

Expedia Group, Inc.
Form 11-K
June 27, 2018

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

FORM 11-K

☐ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

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

For the transition period from _____ to _____

Commission File Number: 001-37429

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

EXPEDIA RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Expedia Group, Inc.
333 108th Avenue NE
Bellevue, WA 98004

Expedia Retirement Savings Plan
Financial Statements and
Supplemental Information

December 31, 2017 and 2016
and for the Year Ended December 31, 2017

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Note: All other schedules required under Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Benefit Plans Administration Committee
Expedia Retirement Savings Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Expedia Retirement Savings Plan (the Plan) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Opinion on the Supplemental Information

The supplemental information included in Schedule H, line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with DOL’s Rules and Regulations for Reporting and Disclosure under ERISA. In our opinion, the supplemental information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Moss Adams LLP

Seattle, Washington

June 27, 2018

We have served as the Plan's auditor since 2010.

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Expedia Retirement Savings Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2017	2016
Assets		
Investments, at fair value	\$755,217,489	\$503,006,130
Notes receivable from participants	8,751,754	6,996,145
Employer contribution receivable	2,140,653	1,244,960
Other receivable	1,523	—
Net assets available for benefits	\$766,111,419	\$511,247,235

See accompanying notes.

Expedia Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2017

Contributions:

Participant contributions	\$75,620,577
Employer contributions	24,904,863
Rollover contributions	11,806,314
Total contributions	112,331,754

Investment income:

Net realized and unrealized appreciation in fair value of investments	89,268,021
Dividend and interest income on investments	26,692,009
Total investment income	115,960,030
Interest income on notes receivable from participants	341,642

Deductions:

Benefits paid to participants	48,365,964
Administrative expenses	768,356
Total deductions	49,134,320

Net increase in net assets available for benefits before transfers 179,499,106

Transfer of assets into Plan (Note 1) 75,365,078

Net assets available for benefits at:

Beginning of year 511,247,235

End of year \$766,111,419

See accompanying notes.

Notes to Financial Statements

1. Description of the Plan

The following description of the Expedia Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan was established on August 9, 2005 and is a defined contribution plan covering substantially all U.S. employees of Expedia Group, Inc. (formerly "Expedia, Inc.") and its subsidiaries (the "Company" or "Expedia") who have reached the age of 18. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). New employees are automatically enrolled in the Plan upon satisfying its eligibility requirements. When enrolled, such employees are deemed to enter into a pre-tax salary reduction agreement with the Company to contribute 3% of compensation (as defined in the Plan document) and to make an election to invest in a qualified default investment fund determined by the Plan's administrative committee unless an employee affirmatively changes his or her pre-tax salary deferral election and/or designated investment options. The qualified default investment funds are various Vanguard Target Retirement Funds.

Contributions

Participants can make pre-tax deferrals ranging from 1% to 50%, and after-tax contributions ranging from 1% to 10%, of their compensation (as defined in the Plan document) through payroll deductions. Participants can direct their contributions to any of the Plan's investment fund options.

There are two types of Company contributions available under the Plan. (1) The Company makes matching contributions in an amount equal to 50% of the first 6% of pre-tax compensation deferred by participants in each payroll period, subject to regulatory limitations. In addition, the Company makes matching contributions after the end of each plan year ("true-up matching contributions") in an amount sufficient to ensure a participant receives matching contributions for the plan year equal to 50% of the first 6% of the pre-tax compensation deferred by the participant for the plan year, provided that the participant is employed on the last day of the plan year unless an exception applies. For the year ended December 31, 2017, true-up matching contributions of \$2,140,653 were made to the Plan. (2) The Company may also make discretionary matching and/or profit sharing contributions. For the year ended December 31, 2017, no discretionary matching or profit sharing contributions were made to the Plan.

Participants can direct Company contributions to any of the Plan's investment options in the same manner as they direct their own contributions.

Vesting

Participant contributions are fully vested at the time of contribution. Generally, participants are 100% vested in the Company contributions in their accounts, plus actual earnings thereon, after two years of credited service.

Participant Accounts

Each participant's account is credited with the participant's contributions, allocations of the Company's contributions and Plan earnings. Allocations are determined in accordance with the provisions of the Plan document. The benefit to which a participant is entitled is the vested portion of the participant's account.

Forfeitures

Forfeitures of terminated participants' non-vested account balances are first made available to reinstate previously forfeited account balances of qualifying participants who have left the Company and subsequently returned. The remaining amount, if any, is used to reduce the Company's future contributions and then to pay the expenses of operating the Plan and the related trust. The balances of forfeited accounts at December 31, 2017 and 2016 were \$547,141 and \$395,599, respectively. During 2017, \$723,504 of the forfeited amounts were used to fund Company contributions.

