment charges of $765 million, of which $539 million related to our Retail segment**,** primarily our Vrbo reporting unit, and $226 million related to our trivago segment. These impairment charges resulted from the significant negative impact related to COVID-19, which has had a severe effect on the entire global travel industry. As a result, we concluded that sufficient indicators existed to require us to perform an interim quantitative assessment of goodwill as of March 31, 2020 in which 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 the recent severe and continued weakening of operating results as well as the anticipated rate 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 the first quarter of 2020. In addition, during the second quarter of 2020, we recognized goodwill impairment charges of $20 million related to a recent decision to streamline operations for a smaller brand within our Retail segment. As of June 30, 2020, the applicable reporting units within our Retail segment had $2.2 billion goodwill remaining and our trivago segment had $315 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 written down to $237 million based on valuation using the relief-from-royalty method, which includes unobservable inputs, including royalty rates and projected revenues. In addition, 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.

The full duration and total impact of COVID-19 remains uncertain and it is difficult to predict how the recovery will unfold for global economies, the travel industry or our business. 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 June 30, 2020 and December 31, 2019, the carrying values of our minority investments without readily determinable fair values totaled $331 million and $467 million. During the three and six months ended June 30, 2020, we recorded $21 million and $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 June 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 six months ended June 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:

	June 30, 2020	December 31, 2019
	(In millions)	
5.95% senior notes due 2020	$ 750	$ 749
2.5% (€650 million) senior notes due 2022	729	725
4.5% senior notes due 2024	497	497
6.25% senior notes due 2025	1,970	—
7.0% senior notes due 2025	739	—
5.0% senior notes due 2026	744	743
3.8% senior notes due 2028	992	992
3.25% senior notes due 2030	1,232	1,232
Long-term debt[(1)]	7,653	4,938
Current maturities of long-term debt	(750)	(749)
Long-term debt, excluding current maturities	$ 6,903	$ 4,189
Revolving credit facility	$ 1,900	$ —

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

Outstanding Debt

Our $750 million in registered senior unsecured notes outstanding at June 30, 2020 are due in August 2020 and bear interest at 5.95% (the “5.95% Notes”). The 5.95% Notes were issued at 99.893% of par resulting in a discount, which is being amortized over their life. Interest is payable semi-annually in February and August of each year. We may redeem the 5.95% Notes at a redemption price of 100% of the principal plus accrued interest, plus a “make-whole” premium, in whole or in part.

Our Euro 650 million in registered senior unsecured notes outstanding at June 30, 2020 are due in June 2022 and bear interest at 2.5% (the “2.5% Notes”). The 2.5% Notes were issued at 99.525% of par resulting in a discount, which is being amortized over their life. Interest is payable annually in arrears in June of each year. We may redeem the 2.5% Notes at our option, at whole or in part, at any time or from time to time. If we elect to redeem the 2.5% Notes prior to March 3, 2022, we may redeem them at a specified “make-whole” premium. If we elect to redeem the 2.5% Notes on or after March 3, 2022, we may redeem them at a redemption price of 100% of the principal plus accrued and unpaid interest. Subject to certain limited exceptions, all payments of interest and principal for the 2.5% Notes will be made in Euros.

The aggregate principal value of the 2.5% Notes is designated as a hedge of our net investment in certain Euro functional currency subsidiaries. The notes are measured at Euro to U.S. Dollar exchange rates at each balance sheet date and transaction gains or losses due to changes in rates are recorded in accumulated other comprehensive income (loss) (“AOCI”). The Euro-denominated net assets of these subsidiaries are translated into U.S. Dollars at each balance sheet date, with effects of foreign currency changes also reported in AOCI. Since the notional amount of the recorded Euro-denominated debt is less than the notional amount of our net investment, we do not expect to incur any ineffectiveness on this hedge.

Our $500 million in registered senior unsecured notes outstanding at June 30, 2020 are due in August 2024 and bear interest at 4.5% (the “4.5% Notes”). The 4.5% Notes were issued at 99.444% of par resulting in a discount, which is being amortized over their life. Interest is payable semi-annually in February and August of each year. We may redeem the 4.5% Notes at our option at any time in whole or from time to time in part. If we elect to redeem the 4.5% Notes prior to May 15, 2024, we may redeem them at a redemption price of 100% of the principal plus accrued interest, plus a “make-whole” premium. If we elect to redeem the 4.5% Notes on or after May 15, 2024, we may redeem them at a redemption price of 100% of the principal plus accrued interest.

In May 2020, we privately placed $2 billion of senior unsecured notes that are due in May 2025 that bear interest at 6.250% (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.

In May 2020, we also privately placed $750 million of senior unsecured notes due May 2025 that bear interest at 7.000% (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 at a redemption price equal to 100% of the principal amount of the 7.0% Notes to be redeemed, plus 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.

Our $750 million in registered senior unsecured notes outstanding at June 30, 2020 are due in February 2026 and bear interest at 5.0% (the "5.0% Notes"). The 5.0% Notes were issued at 99.535% of par resulting in a discount, which is being amortized over their life. Interest is payable semi-annually in arrears in February and August of each year. We may redeem the 5.0% Notes at our option at any time in whole or from time to time in part. If we elect to redeem the 5.0% Notes prior to November 12, 2025, we may redeem them at a redemption price of 100% of the principal plus accrued interest, plus a "make-whole" premium. If we elect to redeem the 5.0% Notes on or after November 12, 2025, we may redeem them at a redemption price of 100% of the principal plus accrued interest.

Our $1 billion in registered senior unsecured notes outstanding at June 30, 2020 are due in February 2028 and bear interest at 3.8% (the "3.8% Notes"). The 3.8% Notes were issued at 99.747% of par resulting in a discount, which is being amortized over their life. Interest is payable semi-annually in arrears in February and August of each year. We may redeem the 3.8% Notes at our option at any time in whole or from time to time in part. If we elect to redeem the 3.8% Notes prior to November 15, 2027, we may redeem them at a redemption price of 100% of the principal plus accrued interest, plus a "make-whole" premium. If we elect to redeem the 3.8% Notes on or after November 15, 2027, we may redeem them at a redemption price of 100% of the principal plus accrued interest.

