

LENDINGTREE, INC.

FORM 10-K (Annual Report)

Filed 03/16/15 for the Period Ending 12/31/14

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Telephone	704-943-8942
CIK	0001434621
Symbol	TREE
SIC Code	6163 - Loan Brokers
Industry	Consumer Financial Services
Sector	Financial
Fiscal Year	12/31

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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2014

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 No. 001-34063



LendingTree, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

26-2414818

(I.R.S. Employer Identification No.)

11115 Rushmore Drive, Charlotte, North Carolina 28277

(Address of principal executive offices)

(704) 541-5351

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of each exchange on which registered
Common Stock, \$0.01 Par Value	The NASDAQ Stock Market

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

None

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of June 30, 2014 was \$186,884,728. For the purposes of the foregoing calculation only, all directors and executive officers of the Registrant and third parties that own 5% or more of the voting common stock are assumed to be affiliates of the Registrant.

As of March 9, 2015, there were 11,446,513 shares of the Registrant's common stock, par value \$.01 per share, outstanding.

Documents Incorporated By Reference:

Portions of the Registrant's proxy statement for its 2015 Annual Meeting of Stockholders are incorporated by reference into Part III herein.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This annual report on Form 10-K for the fiscal year ended December 31, 2014 (the "Annual Report") contains "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements related to our anticipated financial performance, business prospects and strategy; anticipated trends and prospects in the various industries in which our businesses operate; new products, services and related strategies; and other similar matters. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as "anticipates," "estimates," "expects," "projects," "intends," "plans" and "believes," among others, generally identify forward-looking statements.

Actual results could differ materially from those contained in the forward-looking statements. Factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include those matters discussed below, including in Part I. Item 1A. Risk Factors.

Other unknown or unpredictable factors that could also adversely affect our business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of LendingTree, Inc.'s management as of the date of this report. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results or expectations, except as required by law.

PART I

ITEM 1. *Business*

Our Company

LendingTree, Inc. ("LendingTree", the "Company", "we" or "us"), formerly known as Tree.com, Inc., operates what we believe to be the leading online loan marketplace for consumers seeking a broad array of loan types and other credit-based offerings. We offer consumers tools and resources, including free credit scores, that help them to comparison-shop for mortgage loans, home equity loans and lines of credit, reverse mortgages, personal loans, auto loans, student loans, credit cards, small business loans and other related offerings. And, upon submitting their relevant information to us through an inquiry form, we seek to match in-market consumers with multiple lenders on our marketplace, of which there are presently over 350 actively participating, who can provide them with competing quotes for the loans or credit-based offerings they are seeking. By providing consumers access to offerings directly from multiple lenders, rather than just multiple quotes from the same lender or indirectly through intermediaries, and across such a broad array of loan types, we believe our marketplace is differentiated from other providers operating loan comparison-shopping opportunities.

LendingTree, Inc., is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC. LendingTree, LLC, formerly known as LendingTree, Inc., was incorporated in the state of Delaware in June 1996 and commenced nationwide operations in July 1998. LendingTree, LLC, formerly known as LendingTree, Inc., was acquired by IAC/InterActiveCorp ("IAC") in 2003 and converted to a Delaware limited liability company (LendingTree, LLC) in December 2004. On August 20, 2008, Tree.com, Inc. (along with its subsidiary, LendingTree, LLC) was spun off from IAC/InterActiveCorp into a separate publicly-traded company. We refer to the separation transaction as the "spin-off" in this report. Tree.com was incorporated as a Delaware corporation in April 2008 in anticipation of the spin-off. Effective January 1, 2015, we changed our corporate name from Tree.com, Inc. to LendingTree, Inc.

Our Business

We operate what we believe to be the leading online loan marketplace for consumers seeking a broad array of loan types and other credit-based offerings. In this capacity, we seek to provide measurable value to both consumers and lenders. We serve as an ally to consumers as they comparison-shop for loans and related offerings, helping to empower them to make informed purchase decisions. We do so by providing them with information and tools, including free credit scores, conveniently located on our various websites. In addition, we provide consumers with access to offers from multiple lenders who can compete for their business, usually through a single inquiry form. All of our offerings to consumers are provided free of charge. We also serve as a valued partner to lenders seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries we generate with these lenders.

Through our strategically designed and executed advertising and marketing campaigns (which we refer to as performance marketing) promoting our LendingTree brands and offerings, we attract consumers to our websites and toll-free telephone numbers. Many consumers then complete inquiry forms, providing detailed information about themselves and the loans or other offerings they are seeking. We refer to such consumer inquiries as leads. We then match these leads with lenders seeking to serve these consumers' needs, in a forum we refer to as a marketplace. In so doing, we generate revenue from these lenders, generally at the time of transmitting a lead to them, for which we charge a match fee. In certain instances outside our mortgage business, we charge other kinds of fees, such as a closed loan or closed sale fees.

Evolution and Future Growth of Our Business

At its inception, our original business was to serve consumers seeking home mortgage loans by matching them with various lenders. We launched the LendingTree brand nationally in 1998 and, over the last seventeen years, we invested significantly in this brand to gain widespread consumer recognition.

More recently, over the past two years, we have actively sought to expand the suite of loan and credit-based offerings we provide, in order to both leverage the applicability of the LendingTree brand as well as more fully serve the needs of consumers and lenders. We believe that consumers will have a higher propensity to utilize our various services by virtue of their LendingTree-branded associations than those of other providers whose brands consumers may not recognize.

In June 2014, we re-launched My LendingTree, a platform that offers a personalized loan comparison-shopping experience, by providing free credit scores, credit score analysis and an in-depth view of a consumer's credit profile. We believe this new platform will enable us to provide consumers with measurable savings opportunities over their lifetimes, as we are able to observe their credit profiles and then identify loan and credit-based opportunities on our marketplace that may be more favorable than the loans they have at a given point in time, which we can alert them to.

Going forward, in addition to operating our core mortgage business, we intend to focus increasingly on growing our non-mortgage lending businesses and developing new product offerings and enhancements to improve the experiences that consumers and lenders have as they interact with us. By expanding our portfolio of loan and credit-based offerings, we are seeking to grow and diversify our business and sources of revenue. We intend to capitalize on our expertise in performance marketing, product development and technology, and leverage the widespread recognition of the LendingTree brand to pursue this strategy.

