

Expedia, Inc.  
Form 10-Q  
October 27, 2017  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q  
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2017  
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, 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.)  
333 108th Avenue NE  
Bellevue, WA 98004  
(Address of principal executive office) (Zip Code)  
(425) 679-7200  
(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

The number of shares outstanding of each of the registrant's classes of common stock as of October 13, 2017 was:

Common stock, \$0.0001 par value per share 139,695,003 shares

Class B common stock, \$0.0001 par value per share 12,799,999 shares

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## Part I. Item 1. Consolidated Financial Statements

## EXPEDIA, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except for per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Revenue	\$2,965,848	\$2,580,905	\$7,740,636	\$6,680,735
Costs and expenses:				
Cost of revenue <sup>(1)</sup>	458,559	416,907	1,319,253	1,225,857
Selling and marketing <sup>(1)</sup>	1,460,707	1,204,521	4,174,174	3,398,862
Technology and content <sup>(1)</sup>	350,061	301,446	1,014,631	910,921
General and administrative <sup>(1)</sup>	141,298	165,829	478,403	504,395
Amortization of intangible assets	71,011	74,939	203,966	249,119
Impairment of intangible assets	—	2,141	—	2,141
Legal reserves, occupancy tax and other	(1,499)	) 22,332	22,956	28,650
Restructuring and related reorganization charges <sup>(1)</sup>	3,983	6,638	15,590	46,274
Operating income	481,728	386,152	511,663	314,516
Other income (expense):				
Interest income	9,329	5,827	24,850	14,349
Interest expense	(44,001)	) (43,374)	) (129,639)	) (130,273)
Other, net	(31,625)	) (9,050)	) (66,016)	) (37,118)
Total other expense, net	(66,297)	) (46,597)	) (170,805)	) (153,042)
Income before income taxes	415,431	339,555	340,858	161,474
Provision for income taxes	(66,078)	) (60,627)	) (22,374)	) 14,929
Net income	349,353	278,928	318,484	176,403
Net loss attributable to non-controlling interests	2,885	403	4,321	25,988
Net income attributable to Expedia, Inc.	\$352,238	\$279,331	\$322,805	\$202,391
Earnings per share attributable to Expedia, Inc. available to common stockholders:				
Basic	\$2.32	\$1.86	\$2.13	\$1.35
Diluted	2.23	1.81	2.06	1.31
Shares used in computing earnings per share:				
Basic	152,088	150,239	151,406	150,281
Diluted	157,760	154,236		