In September 2019, we privately placed $1.25 billion of senior unsecured notes that are due in February 2030 and bear interest at 3.25%. In February 2020, we completed an offer to exchange these notes for registered notes having substantially the same financial terms and covenants as the original notes (the unregistered and registered notes collectively, the "3.25% Notes"). The 3.25% Notes were issued at 99.225% of par resulting in a discount, which is being amortized over their life. Interest is payable semi-annually in arrears in February and August of each year. We may redeem the 3.25% Notes at our option at any time in whole or from time to time in part. If we elect to redeem the 3.25% Notes prior to November 15, 2029, we may redeem them at a redemption price of 100% of the principal plus accrued interest, plus a "make-whole" premium. If we elect to redeem the 3.25% Notes on or after November 15, 2029, we may redeem them at a redemption price of 100% of the principal plus accrued interest.

In July 2020, we privately placed an additional $1.25 billion in unsecured senior notes. See Note 11 – Subsequent Events for additional information.

The 5.95%, 2.5%, 4.5%, 5.0%, 3.8%, 3.25%, 6.25% and 7.0% 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 $98 million and $76 million as of June 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 following table sets forth the approximate fair value of our outstanding debt, which is based on quoted market prices in less active markets (Level 2 inputs):

	June 30, 2020	December 31, 2019
	(In millions)	
5.95% senior notes due 2020	$ 753	$ 767
2.5% (€650 million) senior notes due 2022 (1)	731	764
4.5% senior notes due 2024	518	536
6.25% senior notes due 2025	2,134	—
7.0% senior notes due 2025	790	—
5.0% senior notes due 2026	778	825
3.8% senior notes due 2028	960	1,021
3.25% senior notes due 2030	1,171	1,206

(1) Approximately 649 million Euro as of June 30, 2020 and 682 million Euro as of December 31, 2019.

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.

On May 4, 2020, the Company, certain of the Company's subsidiaries party thereto and the lenders party thereto (the "Consenting Lenders") executed a restatement agreement, which amends and restates our existing revolving credit facility (as 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. The Amended Credit Facility became effective on May 5, 2020 (the "Amended Credit Facility Effective Date").

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 and the Company's existing 5.95% Notes, 2.5% Notes, 4.5% Notes, 5.0% Notes, 3.8% Notes and 3.25% Senior Notes (collectively, the "Existing Notes") as of the Amended Credit Facility Effective Date without securing such notes. Aggregate commitments under the Amended Credit Facility initially total $2 billion, and will mature on May 31, 2023.

Pursuant to the terms of the Amended Credit Facility, the Company agreed to use reasonable best efforts to enter into (and to cause certain of its subsidiaries, including certain of its subsidiaries that are not guarantors of the 6.25% and 7.0% Notes or the Existing Notes, to enter into), promptly after the Amended Credit Facility Effective Date, a new credit facility incurred by one or more of the Company's subsidiaries that are not obligors with respect to the Amended Credit Facility, the 6.25% and 7.0% Notes or the Existing Notes and which will be guaranteed by the Company, its subsidiaries that guarantee the Amended Credit Facility, the 6.25% and 7.0% Notes and the Existing Notes and certain of the Company's non-guarantor subsidiaries (the "Additional Credit Facility"), on specified terms in an aggregate principal amount up to approximately $855 million. Upon establishment of the Additional Credit Facility, the Company will prepay indebtedness, and reduce commitments, under the Amended Credit Facility, in an amount equal to the aggregate commitments in respect of the Additional Credit Facility.

Loans under the Amended Credit Facility held by Consenting Lenders will bear interest (A) in the case of eurocurrency loans, at rates ranging from (i) prior to December 31, 2021, 2.35% per annum for any day that the aggregate unused commitments and funded exposure under the Amended Credit Facility exceed $1.145 billion to 2.25% per annum otherwise 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, 1.10% to 1.85% per annum for any day that the aggregate unused commitments and funded exposure under the Amended Credit Facility exceed $1.145 billion and, otherwise, ranging from 1.00% to 1.75% per annum, in each case, depending on the Company's credit ratings, and (B) in the case of base rate loans, at rates ranging from (i) prior to December 31, 2021, 1.35% per annum for any day that the aggregate unused commitments and funded exposure under the Amended Credit Facility exceed $1.145 billion to 1.25% per annum otherwise and (ii) on and after December 31, 2021, or prior to such date if the leverage ratio condition referred to above is satisfied, 0.10% to 0.85% per annum for any day that the aggregate unused commitments and funded exposure under the Amended Credit Facility exceed $1.145 billion, and, otherwise, ranging from 0.00% to 0.75% per annum, in each case, depending on the Company's credit ratings.

As of June 30, 2020, $1.9 billion was outstanding under the Amended Credit Facility and the interest rate on the outstanding balance was 2.55%.

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 both June 30, 2020 and December 31, 2019, there was $16 million of outstanding stand-by LOCs issued under the facilities.

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. As of June 30, 2020 and December 31, 2019, there were no borrowings outstanding.

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 105.0% 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 103.0% 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 102.0% 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 101.0% 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.

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 June 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 and we paid $17 million (or $14.02 per share of Series A Preferred Stock) of total dividends during the three and six months ended June 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
Six Months Ended June 30, 2020				
February 13, 2020	$ 0.34	March 10, 2020	$ 48	March 26, 2020
Six Months Ended June 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

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 June 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 six months ended June 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 June 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.

Accumulated Other Comprehensive Loss

The balance of accumulated other comprehensive loss as of June 30, 2020 and December 31, 2019 was comprised of foreign currency translation adjustments. These translation adjustments include foreign currency transaction losses at June 30, 2020 of $17 million ($22 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. See Note 4 – Debt for more information.