Our Segments

Our four operating segments are lending, auto, education and home services. We sometimes refer to these operating segments as our "businesses". Of these, only our lending operating segment meets the criteria for a reportable segment. We formerly referred to this reportable segment as our mortgage segment. The auto, education and home services operating segments are reported in the "Other" category in our segment reconciling information. *See* Note 16 —Segment Information to the consolidated financial statements included elsewhere in this report.

Lending

Consumers seeking home mortgage loans, home equity loans or lines of credit, reverse mortgages and personal loans can access our nationwide marketplace of more than 350 banks, specialty finance providers, alternative lending platforms, credit unions, loan brokers and other lenders or intermediaries online (via www.lendingtree.com or www.getsmart.com) or by calling 1-800-555-TREE. We refer to these various types of lenders as our marketplace lenders.

LendingTree does not charge consumers for the use of our services. Revenues from our mortgage products are derived from upfront match fees paid by marketplace lenders that receive a lead. Because a given loan request form can be matched with more than one marketplace lender, up to five match fees may be generated from a single consumer loan request form. Revenues from our non-mortgage products are derived from upfront match fees paid on delivery of a lead and for some marketplaces outside mortgage, other kinds of fees, such as closed loan fees.

Mortgage Products

Our mortgage products within our lending segment include our purchase, refinance and rate table products.

We partner with lenders throughout the country to provide full geographic lending coverage and to offer a complete suite of loan offerings on our marketplace. To participate on our marketplace, lenders are required to enter into contracts with us that state the terms and conditions for such participation, although these contracts generally may be terminated for convenience by either party. We perform certain due diligence procedures on prospective new lenders, including screening against a national anti-fraud database maintained by the Mortgage Asset Research Institute, which helps manage our risk exposure. The data is utilized to determine whether a lender and its principals are eligible to participate on our marketplace and have not been convicted of and/or penalized for fraudulent activity. For the years ended December 31, 2014 , 2013 and 2012 , one marketplace lender accounted

for 13% , 12% and 14% of total revenue, respectively, and another marketplace lender accounted for 11% , 12% and 11% of total revenue, respectively.

Consumers seeking mortgage loans through our loan marketplace can receive multiple conditional loan offers from participating lenders in response to a single loan request form. We refer to the process by which we match consumers and marketplace lenders as the matching process. This matching process consists of the following steps:

- (1) **Loan Request.** Consumers complete a single loan request form with information regarding the type of home loan product they are seeking, loan preferences and other data. Consumers also consent to a soft inquiry regarding their credit.
- (2) **Loan Request Form Matching and Transmission.** Our proprietary systems and technology match a given consumer's loan request form data, self-reported credit profile and geographic location against certain pre-established criteria of marketplace lenders, which may be modified from time to time. Once a given loan request passes through the matching process, the loan request is automatically transmitted to up to five participating marketplace lenders.
- (3) **Lender Evaluation and Response.** Marketplace lenders that receive a loan request form evaluate the information contained in it to determine whether to make a conditional loan offer. If any of the marketplace lenders initially receiving a loan request do not respond with a conditional loan offer, the loan request form is directed through the matching process a second time in an attempt to match the consumer with other marketplace lenders, up to a maximum of five.
- (4) **Communication of a Conditional Offer.** If one or more marketplace lenders make a conditional offer, the consumer is automatically notified via e-mail to return to our website and log in to a web page that presents the customized loan offers ("My Account"). Through the My Account web page, consumers may access and compare the proposed terms of each conditional offer, including interest rates, closing costs, monthly payment amounts, lender fees and other information.
- (5) **Loan Processing.** Consumers may then elect to work offline with relevant marketplace lenders to provide property information and additional information bearing on their creditworthiness. If a marketplace lender approves a consumer's application, it may then underwrite and originate a loan.
- (6) **Ongoing Consumer and Lender Support.** Active e-mail and telephone support are provided to both marketplace lenders and consumers during the matching and transmission process. This support is designed to provide technical assistance and increase overall satisfaction of marketplace lenders and consumers.

We also offer consumers an alternative "short-form" matching process, which provides them with lender contact information rather than conditional offers from marketplace lenders. This short-form process typically requires consumers to submit less data than required in connection with the matching process described above and does not involve consumer consent to an inquiry regarding credit.

In January 2013, we expanded our mortgage offerings by launching LoanExplorer, a "rate table" loan marketplace, where consumers can enter their loan and credit profile and dynamically view real-time rates from lenders without entering their contact information. Consumers then have the option of calling lenders directly, clicking through to lenders' websites or sending data requests for lenders to follow up with them directly. We developed this offering through internal product development efforts.

Non-Mortgage Products

Other lending offerings include information, tools and access to multiple conditional loan offers for:

- Home equity loans and lines of credit, which enable home owners to borrow against the equity in their home, as measured by the difference between the market value of the home and any existing loans secured by the home. Home equity loans are one-time lump sum loans, whereas a home equity line of credit reflects a line of revolving credit where the borrower has flexibility to draw down and repay the line over time.
- Reverse mortgage loans, which are a loan product available to qualifying homeowners age 62 or older. We launched this offering in the first quarter of 2013 through internal product development efforts.
- Personal loans, which are unsecured obligations generally carrying shorter terms and smaller loan amounts than mortgages. We have historically operated a personal loan offering, but launched an enhanced version of this offering in the third quarter of 2013.
- Credit cards, which include offerings from all of the major card issuers. We launched this offering in the second quarter of 2013.
- Small business loans, which include a broad array of financing types, including but not limited to loans secured by working capital, equipment, real estate and other forms of financing, provided to small and medium-sized businesses in amounts generally up to (although sometimes exceeding) \$1 million. We launched our small business loan marketplace in the third quarter of 2014.

We intend to continue adding new lending offerings for consumers and lenders, in order to grow and diversify our sources of revenue. We may develop such new offerings through internal product development efforts, strategic business relationships with third parties and/or acquisitions.