Notes to Financial Statements (continued)

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 reduced by the highest outstanding loan balance within the last 12 months or 50% of their vested account balances. With the exception of loans used to purchase a primary residence, which can have terms up to 15 years, loan terms are limited to a maximum of 5 years. Loans are secured by the balance in the participant's vested account and bear interest at a rate commensurate with commercial prevailing rates as determined in accordance with the terms of the Plan document. Principal and interest are paid ratably through regular payroll deductions for actively employed participants. Upon termination of employment, any outstanding loans are due and payable within ninety days following the termination date. As of December 31, 2017, the rates of interest on outstanding loans ranged from 4.25-7.0% with various maturities through 2033.

Payment of Benefits

Upon participants' retirement, death, disability or termination of employment, they, or their designated beneficiary, may elect to withdraw their entire vested account balances in the form of a lump sum payment, provided that to the extent a participant's account is invested in Expedia stock, the participant may elect to receive whole shares of such Expedia stock and cash for any excess fractional shares. Participants reaching the age of 59½ may elect to withdraw some or all of their vested account balances while still employed. In the event of hardship (as defined by the Plan document) participants may withdraw some or all of the vested portion of their eligible account balances up to the amount of the hardship, subject to the requirements of the Plan document. Participants may withdraw some or all of their rollover or after-tax contributions at any time. Participants who meet the requirements for a qualified reservist distribution described in the Plan document may withdraw some or all of their pre-tax salary deferral contributions while on active duty. If the value of the vested portion of a participant's account (without regard to the value of the participant's Rollover Account) at the time the participant incurs a Termination of Employment or at any time thereafter is more than \$1,000 but not more than \$5,000 and, after receiving all required notices the participant does not elect to receive a direct payment or rollover, the balance will be rolled over to an IRA. If the participant's account balance is \$1,000 or less, such amount will be distributed to them in a lump sum.

Administrative Expenses

Administrative expenses of the Plan may be paid by the Company in its discretion, but otherwise will be paid by participants through quarterly fees charged to their accounts and transaction fees. In addition, the Plan's investment options charge expenses as described in their respective prospectuses or prospectus summaries.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of applicable law. In the event of Plan termination, participants will become 100% vested in their accounts.

Merger into the Plan

Effective February 28, 2017, the Orbitz Worldwide, Inc. Employee Savings Plan was merged into the Plan, and net assets of \$75,365,078 were transferred to the Plan.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Benefit Payments

Benefit payments are recorded when paid.

Notes to Financial Statements (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates that affect amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan’s investments are stated at fair value. The shares of registered investment companies are valued at quoted market prices, which represent the net asset values (“NAVs”) of shares held by the Plan at year end. The Plan invests in the Fidelity Managed Income Portfolio (“MIP”) stable value common collective trust fund, and Loomis Sayles Core Plus Fixed Income common collective trust fund (“Loomis Core”). The Plan’s interest in the MIP and Loomis Core is valued at the NAV practical expedient of the underlying investments reported by the issuer of the common collective trust at year-end. This practical expedient would not be used if it is determined to be probable that the Plan will sell the investment for an amount different from reported net asset value. The underlying assets owned by the MIP and Loomis Core consist primarily of readily marketable fixed income securities. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. Purchases and sales of securities are recorded as of their trade-date. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. The Loomis Core funds may be traded daily without restriction. The MIP may be traded daily, but has a 90-day restriction requirement to exchange to a competing fund.

Notes Receivable from Participants

Notes receivable from participants are measured at amortized cost, which represents unpaid principal balance plus accrued but unpaid interest, and are classified as notes receivable from participants.

Subsequent Events

We monitor significant events occurring after the balance sheet date and prior to the issuance of the financial statements to determine the impacts, if any, of events on the financial statements to be issued. The Plan has evaluated subsequent events through the date on which the financial statements are issued.

3. Fair Value of Investments

The Plan’s investments are measured at fair value on a recurring basis. Accounting Standards Codification Topic 820 describes three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices for identical or similar assets or liabilities in markets that are not considered to be active or identical or similar financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Plan’s mutual funds, equity securities, and self-directed brokerage accounts are generally classified within Level 1 of the fair value hierarchy. The fair value of these investments is valued based on quoted market prices in active markets.

Notes to Financial Statements (continued)

The following tables set forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2017 and 2016:

Investment Assets at Fair Value as of December 31, 2017

	Level 1	Total
Mutual Funds	\$672,359,985	\$672,359,985
Investments in self-directed brokerage accounts	23,726,556	23,726,556
Investments in Expedia Group, Inc. common stock	21,729,215	21,729,215
Total investments at fair value	717,815,756	717,815,756
Common collective trust funds measured at NAV*	—	37,401,733
Total investments	\$717,815,756	\$755,217,489

Investment Assets at Fair Value as of December 31, 2016

	Level 1	Total
Mutual Funds	\$434,926,130	\$434,926,130
Investments in self-directed brokerage accounts	16,821,761	16,821,761
Investments in Expedia Group, Inc. common stock	19,206,692	19,206,692
Total investments at fair value	470,954,583	470,954,583
Common collective trust funds measured at NAV*	—	32,051,547
Total investments	\$470,954,583	\$503,006,130

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

4. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

5. Income Tax Status

The Plan has received a favorable determination letter from the Internal Revenue Service ("IRS") dated June 2, 2015, stating that the Plan, as restated effective January 1, 2013, is qualified under Section 401(a) of the Internal Revenue Code ("IRC") and therefore entitled to favorable tax treatment. The favorable determination letter is subject to the adoption of additional amendments that were proposed to the IRS as part of this letter process. Such additional amendments have been timely adopted by the Company. Although the Plan has been amended since receiving the determination letter, the Plan management believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC, and therefore believe that the Plan is qualified and the related trust is tax exempt.