Note 6 – Earnings (Loss) Per Share

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(In millions, except share and per share data)			
Net income (loss) attributable to Expedia Group, Inc.	$ (736)	$ 183	$ (2,037)	$ 80
Preferred stock dividend	(17)	—	(17)	—
Net income (loss) attributable to Expedia Group, Inc. common stockholders	$ (753)	$ 183	$ (2,054)	$ 80
Earnings (loss) per share attributable to Expedia Group, Inc. available to common stockholders:				
Basic	$ (5.34)	$ 1.23	$ (14.57)	$ 0.54
Diluted	(5.34)	1.21	(14.57)	0.53
Weighted average number of shares outstanding (000's):				
Basic	141,072	149,049	140,947	148,468
Dilutive effect of:				
Options to purchase common stock	—	1,893	—	1,944
Other dilutive securities	—	619	—	645
Diluted	141,072	151,561	140,947	151,057

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 six months ended June 30, 2020, approximately 26 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 six months ended June 30, 2019, approximately 5 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 quarter of 2020, the Company has continued to implement actions beyond our initial commitments. As a result, we recognized $53 million and $128 million in restructuring and related reorganization charges during the three and six months ended June 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 $60 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 $4 million and $14 million in restructuring and related reorganization charges during the three and six months ended June 30, 2019, which were primarily related to severance and benefits.

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

	Employee Severance and Benefits	Other	Total
		(In millions)	
Accrued liability as of January 1, 2020	$ 11	$ 6	$ 17
Charges	122	6	128
Payments	(65)	(12)	(77)
Accrued liability as of June 30, 2020	$ 68	$ —	$ 68

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 June 30, 2020, the effective tax rate was a 22.3% benefit on a pre-tax loss, compared to a 20.4% expense on a pre-tax income for the three months ended June 30, 2019. The change in the effective tax rate was primarily due to discrete tax benefits in the prior year period.

For the six months ended June 30, 2020, the effective tax rate was a 12.1% benefit on a pre-tax loss, compared to a 7.2% expense on a pre-tax income for the six months ended June 30, 2019. The change in the effective tax rate was primarily driven by the nondeductible impairment charges and a valuation allowance principally related to unrealized capital losses 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. We filed a protest with the Internal Revenue Service ("IRS") for our 2011 to 2013 tax years and our case has been forwarded to appeals. We are under examination by the IRS for our 2014 to 2016 tax years. During the fourth quarter of 2019, the 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 and formally protested the IRS position. 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.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which, along with earlier issued IRS guidance, provides for deferral of certain taxes. The CARES Act, among other things, also contains numerous provisions which may benefit the Company. We continue to assess the effect of the CARES Act and ongoing government guidance related to COVID-19 that may be issued.

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. Eight 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-seven 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-three 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 $59 million and $48 million as of June 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. The appeal was heard on July 20-21, 2020 and the parties await a ruling. 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 – 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. There were no changes to our reporting units for goodwill testing as a result of these current year segment changes.

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.

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 six months ended June 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 June 30, 2020				
	Retail	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	$ 463	$ 68	$ 15	$ 20	$ 566
Intersegment revenue	—	—	3	(3)	—
Revenue	$ 463	$ 68	$ 18	$ 17	$ 566
Adjusted EBITDA	$ (203)	$ (128)	$ (16)	$ (89)	$ (436)
Depreciation	(136)	(34)	(3)	(18)	(191)
Amortization of intangible assets	—	—	—	(41)	(41)
Impairment of goodwill	—	—	—	(20)	(20)
Impairment of intangible assets	—	—	—	(10)	(10)
Stock-based compensation	—	—	—	(54)	(54)
Legal reserves, occupancy tax and other	—	—	—	(8)	(8)
Restructuring and related reorganization charges	—	—	—	(53)	(53)
Realized (gain) loss on revenue hedges	(36)	—	—	—	(36)
Operating loss	$ (375)	$ (162)	$ (19)	$ (293)	(849)
Other expense, net					(104)
Loss before income taxes					(953)
Provision for income taxes					213
Net loss					(740)
Net loss attributable to non-controlling interests					4
Net loss attributable to Expedia Group, Inc.					(736)
Preferred stock dividend					(17)
Net loss attributable to Expedia Group, Inc. common stockholders					$ (753)

	Three months ended June 30, 2019				
	Retail	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	$ 2,333	$ 657	$ 163	$ —	$ 3,153
Intersegment revenue	—	—	88	(88)	—
Revenue	$ 2,333	$ 657	$ 251	$ (88)	$ 3,153
Adjusted EBITDA	$ 548	$ 130	$ 20	$ (130)	$ 568
Depreciation	(127)	(27)	(3)	(19)	(176)
Amortization of intangible assets	—	—	—	(52)	(52)
Stock-based compensation	—	—	—	(59)	(59)
Legal reserves, occupancy tax and other	—	—	—	(4)	(4)
Restructuring and related reorganization charges	—	—	—	(4)	(4)
Realized (gain) loss on revenue hedges	(4)	(4)	—	—	(8)
Operating income (loss)	$ 417	$ 99	$ 17	$ (268)	265
Other expense, net					(30)
Income before income taxes					235
Provision for income taxes					(48)
Net income					187
Net income attributable to non-controlling interests					(4)
Net income attributable to Expedia Group, Inc.					$ 183

Notes to Consolidated Financial Statements – (Continued)

	Six months ended June 30, 2020				
	Retail	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	$ 2,045	$ 553	$ 118	$ 59	$ 2,775
Intersegment revenue	—	—	54	(54)	—
Revenue	$ 2,045	$ 553	$ 172	$ 5	$ 2,775
Adjusted EBITDA	$ (181)	$ (102)	$ (17)	$ (212)	$ (512)
Depreciation	(264)	(66)	(6)	(40)	(376)
Amortization of intangible assets	—	—	—	(85)	(85)
Impairment of goodwill	—	—	—	(785)	(785)
Impairment of intangible assets	—	—	—	(131)	(131)
Stock-based compensation	—	—	—	(109)	(109)
Legal reserves, occupancy tax and other	—	—	—	13	13
Restructuring and related reorganization charges	—	—	—	(128)	(128)
Realized (gain) loss on revenue hedges	(27)	(3)	—	—	(30)
Operating loss	$ (472)	$ (171)	$ (23)	$ (1,477)	(2,143)
Other expense, net					(289)
Loss before income taxes					(2,432)
Provision for income taxes					295
Net loss					(2,137)
Net loss attributable to non-controlling interests					100
Net loss attributable to Expedia Group, Inc.					(2,037)
Preferred stock dividend					(17)
Net loss attributable to Expedia Group, Inc. common stockholders					$ (2,054)