Other Operating Segments

Other operating segments include our auto, education and home services businesses.

Auto. Our auto business includes our auto refinance and purchase loan products. Auto loans enable consumers to purchase new or used vehicles or refinance an existing loan secured by an automobile.

Education . Our education business includes an enrollment product and our student loan products. Our enrollment product provides prospective students seeking admission to institutions of higher education with referrals to top-tier institutions and agencies. Student loans include both new loans to finance an education and related expenses, as well as refinancing of existing student loans. We launched our new student loan offering in the second quarter of 2014 and our student loan refinancing offering commenced in the fourth quarter of 2014.

Home Services . We offer consumers opportunities to research and find home improvement professional services through our marketplace of both local and national contractors.

Other Products . Other also includes information, tools and access to:

- Personal credit data, through which consumers can gain insights into how prospective lenders and other third parties view their credit profiles;
- Credit repair and debt consolidation services, through which consumers can obtain assistance improving their credit profiles, in order to expand and improve loan and other financial product opportunities available to them;
- Various consumer insurance products, including home and automobile, through which consumers are matched with licensed insurance agents and insurance lead aggregators to obtain insurance offers; and
- Real estate brokerage services, through which consumers are matched with local realtors who can assist them in their home purchase or sale efforts.

We refer to the various purchasers of leads from our other marketplaces as lead purchasers.

Seasonality

Revenue in our lending business is subject to cyclical and seasonal trends of the U.S. housing and mortgage markets. Home sales typically rise during the spring and summer months and decline during the fall and winter months, while refinancing and home equity activity is principally driven by mortgage interest rates as well as real estate values. However, in recent periods additional factors affecting the mortgage and real estate markets have impacted customary seasonal trends. Revenue in our personal loan and credit card businesses is driven by interest rates and availability of credit in the market.

However, these trends in our businesses are not absolute and there have been exceptions to them.

Competition

Our lending and other businesses compete with other lead aggregators, including online intermediaries that operate network-type arrangements. We also face competition from lenders that source consumer loan originations directly through their owned and operated websites, by phone or direct mail. These companies typically operate consumer-branded websites and attract consumers via online banner ads, keyword placement on search engines, partnerships with affiliates and business development arrangements with other properties, including major online portals.

Product Development

We invest in the continued development of both new and existing products to enhance the experiences of consumers and lenders as they interact with us. We incurred product development costs of \$11.1 million, \$7.7 million and \$5.6 million during the years ended December 31, 2014, 2013 and 2012, respectively, all of which was company sponsored.

Financial Information About Geographic Areas

Additional information on our financial performance by geographic areas can be found in Note 2—Significant Account Policies to the consolidated financial statements included elsewhere in this report.

Regulation and Legal Compliance

Our businesses market and provide services in heavily regulated industries through a number of different online and offline channels across the United States (*see* "Item 1A. Risk Factors— *Failure to comply with past, existing or new laws, rules and regulations, or to obtain and maintain required licenses, could materially and adversely affect our business, financial condition and results of operations.* "). As a result, they are subject to a variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States, including:

- Restrictions on the amount and nature of fees or interest that may be charged in connection with a loan, such as state usury and fee restrictions;
- Restrictions imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd Frank Act") and current or future rules promulgated thereunder, including, but not limited to, limitations on fees charged by mortgage lenders, mortgage broker disclosures and rules promulgated by the Consumer Financial Protection Bureau ("CFPB"), which was created under the Dodd-Frank Act;
- Restrictions on the manner in which consumer loans are marketed and originated, including the making of required consumer disclosures, such as the Federal Trade Commission's Mortgage Advertising Practices ("MAP") Rules, federal Truth-in-Lending Act, the federal Equal Credit Opportunity Act, the federal Fair Credit Reporting Act, the federal Fair Housing Act, the federal Real Estate Settlement Procedures Act ("RESPA"), and similar state laws;
- Restrictions on the amount and nature of fees that may be charged to lenders and real estate professionals for providing or obtaining consumer leads, such as RESPA;
- Restrictions on the amount and nature of fees that may be charged to consumers for real estate brokerage transactions, including any incentives and rebates that may be offered to consumers by our businesses;
- Federal and State laws relating to the implementation of the Secure and Fair Enforcement of Mortgage Licensing Act of 2008 (the "SAFE Act") that require us to be licensed in all States and the District of Columbia (licensing requirements are applicable to both individuals and/or businesses engaged in the solicitation of or the brokering of residential mortgage loans and/or the brokering of real estate transactions);
- State and federal restrictions on the marketing activities conducted by telephone, mail, email, mobile device or the internet, including the Telemarketing Sales Rule ("TSR"), Telephone Consumer Protection Act ("TCPA"), state telemarketing laws, federal and state privacy laws, the CAN-SPAM Act, and the Federal Trade Commission Act and their accompanying regulations and guidelines;
- Restrictions imposed by regulations promulgated by the Department of Education with respect to marketing activities and compensation and incentive payments in connection the recruitment and enrollment of students in higher education programs; and
- State "Bird Dog" laws which restrict the amount and nature of fees, if any, that may be charged to consumers for automobile direct and indirect financing.

Intellectual Property

We believe that our intellectual property rights are vital to our success. To protect our intellectual property rights in our technology, products, improvements and inventions, we rely on a combination of patents, trademarks, trade secret and other laws, and contractual restrictions on disclosure, including confidentiality agreements with strategic partners, employees, consultants and other third parties. As new or improved proprietary technologies are developed or inventions are identified, we seek patent protection in the United States and abroad, as appropriate. We have two issued U.S. patents relating to our technologies, including those relating to the method and network for coordinating a loan over the internet, which expire in 2018. In March 2014, a federal jury found these two patents invalid. In November 2014, we filed a notice of appeal with respect to the jury verdict. *See* Note 11—Contingencies—Intellectual Property Litigation—Zillow in the notes to the consolidated financial statements included elsewhere in this report. In addition to these two issued patents, we also have four pending U.S. patent applications.

Many of our services are offered under proprietary trademarks and service marks. We generally apply to register or secure by contract our principal trademarks and service marks as they are developed and used. We have 26 trademarks and service marks registered with the United States Patent and Trademark Office. These registrations can typically be renewed at 10-year intervals.