In line with GAAP, the Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by the IRS; however, to the Plan administrator's knowledge, there are currently no audits in progress for any tax periods.

Notes to Financial Statements (continued)

6. Party-in-Interest Transactions

Certain Plan investments are shares of mutual funds and units of participation in a common collective trust fund managed by Fidelity Management Trust Company (“Fidelity”). Fidelity is the trustee as defined by the Plan, and therefore these transactions qualify as party-in-interest transactions. Fees paid by the Plan to Fidelity for investment management services were \$332,337 for the year ended December 31, 2017.

At December 31, 2017 and 2016, the Plan held 181,411 and 169,538 shares, respectively, of common stock of the Company, with a cost basis of \$13,901,227 and \$11,165,663, respectively, and fair value of \$21,729,215 and \$19,206,692, respectively. During the year ended December 31, 2017, the Plan recorded \$202,971 in dividend income on the common stock of the Company.

Supplemental Information

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Expedia Retirement Savings Plan

EIN: 91-1996083 Plan: 002

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2017

(b) Identity of Issue, Borrower, (a) Lessor, or Similar Party	(c) Description of Investment Including, Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(e) Current Value
Registered investment companies:		
Vanguard Institutional Target Retirement Income	84,367 shares	\$ 1,813,885
Vanguard Institutional Target Retirement 2015	141,553 shares	3,112,753
Vanguard Institutional Target Retirement 2020	570,204 shares	12,846,689
Vanguard Institutional Target Retirement 2025	968,811 shares	22,147,019
Vanguard Institutional Target Retirement 2030	1,311,278 shares	30,316,757
Vanguard Institutional Target Retirement 2035	2,331,996 shares	54,498,743
Vanguard Institutional Target Retirement 2040	2,670,686 shares	63,081,611
Vanguard Institutional Target Retirement 2045	2,804,530 shares	66,747,803
Vanguard Institutional Target Retirement 2050	1,799,721 shares	42,869,363
Vanguard Institutional Target Retirement 2055	792,869 shares	18,917,860
Vanguard Institutional Target Retirement 2060	76,497 shares	1,825,228
Vanguard Institutional Target Retirement 2065	4,686 shares	101,785
* Fidelity ContraFund K	604,764 shares	74,017,115
* Fidelity Diversified International K Fund	590,207 shares	23,566,974
* Fidelity Low- Priced Stock K Fund	691,462 shares	37,663,951
Conestoga Small Cap Institutional Fund	339,904 shares	16,770,844
* Fidelity Extended Market Fund	207,195 shares	12,856,429
* Fidelity 500 Index Fund	702,068 shares	65,608,210
* Fidelity International Index Fund Institutional	276,611 shares	11,944,061
Dodge & Cox International Stock Fund	568,571 shares	26,336,190
Goldman Sachs Small Cap Value Fund	354,663 shares	21,538,649
TimesSquare Midcap Growth Fund	800,429 shares	15,104,087
MainStay Large Cap Growth Fund	2,060,266 shares	20,005,185
T. Rowe Price Institutional Large Cap Value Fund	555,162 shares	12,979,683
Vanguard Total Bond Market Index Fund Institutional	1,459,452 shares	15,689,111
Total registered investment companies		672,359,985
Common/collective trust funds:		
Loomis Sayles Core Plus Fixed Income Trust Class C	1,333,357 units	19,200,334
* Fidelity Managed Income Portfolio Fund	18,201,399 units	18,201,399
Total common/collective trust funds		37,401,733
Common stock:		
* Expedia Group, Inc. common stock	181,411 shares	21,729,215
Participant-directed brokerage accounts:		
Fidelity Brokerage Link (1)	Various mutual funds and common stocks	23,726,556
* Notes Receivable from Participants	Interest rates ranging from 4.25% to 7.00%,	8,751,754

maturing through 2033

\$763,969,243

* Indicates a party-in-interest to the Plan.

(1) Certain investments in the Fidelity Brokerage Link accounts are issued by a party-in-interest to the Plan.

Note: Column (d), cost, is not applicable, as all investments are participant-directed.

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SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

EXPEDIA RETIREMENT SAVINGS PLAN

Date: By: /s/ LANCE SOLIDAY

June 27, 2018 Lance Soliday

Chair of Benefit Plans Administration Committee

Expedia Group, Inc.

EXHIBIT INDEX

Exhibit Number Description

23.1 Consent of Independent Registered Public Accounting Firm - Moss Adams LLP

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