	Six months ended June 30, 2019				
	Retail	B2B	trivago	Corporate & Eliminations	Total
	(In millions)				
Third-party revenue	$ 4,234	$ 1,213	$ 315	$ —	$ 5,762
Intersegment revenue	—	—	173	(173)	—
Revenue	$ 4,234	$ 1,213	$ 488	$ (173)	$ 5,762
Adjusted EBITDA	$ 743	$ 202	$ 44	$ (245)	$ 744
Depreciation	(255)	(54)	(6)	(37)	(352)
Amortization of intangible assets	—	—	—	(104)	(104)
Stock-based compensation	—	—	—	(115)	(115)
Legal reserves, occupancy tax and other	—	—	—	(14)	(14)
Restructuring and related reorganization charges	—	—	—	(14)	(14)
Realized (gain) loss on revenue hedges	(6)	(5)	—	—	(11)
Operating income (loss)	$ 482	$ 143	$ 38	$ (529)	134
Other expense, net					(40)
Income before income taxes					94
Provision for income taxes					(7)
Net income					87
Net income attributable to non-controlling interests					(7)
Net income attributable to Expedia Group, Inc.					$ 80

Revenue by Business Model and Service Type

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(in millions)			
Business Model:				
Merchant	$ 368	$ 1,758	$ 1,708	$ 3,193
Agency	105	1,047	667	1,889
Advertising, media and other	93	348	400	680
Total revenue	$ 566	$ 3,153	$ 2,775	$ 5,762
Service Type:				
Lodging	$ 487	$ 2,204	$ 2,029	$ 3,893
Air	(70)	228	39	476
Advertising and media	25	284	228	549
Other[1]	124	437	479	844
Total revenue	$ 566	$ 3,153	$ 2,775	$ 5,762

(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 $20 million and $59 million during the three and six months ended June 30, 2020 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.

Note 11 – Subsequent Events

Issuance of Senior Notes

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. The 3.6% and 4.625% Notes are guaranteed by certain subsidiaries of Expedia Group. We expect to use the net proceeds to redeem outstanding shares of its 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.

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 widespread outbreak of 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 forced many of our supply partners, particularly airlines and hotels, to operate at significantly reduced service levels, and has negatively impacted consumer sentiment and consumers ability to travel. Our financial and operating results for the first half of 2020 were significantly impacted due to the decrease in travel demand related to COVID-19.

As the spread of the virus has been contained to varying degrees in certain countries over the past few months, 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.

During the recovery period, 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 addition, the degree of containment of the virus, and the recovery in travel, has varied country to country. We expect that to remain the case in the near-term. 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.

COVID-19 has also had broader economic impacts, including a significant increase in unemployment levels and reduction in economic activity, which could lead to a 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. 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 to exceed $500 million in annualized run-rate fixed cost savings, and we continue to evaluate additional opportunities to increase efficiency and improve operational effectiveness across the Company.

As a result of the cost savings effort launched prior to COVID-19 and additional cost reductions during COVID-19 that we expect to remain in place, 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 six months of 2020, lodging accounted for 73%. As a result of the COVID-19 outbreak and impact on travel demand, room nights declined 81% in the second quarter of 2020, and 51% in the first six months of 2020. Many hotel partners were forced to shut a number of properties due to the virus, and some remain closed. The timing of hotel operations returning to normal levels, and recovery in consumer sentiment 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 1% in the second quarter and was flat in the first half of 2020. During the second quarter of 2020, ADRs for our Vrbo business increased year-over-year at a higher rate than in prior quarters and Vrbo accounted for a higher percentage of room nights due to the faster recovery in alternative accommodations during this period. This was 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 historically low 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.

We have continued to add supply to our global lodging marketplace with over 1.7 million properties on our global websites as of June 30, 2020, including over 805,000 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 June 30, 2020, there are over 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. As some travel restrictions were lifted during the second quarter of 2020, air passenger traffic declines moderated, but to a lesser degree than 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 approximately 95% in April 2020 compared to prior year levels and have since moderated to down approximately 73% as of mid-July 2020. In addition, the International Air Transport Association ("IATA") currently expects airline passenger traffic to decline 55% in 2020 compared to 2019 levels. For 2021, IATA estimates traffic to increase 62% compared to 2020, representing a decline of nearly 30% compared to 2019 levels.

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 half of 2020, air ticket volumes declined 55%. As a percentage of our total worldwide revenue in the first half of 2020, air accounted for 1%.

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 half of 2020, we generated $228 million of advertising and media revenue, a 58% 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. 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 half of 2020, approximately 36% 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 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 impacted travel bookings in the first half of 2020 and led to significant cancellations for future travel, we do not expect 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. 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.

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 quarter of 2020, as a result of the significant turmoil related to COVID-19, we concluded that sufficient indicators existed to require us to perform an interim impairment assessment. In addition, during the second quarter of 2020, due to a recent decision to streamline operations for a smaller brand within our Retail segment, we performed another targeted interim impairment assessment. 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 our trivago reporting unit is 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 six 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 eight 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 July 6, 2020, the United States Fifth Circuit Court of Appeals denied plaintiffs' petition for rehearing en banc of the decision affirming the district court's award of over $2 million in appeal bond costs against the city.
- *Palm Beach, Florida Litigation.* The Florida Fourth District Court of Appeals denied the plaintiff's motions for rehearing, rehearing en banc and certification to the Florida Supreme Court as to the non-HomeAway defendants on June 3, 2020. On July 1, 2020, the plaintiff filed a notice to invoke discretionary jurisdiction of the Florida Supreme Court.