We reserve and register domain names when and where we deem appropriate and we currently have approximately 1,300 registered domain names. We also have agreements with third parties that provide for the licensing of patented and proprietary technology used in our business.

From time to time, we are subjected to legal proceedings and claims, or threatened legal proceedings or claims, including allegations of infringement of third-party trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, the use of litigation may be necessary for us to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations. *See* Note 11—Contingencies—Intellectual Property Litigation—Zillow in the notes to the consolidated financial statements included elsewhere in this report.

Employees

As of December 31, 2014 , we had approximately 218 employees, of which approximately 207 are full-time and 11 are temporary or part-time. None of our employees are represented under collective bargaining agreements and we consider our relations with employees and independent contractors to be good.

Additional Information

Website and Public Filings

We maintain a corporate website at www.lendingtree.com and an investor relations website at www.investor-relations.tree.com . None of the information on our website is incorporated by reference in this report, or in any other filings with, or in any information furnished or submitted to, the Securities and Exchange Commission (the "SEC").

We make available, free of charge through our website, our reports on Forms 10-K, 10-Q and 8-K, our proxy statement for the annual shareholders' meeting and beneficial ownership reports on Forms 3, 4 and 5 as soon as reasonably practicable after we file such material with, or furnish such material to, the SEC. Our filings with the SEC are available to the public over the Internet at the SEC's website at www.sec.gov , or at the SEC's public reference room located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

Code of Business Conduct and Ethics

Our code of business conduct and ethics, which applies to all employees, including all executive officers and senior financial officers and directors, is posted on our website at www.investor-relations.tree.com/governance.cfm . This is our code of ethics pursuant to Item 406 of SEC Regulation S-K and the rules of The NASDAQ Stock Market. Any amendments to or waivers of the code of business conduct and ethics that are of the type described in Item 406(b) and (d) of Regulation S-K, will be disclosed on our website.

ITEM 1A. Risk Factors

Our business, financial condition and results of operations are subject to certain risks that are described below.

Adverse conditions in the primary and secondary mortgage markets, as well as the general economy, could materially and adversely affect our business, financial condition and results of operations.

Constraints in the primary and secondary mortgage markets, have in the past had, and may in the future have, an adverse effect on our business, financial condition and results of operations. Generally, increases in interest rates adversely affect the ability of our marketplace lenders to close loans, and adverse economic trends limit the ability of our marketplace lenders to offer home loans other than low-margin conforming loans. Our businesses may experience a decline in demand for their offerings due to decreased consumer demand as a result of the conditions described above, now or in the future. Conversely, during periods with decreased interest rates, marketplace lenders have less incentive to use our marketplaces, or in the case of sudden increases in consumer demand, our marketplace lenders may lack the ability to support sudden increases in volume.

Difficult market conditions have adversely affected the mortgage industry.

Declines in the housing market from 2006 through early 2012, as measured by the S&P/Case-Schiller 20-city composite home price index, with home price declines and increased foreclosures, unemployment and under-employment, negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities as well as major commercial and investment banks. These write-downs, initially of mortgage-backed securities but subsequently of other asset-backed securities, credit default swaps and other derivative and cash securities, in turn, caused many financial institutions to seek additional capital, merge with larger and stronger institutions and, in some cases, to fail.

Reflecting concern about the stability of the housing markets generally and the strength of counterparties, many lenders and institutional investors reduced or ceased providing funding to borrowers, including to other financial institutions. This market disruption and tightening of credit led to an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The resulting economic pressure on consumers and lack of confidence in the financial markets has had in the past and may have in the future an adverse effect on our business, financial condition and results of operations.

While conditions in the housing markets have improved during 2013 and 2014, the failure to sustain such improvements and, thereby, a worsening of these conditions could have adverse effects on us and our marketplace lenders. Further, our business could be adversely affected by the actions and commercial soundness of other businesses in the financial services sector. As a result, defaults by, or even rumors or questions about, one or more of these entities, or the financial services industry generally, have in the past led to market-wide liquidity problems and could lead to disruptions in the mortgage industry. Any such disruption could have a material and adverse effect on our business, financial condition and results of operations.

Our recent revenue growth has been driven in significant part by personal loan offerings. If lenders participating on our marketplace decide to reduce their offerings of personal loans or if such loans become unattractive to consumers because of higher interest rates demanded by lenders, then our results of operations and future growth prospects could be materially and adversely affected.

We re-launched our personal loan product in the third quarter of 2013. Revenue from personal loan offerings substantially increased in 2014 compared to 2013 and was responsible for a significant portion of the \$15.5 million increase in non-mortgage revenue in the 2014 period. Personal loans are unsecured obligations and generally carrying shorter terms and smaller loan amounts than mortgages. Because they are unsecured, they are generally riskier assets for lenders than mortgages or other secured loans. Consumer demand for unsecured loans offered on our marketplace is often for refinancing of higher interest credit card debt or for a lower interest alternative to credit card debt for a contemplated larger purchase that would otherwise be purchased with a credit card. Lenders participating on our marketplace may reduce their willingness to make personal loans at more attractive interest rates than credit card debt and may for that reason, or for any other reason, reduce their demand for personal loan leads generated from our personal loan marketplace. Reasons that lenders might reduce their willingness to make personal loans at attractive interest rates may include regulatory changes, stricter institutional lending criteria or increased borrower default levels, which may occur upon adverse changes in regional, national or global economic conditions. If lenders participating on our marketplace decide to reduce their offerings of personal loans or if such loans become unattractive to consumers because of higher interest rates demanded by lenders, then our results of operations and future growth prospects could be materially and adversely affected.

Our financial results fluctuate as a result of seasonality, which may make it difficult to predict our future performance and may adversely affect our common stock price.

Our lending business is historically subject to seasonal trends. These trends reflect the general patterns of housing sales, which typically peak in the spring and summer seasons. In recent periods, broader cyclical trends in interest rates, as well as the mortgage and real estate markets, have upset the customary seasonal trends. However, seasonal trends may resume and our quarterly operating results may fluctuate. Our other businesses have various seasonality trends which may create further uncertainty in our quarterly operating results if these business become more significant components of our total revenue. See "Item 1. Business—Seasonality" included elsewhere in this report for more information. Any of these seasonal trends, or the combination of them, may negatively impact the price of our common stock.