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 $59 million as of June 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. As travelers have increased their use of the internet to book travel arrangements, we have generally seen our gross bookings increase, reflecting the growth in the online travel industry, our organic market share gains and our business acquisitions. Revenue margin is defined as revenue as a percentage of gross bookings.

Gross Bookings and Revenue Margin

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2020	2019		2020	2019	
	($ in millions)			($ in millions)		
Gross bookings	$ 2,713	$ 28,292	(90)%	$ 20,598	$ 57,701	(64)%
Revenue margin (1)	20.9%	11.1%		13.5%	10.0%	

(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 six months ended June 30, 2020, gross bookings decreased 90% and 64%, respectively, compared to the same periods in 2019, resulting from the impacts of the COVID-19 pandemic.

In January 2020, gross bookings growth was positive, as COVID-19 modestly impacted results, with the virus largely limited to the Asia Pacific region. In February 2020, gross bookings declined year-over-year as the virus spread, particularly into Europe by later in the month. During March 2020, with COVID-19 becoming a global pandemic, including significantly impacting North America, our largest region, cancellations exceeded new bookings, and total gross bookings were negative for the month.

In April 2020, as COVID-19 spread globally, cancellations exceeded new bookings, and, as a result, total gross bookings were negative for the month. Subsequently, as the virus was contained to varying degrees in certain countries and certain travel restrictions were lifted, the decline in new bookings slowed and cancellation rates moderated. Gross bookings turned positive in May 2020 and the year-over-year decline moderated further in June 2020, led by growth at Vrbo, Expedia Group's alternative accommodation business.

Revenue margin for the three months ended June 30, 2020 was 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 quarter. Current period revenue margins are not indicative of our future expectations.

Results of Operations

Revenue

	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
	($ in millions)			($ in millions)		
Revenue by Segment						
Retail	$ 463	$ 2,333	(80)%	$ 2,045	$ 4,234	(52)%
B2B	68	657	(90)%	553	1,213	(54)%
trivago (Third-party revenue)	15	163	(91)%	118	315	(63)%
Corporate (Bodybuilding.com)	20	—	N/A	59	—	N/A
Total revenue	$ 566	$ 3,153	(82)%	$ 2,775	$ 5,762	(52)%

Revenue decreased 82% and 52% for the three and six months ended June 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 2020. In the second quarter of 2020, revenue declined significantly year-over-year in both April and May 2020, and the decline moderated in June 2020 due to the improved trends in the lodging business.

	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
	($ in millions)			($ in millions)		
Revenue by Service Type						
Lodging	$ 487	$ 2,204	(78)%	$ 2,029	$ 3,893	(48)%
Air	(70)	228	N/A	39	476	(92)%
Advertising and media[1]	25	284	(91)%	228	549	(58)%
Other	124	437	(72)%	479	844	(43)%
Total revenue	$ 566	$ 3,153	(82)%	$ 2,775	$ 5,762	(52)%

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

Lodging revenue decreased 78% and 48% for the three and six months ended June 30, 2020, compared to the same periods in 2019, on an 81% and 51% decrease in room nights stayed in the respective periods, partially offset by a 15% and 6% increase in revenue per room night in the respective periods.

Air revenue, which is recognized when booked net of an estimate of cancellations, was negative in the second quarter of 2020 due to several revenue offsets that exceed new booked revenue in the quarter. The negative impacts to revenue included significantly elevated cancellations, which were higher than estimated cancellations of previous period bookings, higher than previously anticipated cash refunds to customers for certain cancellations, as well as a reduction to previously estimated and recognized volume-based revenues due to lower ticket volumes. Air tickets sold declined 85%, in the second quarter of 2020, reflecting the adverse impact of COVID-19 on demand for air travel. Air revenue declined 92% for the six months ended June 30, 2020, compared to the same period in 2019, reflecting the adverse impact of COVID-19 on air travel.

Advertising and media revenue decreased 91% and 58% for the three and six months ended June 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 72% and 43% for the three and six months ended June 30, 2020, compared to the same periods in 2019. The decline in all other revenue was more modest than the decrease in total revenue mainly due to the inorganic benefit related to Bodybuilding.com.

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

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	($ in millions)			($ in millions)		
Revenue by Business Model						
Merchant	$ 368	$ 1,758	(79)%	$ 1,708	$ 3,193	(47)%
Agency	105	1,047	(90)%	667	1,889	(65)%
Advertising, media and other	93	348	(73)%	400	680	(41)%
Total revenue	$ 566	$ 3,153	(82)%	$ 2,775	$ 5,762	(52)%

Merchant revenue decreased for the three and six months ended June 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.

Agency revenue decreased for the three and six months ended June 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 six months ended June 30, 2020, compared to the same periods in 2019, primarily due to declines in advertising revenue, partially offset by the inorganic impact of Bodybuilding.com.

Cost of Revenue

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	($ in millions)			($ in millions)		
Direct costs	$ 254	$ 345	(26)%	$ 722	$ 680	6 %
Personnel and overhead	135	155	(13)%	296	310	(5)%
Total cost of revenue	$ 389	$ 500	(22)%	$ 1,018	$ 990	3 %
% of revenue	68.8%	15.9%		36.7%	17.2%	

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 as well as related personnel and overhead costs, including stock-based compensation.

Cost of revenue decreased $111 million during the three months ended June 30, 2020, compared to the same period in 2019, primarily due to a decline in merchant fees resulting from lower transaction volumes as well as a decrease in personnel costs, partially offset by the an inorganic impact related to Bodybuilding.com and an increase in bad debt reserves related to future collection risk from the impact of COVID-19.

Cost of revenue increased $28 million during the six months ended June 30, 2020, compared to the same period in 2019, primarily due to an increase in bad debt expense, an inorganic impact related to the Bodybuilding.com acquisition and higher cloud expenses, partially offset by a decrease in merchant fees resulting from lower volumes and a decrease in personnel costs.

Selling and Marketing

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	($ in millions)			($ in millions)		
Direct costs	$ 95	$ 1,382	(93)%	$ 1,054	$ 2,643	(60)%
Indirect costs	201	261	(23)%	452	521	(13)%
Total selling and marketing	$ 296	$ 1,643	(82)%	$ 1,506	$ 3,164	(52)%
% of revenue	52.2%	52.1%		54.3%	54.9%	

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 $1.3 billion and $1.7 billion during the three and six months ended June 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 quarter of 2020 related to the impact on travel demand from COVID-19, as well as lower personnel costs.

Technology and Content

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	($ in millions)			($ in millions)		
Personnel and overhead	$ 186	$ 235	(21)%	$ 405	$ 463	(12)%
Other	69	69	1 %	158	138	15 %
Total technology and content	$ 255	$ 304	(16)%	$ 563	$ 601	(6)%
% of revenue	45.2%	9.6%		20.3%	10.4%	

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 $49 million and $38 million during the three and six months ended June 30, 2020, compared to the same periods in 2019, primarily reflecting lower personnel costs. The decrease in the year-to-date period was partially offset by higher software license costs.

General and Administrative

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	($ in millions)			($ in millions)		
Personnel and overhead	$ 113	$ 148	(23)%	$ 246	$ 286	(14)%
Professional fees and other	39	57	(33)%	93	103	(10)%
Total general and administrative	$ 152	$ 205	(26)%	$ 339	$ 389	(13)%
% of revenue	26.8%	6.5%		12.2%	6.7%	

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 including legal, tax and accounting.

General and administrative expense decreased $53 million and $50 million during the three and six months ended June 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 June 30,		% Change	Six months ended June 30,		% Change
	2020	2019		2020	2019	
	($ in millions)			($ in millions)		
Depreciation	$ 191	$ 176	9 %	$ 376	$ 352	7 %
Amortization of intangible assets	41	52	(21)%	85	104	(18)%
Total depreciation and amortization	$ 232	$ 228	2 %	$ 461	$ 456	1 %

Depreciation increased $15 million and $24 million during the three and six months ended June 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 $11 million and $19 million during the three and six months ended June 30, 2020, compared to the same periods in 2019 primarily due to the completion of amortization related to certain intangible assets.

Impairment of Goodwill and Intangible Assets

During three months ended March 31 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 concluded that sufficient indicators existed to require us to perform an interim quantitative assessment of goodwill and long-lived assets. As a result, we recognized goodwill impairment charges of $765 million and intangible asset impairment charges of $121 million. In addition, during the three months ended June 30, 2020, we recognized goodwill impairment charges of $20 million and intangible asset impairment charges of $10 million related to a recent decision to streamline operations for a smaller brand within our Retail segment. 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 June 30,		% Change	Six months ended June 30,		% Change
	2020	2019		2020	2019	
	($ in millions)			($ in millions)		
Legal reserves, occupancy tax and other	$ 8	$ 4	75%	$ (13)	$ 14	N/A
% of revenue	1.3%	0.1%		(0.5)%	0.2%	

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 six months ended June 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 three and six months ended June 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 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 quarter of 2020, the Company has continued to implement actions beyond our initial commitments. As a result, we recognized $53 million and $128 million in restructuring and related reorganization charges during the three and six months ended June 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 $60 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 $4 million and $14 million in restructuring and related reorganization charges during the three and six months ended June 30, 2019, which were primarily related to severance and benefits.

Operating Income (Loss)

	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
	($ in millions)			($ in millions)		
Operating income (loss)	$ (849)	$ 265	N/A	$ (2,143)	$ 134	N/A
% of revenue	(149.9)%	8.4%		(77.3)%	2.3%	

During the three and six months ended June 30, 2020, we had operating losses of $849 million and $2.1 billion, compared to operating income of $265 million and $134 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 June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
	($ in millions)			($ in millions)		
Retail	$ (203)	$ 548	N/A	$ (181)	$ 743	N/A
B2B	(128)	130	N/A	(102)	202	N/A
trivago	(16)	20	N/A	(17)	44	N/A
Unallocated overhead costs (Corporate) (1)	(89)	(130)	(31)%	(212)	(245)	(13)%
Total Adjusted EBITDA (2)	$ (436)	$ 568	N/A	$ (512)	$ 744	N/A

(1) Includes immaterial operating results of Bodybuilding.com subsequent to our acquisition on July 26, 2019.
(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 10 – 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 six months ended June 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 $41 million and $33 million during the three and six months ended June 30, 2020, compared to the same periods in 2019, primarily due to lower general and administrative expenses.

Interest Income and Expense

	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
	($ in millions)			($ in millions)		
Interest income	$ 3	$ 17	(78)%	$ 13	$ 28	(52)%
Interest expense	(95)	(39)	142 %	(145)	(80)	81 %

Interest income decreased for the three and six months ended June 30, 2020, compared to the same periods in 2019, as a result of lower rates of return. Interest expense increased for the three and six months ended June 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 as well our $1.9 billion draw on our revolving credit facility in March 2020.

Other, Net

Other, net is comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	($ in millions)			
Foreign exchange rate gains (losses), net	$ (3)	$ 2	$ 42	$ (12)
Gains (losses) on minority equity investments, net	(7)	(10)	(195)	12
Other	(2)	—	(4)	12
Total other, net	$ (12)	$ (8)	$ (157)	$ 12

During the six months ended June 30, 2020, losses on minority equity investments, net included $134 million of impairment losses related to a minority investment as well as $60 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 June 30,		% Change	Six months ended June 30,		% Change
	2020	2019		2020	2019	
	($ in millions)			($ in millions)		
Provision for income taxes	$ (213)	$ 48	N/A	$ (295)	$ 7	N/A
Effective tax rate	22.3%	20.4%		12.1%	7.2%	

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 tax items.

For the three months ended June 30, 2020, the effective tax rate was a 22.3% benefit on a pre-tax loss, compared to a 20.4% expense on a pre-tax income for the three months ended June 30, 2019. The change in the effective tax rate was primarily due to discrete tax benefits in the prior year period.