We depend on relationships with marketplace lenders and any adverse changes in these relationships could adversely affect our business, financial condition and results of operations.

Our success depends in significant part on the financial strength of lenders participating on our marketplaces. Marketplace lenders could, for any reason, experience financial difficulties and cease participating on our lender marketplace, fail to pay match and/or closing fees when due and/or drop the quality of their services to consumers. The occurrence of one or more of these events with a significant number of marketplace lenders could, alone or in combination, have a material and adverse effect on our business, financial condition and results of operations.

Marketplace lenders affiliated with our marketplaces are not precluded from offering products and services outside of our marketplaces.

Because our businesses do not have exclusive relationships with marketplace lenders, consumers may obtain loans from these third-party service providers without having to use our marketplaces. Marketplace lenders can offer loans directly to consumers through their own marketing campaigns or other traditional methods of distribution, such as referral arrangements, physical store-front operations or broker agreements. Marketplace lenders may also offer loans and services to prospective customers online directly, through one or more online competitors of our businesses, or both. If a significant number of consumers seek loans and services directly from marketplace lenders as opposed to through our marketplaces, our business, financial condition and results of operations could be materially and adversely affected.

Some of our lending services are new to the market and may fail to achieve or maintain customer acceptance and profitability.

In 2013, we expanded our lending offerings by launching LoanExplorer, a "rate table" loan marketplace, and loan marketplaces for reverse mortgages and credit card offerings, as well as re-launching a loan marketplace for personal loans. In 2014, we launched a new student loan offering and marketplace for student loan refinancings and small business loans. We do not have as much experience with these products as with the mortgage marketplaces. Accordingly, these new offerings may be subject to greater risks than our more mature mortgage marketplaces.

The success of these and other new products we may offer will depend on a number of factors, including:

- Implementing, at an acceptable cost, product features expected by consumers and lenders;
- Market acceptance by consumers and lenders;
- Offerings by current and future competitors;
- Our ability to attract and retain management and other skilled personnel for these businesses;
- Our ability to collect amounts owed to us from third parties;
- Our ability to develop successful and cost-effective marketing campaigns; and
- Our ability to timely adjust marketing expenditures in relation to changes in demand for the underlying products and services offered by our lead purchasers.

Our results of operations may suffer if we fail to successfully anticipate and manage these issues associated with new products.

Marketplace lenders and lead purchasers on our marketplaces may not provide competitive levels of service to consumers, which could materially and adversely affect our brands and businesses and their ability to attract consumers.

The ability of our businesses to provide consumers with a high-quality experience depends, in part, on consumers receiving competitive levels of convenience, customer service, price and responsiveness from marketplace lenders and lead purchasers participating on our other marketplaces with whom they are matched. If these providers do not provide consumers with competitive

levels of convenience, customer service, price and responsiveness, the value of our various brands may be harmed, the ability of our businesses to attract consumers to our websites may be limited and the number of consumers matched through our marketplaces may decline, which could have a material and adverse effect on our business, financial condition and results of operations.

Litigation and indemnification of secondary market purchasers could have a material and adverse effect on our business, financial condition, results of operations and liquidity. If we cannot settle any then-existing and certain future contingent liabilities to secondary market purchasers, a portion of the purchase price for the sale of LendingTree Loans' assets will remain in escrow indefinitely.

In connection with the sale of loans to secondary market purchasers, Home Loan Center, Inc. ("HLC") may be liable for certain indemnification, repurchase and premium repayment obligations. In connection with the sale of loans to secondary market purchasers, HLC made certain representations regarding related borrower credit information, loan documentation and collateral. To the extent that these representations were incorrect, HLC may be required to repurchase loans or indemnify secondary market purchasers for losses due to borrower defaults. HLC also agreed to repurchase loans or indemnify secondary market purchasers for losses due to early payment defaults (*i.e.*, late payments during a limited time period immediately following HLC's origination of the loan). Further, HLC agreed to repay all or a portion of the initial premiums paid by secondary market purchasers in instances where the borrower prepays the loan within a specified period of time. HLC has made payments for these liabilities in the past and expects to make payments for these liabilities in the future.

We continue to be liable for these indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of our LendingTree Loans business. Approximately \$16.1 million is being held in escrow in accordance with the agreement with Discover for these obligations that remain with us following the sale. As a result of a settlement agreement in 2014 with a secondary market purchaser of loans, we expect \$12.1 million of such amount to be released from escrow in December 2015. We have in the past and intend to continue to negotiate in the future with secondary market purchasers to settle any existing and future contingent liabilities, but we cannot assure you we will be able to do so on terms acceptable to us, or at all. The occurrence of indemnification claims, repurchase obligations or premium repayments beyond our reserves for these contingencies, or our inability to settle with secondary market purchasers, may have a material and adverse effect on our business, financial condition and results of operations.

The asset purchase agreement for the sale of substantially all of the operating assets of our LendingTree Loans business may expose us to contingent liabilities.

Under the asset purchase agreement, we entered into in May 2011(as amended) with Discover Bank, a wholly-owned subsidiary of Discover Financial Services ("Discover"), we have agreed to indemnify Discover for a breach or inaccuracy of any representation, warranty or covenant made by us in the asset purchase agreement, for any liability of ours that was not assumed, for any claims by our stockholders against Discover and for our failure to comply with any applicable bulk sales law, subject to certain limitations. Discover submitted a claim for indemnification relating to our sale prior to the closing of certain loans that were listed in the asset purchase agreement as to be conveyed to Discover at closing. In May 2013, the claim was resolved (*see* Note 15 —Discontinued Operations to the consolidated financial statements included elsewhere in this report). The occurrence of indemnification claims may have a material and adverse effect on our financial condition and results of operations.

We have incurred significant operating losses in the past and we may not be able to generate sufficient revenue to be profitable over the long term.