For the six months ended June 30, 2020, the effective tax rate was a 12.1% benefit on pre-tax loss, compared to 7.2% expense on pre-tax income for the six months ended June 30, 2019. The decrease in the effective tax rate was primarily driven by the nondeductible impairment charges and a valuation allowance principally related to unrealized capital losses 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. We filed a protest with the Internal Revenue Service (“IRS”) for our 2011 to 2013 tax years and our case has been forwarded to appeals. We are under examination by the IRS for our 2014 to 2016 tax years. During the fourth quarter of 2019, the 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 proposed adjustments and formally protested the IRS position. 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.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, which, along with earlier issued IRS guidance, provides for deferral of certain taxes. The CARES Act, among other things, also contains numerous provisions which may benefit the Company. We continue to assess the effect of the CARES Act and ongoing government guidance related to COVID-19 that may be issued.

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 June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(In millions)			
Net income (loss) attributable to Expedia Group, Inc.	$ (736)	$ 183	$ (2,037)	$ 80
Net income (loss) attributable to non-controlling interests	(4)	4	(100)	7
Provision for income taxes	(213)	48	(295)	7
Total other expense, net	104	30	289	40
Operating income (loss)	(849)	265	(2,143)	134
Gain (loss) on revenue hedges related to revenue recognized	36	8	30	11
Restructuring and related reorganization charges	53	4	128	14
Legal reserves, occupancy tax and other	8	4	(13)	14
Stock-based compensation	54	59	109	115
Depreciation and amortization	232	228	461	456
Impairment of goodwill	20	—	785	—
Impairment of intangible assets	10	—	131	—
Adjusted EBITDA	$ (436)	$ 568	$ (512)	$ 744

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 $5.5 billion and $3.8 billion at June 30, 2020 and December 31, 2019. As of June 30, 2020, the total cash and cash equivalents and short-term investments held outside the United States was $861 million ($602 million in wholly-owned foreign subsidiaries and $259 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.
- *Credit Facility Draw.* On March 18, 2020, we increased our cash on hand by borrowing $1.9 billion under our $2 billion revolving credit facility. The revolving credit facility bore interest at 2.55% as of June 30, 2020. The proceeds from the draw are available to be used for general corporate purposes, including working capital. This existing revolving credit facility was subsequently amended in May 2020 as discussed below.
- *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 Issuance.* 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 its 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.
- *Credit Facility Amendment*. In connection with the issuance of the Notes and private placement transaction, on May 4, 2020, we executed a restatement agreement, which amends and restates our existing revolving credit facility (as amended and restated, the “Amended Credit Facility”) to, among other things, provide additional flexibility under pliable covenant provisions.

Our credit ratings are periodically reviewed by rating agencies. As of June 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 June 30, 2020, we were in compliance with the covenants and conditions in our revolving credit facility and outstanding debt, which was comprised of $750 million in registered senior unsecured notes due in August 2020 that bear interest at 5.95%, $500 million in registered senior unsecured notes due in August 2024 that bear interest at 4.5%, Euro 650 million of registered senior unsecured notes due in June 2022 that bear interest at 2.5%, $750 million of registered senior unsecured notes due in February 2026 that bear interest at 5.0%, $1 billion of registered senior unsecured notes due in February 2028 that bear interest at 3.8%, $1.25 billion in registered senior unsecured notes due in February 2030 that bear interest at 3.25%, $2 billion of registered senior unsecured notes due in May 2025 that bear interest at 6.25% and $750 million of registered senior unsecured notes due in May 2025 that bear interest at 7.0%.

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 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. 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.

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 have been deferred, including temporarily halting construction on several real estate projects, and we continue to evaluate opportunities to defer other capital expenditures that are not critical to our operations. 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 $115 million was spent during the first half 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:

	Six months ended June 30,		
	2020	**2019**	**$ Change**
	(In millions)		
Cash provided by (used in):			
Operating activities	$ (2,630)	$ 3,287	$ (5,917)
Investing activities	(341)	(1,166)	825
Financing activities	5,333	34	5,299
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents	(93)	20	(113)

For the six months ended June 30, 2020, net cash used in operating activities was $2.6 billion compared to cash provided by operations of $3.3 billion for the six months ended June 30, 2019 with the change due to a significant use of cash for working capital changes in the current year compared to a prior year cash benefit from working capital driven by the COVID-19 pandemic as well as a decline operating income after adjusting for impacts of depreciation, amortization and impairments. 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 six months ended June 30, 2020 cash used by investing activities was $341 million compared to cash used in investing activities of $1,166 million for the six months ended June 30, 2019. The change was due to net sales and maturities of investments of $76 million during the current year period compared to net purchases of investments of $609 million in the prior year.

For the six months ended June 30, 2020, cash provided by financing activities primarily included $2.7 billion of net proceeds from the issuance of the 6.25% and 7.0% Notes issued in May 2020, $1.9 billion of proceeds from our revolving credit facility draw, $1.1 billion of net proceeds from our private equity investment as well as $96 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 $414 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 six months ended June 30, 2019, cash provided by financing activities primarily included $156 million of proceeds from the exercise of options and employee stock purchase plans, partially offset by cash dividend payments of $95 million and treasury stock activity related to the vesting of equity instruments of $29 million.

During the first six 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
Six Months Ended June 30, 2020				
February 13, 2020	$ 0.34	March 10, 2020	$ 48	March 26, 2020
Six Months Ended June 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

During the second quarter of 2020, we paid $17 million (or $14.02 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 six months ended June 30, 2020 of $93 million reflecting a net depreciation in foreign currencies relative to the U.S. dollar during the period. Foreign exchange rate changes resulted in an increase of our cash and restricted cash balances denominated in foreign currency during the six months ended June 30, 2019 of $20 million reflecting a net appreciation in foreign currencies during the period and 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.