We have a history of incurring operating losses, including for the 2014 and 2013 years, and although our performance over the last few years has been improving, we have an accumulated deficit of \$798.2 million at December 31, 2014 . If we fail to maintain or grow our revenue and manage our expenses, we may incur significant losses in the future and not be able to maintain profitability.

We rely on the performance of highly skilled personnel and if we are unable to attract, retain and motivate well-qualified employees, our business could be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our management team and our highly skilled employees, including our software engineers, analysts, marketing professionals and sales staff. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. The loss of any of our senior management or key employees could materially and adversely affect our ability to build on the efforts they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business and results of operations could be harmed.

Failure to maintain brand recognition and attract and retain customers in a cost-effective manner could materially and adversely affect our business, financial condition and results of operations.

In order to attract visitors to our websites, convert these visitors into leads for our marketplace lenders and lead purchasers and generate repeat visits from consumers, our businesses must promote and maintain their various brands successfully. Brand promotion and maintenance requires the expenditure of considerable money and resources for online and offline advertising, marketing and related efforts, as well as the continued provision and introduction of high-quality products and services.

Brand recognition is a key differentiating factor among providers of online services. We believe that continuing to build and maintain the recognition of our various brands is critical to achieving increased demand for the services provided by our businesses. Accordingly, we have spent, and expect to continue to spend, significant amounts of operating capital on, and devote significant resources to, branding, advertising and other marketing initiatives, which may not be successful or cost-effective. The failure of our businesses to maintain the recognition of their respective brands and attract and retain customers in a cost-effective manner could materially and adversely affect our business, financial condition and results of operations.

Adverse publicity from legal proceedings against us or our businesses, including governmental proceedings and consumer class action litigation, or from the disclosure of information security breaches, could negatively impact our various brands, which could materially and adversely affect our business, financial condition and results of operations. In addition, the actions of our third-party marketing partners who engage in advertising on our behalf could negatively impact our various brands.

We depend on search engines and other online sources to attract visitors to our websites, and if we are unable to attract these visitors and convert them into leads for our marketplace lenders and lead purchasers in a cost-effective manner, our business and financial results may be harmed.

Our success depends on our ability to attract online consumers to our websites and convert them into customers in a cost-effective manner. We depend, in part, on search engines and other online sources for our website traffic. We are included in search results as a result of both paid search listings, where we purchase specific search terms that result in the inclusion of our listing, and algorithmic searches, that depend upon the searchable content on our sites. Search engines and other online sources revise their algorithms from time to time in an attempt to optimize their search results.

If one or more of the search engines or other online sources on which we rely for website traffic were to modify its general methodology for how it displays our websites, resulting in fewer consumers clicking through to our websites, our business, could suffer. If any free search engine on which we rely begins charging fees for listing or placement, or if one or more of the search engines or other online sources on which we rely for purchased listings, modifies or terminates its relationship with us, our expenses could rise, we could lose customers and traffic to our websites could decrease, all of which could have a material and adverse effect on our business, financial condition and results of operations.

If we are unable to continually enhance our products and services and adapt them to technological changes and consumer and lender and/or lead purchaser needs, including the emergence of new computing devices and more sophisticated online services, we may lose market share and revenue and our business could suffer.

We need to anticipate, develop and introduce new products, services and applications on a timely and cost-effective basis that keep pace with technological developments and changing consumer and customer needs. For example, the number of individuals who access the internet through devices other than a personal computer, such as personal digital assistants, mobile telephones, televisions and set-top box devices has increased significantly and this trend is likely to continue. Because each manufacturer or distributor may establish unique technical standards for its devices, our websites may not be functional or viewable on these devices. Additionally, new devices and new platforms are continually being released. Consumers access many traditional web services on mobile devices through applications, or apps.

It is difficult to predict the problems we may encounter in improving our websites' functionality with these alternative devices or developing apps for mobile platforms. If we fail to develop our websites or apps to respond to these or other technological developments and changing consumer and customer needs cost effectively, we may lose market share, which could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with past, existing or new laws, rules and regulations, or to obtain and maintain required licenses, could materially and adversely affect our business, financial condition and results of operations.

We market and provide services in heavily regulated industries through a number of different channels across the United States. As a result, our businesses have been and remain subject to a variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States, which are subject to change at any time. The failure of our businesses to comply with

past, existing or new laws, rules and regulations, or to obtain and maintain required licenses, could result in administrative fines and/or proceedings against us or our businesses by governmental agencies and/or litigation by consumers, which could materially and adversely affect our business, financial condition and results of operations and our brand.

Our businesses conduct marketing activities via the telephone, the mail and/or through online marketing channels, which general marketing activities are governed by numerous federal and state regulations, such as the Telemarketing Sales Rule, state telemarketing laws, federal and state privacy laws, the CAN-SPAM Act, the Telephone Consumer Protection Act and the Federal Trade Commission Act and its accompanying regulations and guidelines, among others. Increased regulation by the U.S. Federal Trade Commission ("FTC") and Federal Communications Commission ("FCC") has resulted in restrictions on telephone calls to residential and wireless telephone subscribers.

Additional federal, state and in some instances, local, laws regulate residential lending activities. These laws generally regulate the manner in which lending and lending-related activities are marketed or made available, including advertising and other consumer disclosures, payments for services and record keeping requirements; these laws include RESPA, the Fair Credit Reporting Act, the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Housing Act and various state laws. State laws often restrict the amount of interest and fees that may be charged by a lender or mortgage broker, or otherwise regulate the manner in which lenders or mortgage brokers operate or advertise.

Failure to comply with applicable laws and regulatory requirements may result in, among other things, revocation of or inability to renew required licenses or registrations, loss of approval status, termination of contracts without compensation, administrative enforcement actions and fines, private lawsuits, including those styled as class actions, cease and desist orders and civil and criminal liability.

Most states require licenses to solicit, broker or make loans secured by residential mortgages and other consumer loans to residents of those states, as well as to operate real estate referral and brokerage services, and in many cases require the licensure or registration of individual employees engaged in aspects of these businesses. In 2008, Congress mandated that all states adopt certain minimum standards for the licensing of individuals involved in mortgage lending or loan brokering, and many state legislatures and state agencies are in the process of adopting or implementing additional licensing, continuing education and similar requirements on mortgage lenders, brokers and their employees. Compliance with these new requirements may render it more difficult to operate or may raise our internal costs. While our businesses have endeavored to comply with applicable requirements, the application of these requirements to persons operating online is not always clear. Moreover, any of the licenses or rights currently held by our businesses or our employees may be revoked prior to, or may not be renewed upon, their expiration. In addition, our businesses or our employees may not be granted new licenses or rights for which they may be required to apply from time to time in the future.

Likewise, states or municipalities may adopt statutes or regulations making it unattractive, impracticable or infeasible for our businesses to continue to conduct business in such jurisdictions. The withdrawal from any jurisdiction due to emerging legal requirements could materially and adversely affect our business, financial condition and results of operations.

Our businesses are also subject to various state, federal and/or local laws, rules and regulations that regulate the amount and nature of fees that may be charged for transactions and incentives, such as rebates, that may be offered to consumers by our businesses, as well as the manner in which these businesses may offer, advertise or promote transactions. For example, RESPA generally prohibits the payment or receipt of referral fees and fee shares or splits in connection with residential mortgage loan transactions, subject to certain exceptions. The applicability of referral fee and fee sharing prohibitions to lenders and real estate providers, including online networks, may have the effect of reducing the types and amounts of fees that may be charged or paid in connection with real estate-secured loan offerings or activities, including mortgage brokerage, lending and real estate brokerage services, or otherwise limiting the ability to conduct marketing and referral activities.

Various federal, state and in some instances, local, laws also prohibit unfair and deceptive sales practices. We have adopted appropriate policies and procedures to address these requirements (such as appropriate consumer disclosures and call scripting, call monitoring and other quality assurance and compliance measures), but it is not possible to ensure that all employees comply with our policies and procedures at all times.

Compliance with these laws, rules and regulations is a significant component of our internal costs, and new laws, rules and regulations are frequently proposed and adopted, requiring us to adopt new procedures and practices. Changes to existing laws, rules and regulations or changes to interpretation of existing laws, rules and regulations could result in further restriction of activities incidental to our business and could have a material and adverse effect on our business, results of operation and financial condition.

Parties through which our businesses conduct business similarly may be subject to federal and state regulation. These parties typically act as independent contractors and not as agents in their solicitations and transactions with consumers. We cannot ensure that these entities will comply with applicable laws and regulations at all times. Failure on the part of a lender, secondary market purchaser, website operator or other third party to comply with these laws or regulations could result in, among other things, claims of vicarious liability or a negative impact on our reputation and business.

Regulatory authorities and private plaintiffs may allege that we failed to comply with applicable laws, rules and regulations where we believe we have complied. These allegations may relate to past conduct and/or past business operations, such as our discontinued real estate brokerage operation (which was subject to various state and local laws, rules and regulations). Even allegations that our activities have not complied or do not comply with all applicable laws and regulations may have a material and adverse effect on our business, financial condition and results of operations. The alleged violation of such laws, rules or regulations may entitle an individual plaintiff to seek monetary damages, or may entitle an enforcing government agency to seek significant civil or criminal penalties, costs and attorneys' fees. Regardless of its merit, an allegation typically requires legal fee expenditures to defend against. We have in the past and may in the future decide to settle allegations of non-compliance with laws, rules and regulations when we determine that the cost of settlement is less than the cost and risk of continuing to defend against an allegation. Settlements may require us to pay monetary fines and may require us to adopt new procedures and practices, which may render it more difficult to operate or may raise our internal costs. The future occurrence of one or more of these events could have a material and adverse effect on our business, financial condition and results of operations.

Changes in the regulation of the Internet could negatively affect our business.

Laws, rules and regulations governing Internet communications, advertising and e-commerce are dynamic and the extent of future government regulation is uncertain. Federal and state regulations govern various aspects of our online business, including intellectual property ownership and infringement, trade secrets, the distribution of electronic communications, marketing and advertising, user privacy and data security, search engines and Internet tracking technologies. Future taxation on the use of the Internet or e-commerce transactions could also be imposed. Existing or future regulation or taxation could hinder growth in or negatively impact the use of the Internet generally, including the viability of Internet e-commerce, which could reduce our revenue, increase our operating expenses and expose us to significant liabilities.

The Dodd-Frank Wall Street Reform and Consumer Protection Act and related legislative and regulatory actions may have a significant impact on our business, results of operations and financial condition.

In July 2010, the President signed into law the Dodd-Frank Act, which contains a comprehensive set of provisions designed to govern the practices and oversight of financial institutions and other participants in the financial markets. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new rules and regulations, and to prepare numerous studies and reports for Congress, which could result in additional legislative or regulatory action. The federal agencies are given significant discretion in drafting the rules and regulations and, consequently, many of the details and much of the impact of the Dodd-Frank Act may not be known for many months or years.

The Dodd-Frank Act, as well as other legislative and regulatory changes, could have a significant impact on us by, for example, requiring us to change our business practices, limiting our ability to pursue business opportunities, imposing additional costs on us, limiting fees we can charge, impacting the value of our assets, or otherwise adversely affecting our businesses. Among other things, the Dodd-Frank Act established the Bureau of Consumer Financial Protection to regulate consumer financial services and products, including credit, savings and payment products. The effect of the Dodd-Frank Act on our business and operations could be significant, depending upon final implementing regulations, the actions of our competitors and the behavior of other marketplace participants. In addition, we may be required to invest significant management time and resources to address the various provisions of the Dodd-Frank Act and the numerous regulations that are required to be issued under it.

In light of recent conditions in the U.S. financial markets and economy, as well as a heightened regulatory and Congressional focus on consumer lending, regulators have increased their scrutiny of the financial services industry, the result of which has included new regulations and guidance. We are unable to predict the long-term impact of this enhanced scrutiny. We are also unable to predict whether any additional or similar changes to statutes or regulations, including the interpretation or implementation thereof, will occur in the future.

If marketplace lenders fail to produce required documents for examination by, or other affiliated parties fail to make certain filings with, state regulators, we may be subject to fines, forfeitures and the revocation of required licenses.