	June 30, 2020	December 31, 2019
	(In millions)	
Combined Balance Sheets Information:		
Current Assets [(1)]	$ 7,891	$ 6,185
Non-Current Assets	9,904	10,320
Current Liabilities	6,649	9,486
Non-Current Liabilities	9,346	4,710
Series A Preferred Stock	1,022	—
	Six Months Ended June 30, 2020	**Year Ended December 31, 2019**
Combined Statements of Operations Information:		
Revenue	$ 2,266	$ 9,463
Operating income (loss) [(2)]	(1,565)	420
Net income (loss)	(1,527)	195
Net income (loss) attributable to Obligors	(1,544)	198

(1) Current assets include intercompany receivables with non-guarantors of $894 million as of June 30, 2020 and $1.0 billion as of December 31, 2019.
(2) Operating income (loss) includes intercompany expenses with non-guarantors of $394 million for the six months ended June 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 June 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 six months ended June 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%. These senior unsecured notes issued in May are subject to interest rate adjustments should our credit ratings be adjusted downwards, which would result in increased interest expense in the future.

In March 2020, we borrowed $1.9 billion under our $2 billion revolving credit facility in existence at that time, which bore interest based on market rates plus a spread determined by our credit ratings. In May 2020, we executed a restatement agreement, which amended and restated the previous revolving credit facility (the “Amended Credit Facility”), which also bears interest based on market rates plus a spread determined by the amount of the draw, the time frame of the draw, certain financial ratios and our credit ratings. As of June 30, 2020, $1.9 billion remained outstanding under the Amended Credit Facility and the interest rate on the outstanding balance was 2.5%. 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 June 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 quarter ended March 31, 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 June 9, 2020, plaintiffs filed a petition for rehearing en banc with the Fifth Circuit seeking review of the Fifth Circuit's decision affirming the district court's award to the defendant online travel companies of over $2 million in appeal bond costs against the city. On July 6, 2020, the Fifth Circuit denied the petition. On July 13, 2020, the city filed a motion to stay issuance of the court's mandate, which the Fifth Circuit denied on July 24, 2020. The city has indicated that it intends to file a petition for writ of certiorari to the United States Supreme Court.

State of Mississippi Litigation. On June 17, 2020, the court heard argument on the parties' cross motions for summary judgment on damages issues; the parties await a ruling.

Jefferson Parrish, Louisiana Litigation. On May 27, 2020, defendants filed a motion for summary judgment.as to liability issues; on June 24, 2020, plaintiff filed a cross motion for summary judgment as to liability issues. Both motions remain pending.

Palm Beach, Florida Litigation. The Florida Fourth District Court of Appeals denied the plaintiff's motions for rehearing, rehearing en banc and certification to the Florida Supreme Court as to the non-HomeAway defendants on June 3, 2020. On July 1, 2020, the plaintiff filed a notice to invoke discretionary jurisdiction of the Florida Supreme Court.

Non-Tax Litigation and Other Legal Proceedings

Putative Class Action Litigation

Cases against HomeAway.com, Inc. On June 2, 2020, the district court denied plaintiffs' motion for reconsideration of the court's denial of plaintiffs' motion for class certification. On June 3, 2020, the United States Fifth Circuit Court of Appeals denied plaintiffs' petition for permission to appeal under Fed. R. Civ. P. 23(f). Plaintiffs' individual claims have been set for trial in July 2021.

Other Legal Proceedings

New York City Litigation. On July 7, 2020, the city amended the ordinance governing hosting platforms in an effort to resolve the litigation.

Helms-Burton Litigation. On May 26, 2020, the court granted Expedia's motion to dismiss with prejudice in the *Del Valle* case. The plaintiffs have appealed that ruling to the U.S. Court of Appeals for the Eleventh Circuit and that appeal remains pending. Motions to dismiss have been filed in the *Echevarria*, *Echevarria et al.* and *Glen* actions and remain pending. A motion to dismiss was pending in the *Trinidad* case, but the plaintiffs filed an amended complaint mooting that motion. A motion to dismiss was re-filed in that case on July 6, 2020 and remains pending.

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. 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 applied to the German Federal Supreme Court to admit an appeal from the decision. 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. The appeal was heard on July 20-21, 2020 and the parties await a ruling. 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
4.1	Indenture, dated as of July 14, 2020, among Expedia Group, Inc., the guarantors party thereto and U.S. Bank National Association relating to the 2023 Notes		8-K	001-37429	4.1	7/15/2020
4.2	Indenture, dated as of July 14, 2020, among Expedia Group, Inc., the guarantors party thereto and U.S. Bank National Association relating to the 2027 Notes.		8-K	001-37429	4.2	7/15/2020
4.3	Registration Rights Agreement, dated as of July 14, 2020, by and among Expedia Group, Inc., the guarantors party thereto and J.P. Morgan Securities LLC relating to the 2023 Notes.		8-K	001-37429	4.3	7/15/2020
4.4	Registration Rights Agreement, dated as of July 14, 2020, by and among Expedia Group, Inc., the guarantors party thereto and J.P. Morgan Securities LLC relating to the 2027 Notes.		8-K	001-37429	4.4	7/15/2020
10.1	Fifth Amended and Restated Expedia Group, Inc. 2005 Stock and Annual Incentive Plan		DEF 14A	001-37429	App.A	5/7/2020
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 June 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				

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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.

July 30, 2020	Expedia Group, Inc.
	By: /s/ Eric Hart
	Eric Hart
	Chief Financial Officer

Exhibit 22

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

Guarantor	**Jurisdiction of Formation**
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

Exhibit 31.1

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: July 30, 2020

/s/ BARRY DILLER

Barry Diller

Chairman and Senior Executive

Exhibit 31.2

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: July 30, 2020

/s/ PETER M. KERN

Peter M. Kern

Vice Chairman and Chief Executive Officer

Exhibit 31.3

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: July 30, 2020

/s/ ERIC HART

Eric Hart

Chief Financial Officer

Exhibit 32.1

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 June 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: July 30, 2020

/s/ BARRY DILLER

Barry Diller
Chairman and Senior Executive

Exhibit 32.2

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 June 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: July 30, 2020

/s/ PETER M. KERN

Peter M. Kern
Vice Chairman and Chief Executive Officer

Exhibit 32.3

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 June 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: July 30, 2020

/s/ ERIC HART

Eric Hart
Chief Financial Officer