Some of the states in which our businesses maintain licenses require them to collect various loan documents from marketplace lenders and produce these documents for examination by state regulators. While marketplace lenders are contractually obligated to provide these documents upon request, these measures may be insufficient. Failure to produce required documents for examination could result in fines, as well as the revocation of our licenses to operate in certain states, which could have a material and adverse effect on our business, financial condition and results of operations.

Regulations promulgated by some states may impose compliance obligations on directors, executive officers, large customers and any person who acquires a certain percentage (for example, 10% or more) of our common stock, including requiring such persons to periodically file financial and other personal and business information with state regulators. If any such person refuses or fails to comply with these requirements, we may be unable to obtain certain licenses and existing licensing arrangements may

be jeopardized. The inability to obtain, or the loss of, required licenses could have a material and adverse effect on our business, financial condition and results of operations.

Our success depends, in part, on the integrity of our systems and infrastructures. System interruption and the lack of integration and redundancy in these systems and infrastructures may have a material and adverse impact on our business, financial condition and results of operations.

Our success depends, in part, on our ability to maintain the integrity of our systems and infrastructures, including websites, information and related systems, call centers and distribution and fulfillment facilities. System interruption and the lack of integration and redundancy in our information systems and infrastructures may materially and adversely affect our ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. We may experience occasional system interruptions that make some or all systems or data unavailable or prevent our businesses from efficiently providing services or fulfilling orders. We also rely on affiliate and third-party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in our systems and infrastructures, our businesses, our affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair the ability of our businesses to provide services, fulfill orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God, unauthorized intrusions or computer viruses, and similar events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent our businesses from providing services, fulfilling orders and/or processing transactions. While our businesses have backup systems for certain aspects of their operations, these systems are not fully redundant and disaster recovery planning is not sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these events were to occur, it could materially and adversely affect our business, financial condition and results of operations.

A breach of our network security or the misappropriation or misuse of personal consumer information may have a material and adverse impact on our business, financial condition and results of operations.

Any penetration of network security or other misappropriation or misuse of personal consumer information maintained by us or our third-party marketing partners could cause interruptions in the operations of our businesses and subject us to increased costs, litigation and other liabilities. Claims could also be made against us or our third-party marketing partners for other misuse of personal information, such as for unauthorized purposes or identity theft, which could result in litigation and financial liabilities, as well as administrative action from governmental authorities. Real or perceived security breaches could also significantly damage our reputation with consumers and third parties with whom we do business.

We may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. We also face risks associated with security breaches affecting third parties with whom we are affiliated or otherwise conduct business with online. Consumers are generally concerned with security and privacy of the Internet, and any publicized security problems affecting our businesses and/or those of third parties may discourage consumers from doing business with us, which could have a material and adverse effect on our business, financial condition and results of operations.

The collection, processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.

In the processing of consumer transactions, our businesses receive, transmit and store a large volume of personally identifiable information and other user data. The collection, sharing, use, disclosure and protection of this information are governed by the privacy and data security policies maintained by us and our businesses. Moreover, there are federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. We could be materially and adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations.

Our businesses may also become exposed to potential liabilities as a result of differing views on the privacy of consumer and other user data collected by these businesses. Our failure, and/or the failure by the various third-party vendors and service providers with whom we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage the reputation of these businesses, discourage potential users from our products and services and/or result in fines

and/or proceedings by governmental agencies and/or consumers, one or all of which could materially and adversely affect our business, financial condition and results of operations.

We may fail to adequately protect our intellectual property rights or may be accused of infringing intellectual property rights of third parties.

We regard our intellectual property rights, including patents, service marks, trademarks and domain names, copyrights, trade secrets and similar intellectual property (as applicable), as critical to our success. Our businesses also rely heavily upon software codes, informational databases and other components that make up their products and services.

We rely on a combination of laws and contractual restrictions with employees, customers, suppliers, affiliates and others to establish and protect these proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use trade secrets or copyrighted intellectual property without authorization which, if discovered, might require legal action to correct. In addition, third parties may independently and lawfully develop substantially similar intellectual properties.

We have generally registered and continue to apply to register, or secure by contract when appropriate, our principal trademarks and service marks as they are developed and used, and reserve and register domain names when and where we deem appropriate. We generally consider the protection of our trademarks to be important for purposes of brand maintenance and reputation. While we vigorously protect our trademarks, service marks and domain names, effective trademark protection may not be available or may not be sought in every country in which products and services are made available, and contractual disputes may affect the use of marks governed by private contract. Similarly, not every variation of a domain name may be available or be registered, even if available. Our failure to protect our intellectual property rights in a meaningful manner or challenges to related contractual rights could result in erosion of brand names and limit our ability to control marketing on or through the Internet using our various domain names or otherwise, which could materially and adversely affect our business, financial condition and results of operations.

We have been granted patents and we have patent applications pending with the United States Patent and Trademark Office and various foreign patent authorities for various proprietary technologies and other inventions. The status of any patent involves complex legal and factual questions, and the breadth of claims allowed is uncertain. Accordingly, any patent application filed may not result in a patent being issued or existing or future patents may not be adjudicated valid by a court or be afforded adequate protection against competitors with similar technology. In March 2014, a federal jury found our two issued patents invalid. We are considering our legal alternatives with respect to this jury finding. *See* Note 11—Contingencies—Intellectual Property Litigation—Zillow in the notes to the consolidated financial statements included elsewhere in this report. In addition, third parties may create new products or methods that achieve similar results without infringing upon patents that we own.

Likewise, the issuance of a patent to us does not mean that our processes or inventions will be found not to infringe upon patents or other rights previously issued to third parties.

From time to time, in the ordinary course of business we are subjected to legal proceedings, claims and counterclaims, or threatened legal proceedings, claims or counterclaims, including allegations of infringement of the trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially and adversely affect our business, financial condition and results of operations. Patent litigation tends to be particularly protracted and expensive. In 2014, we participated in a jury trial for the litigation described in Note 11—Contingencies—Intellectual Property Litigation—Zillow in the notes to the consolidated financial statements included elsewhere in this report. The legal expenses associated with this jury trial were material and negatively affected our results of operations for 2014.

Our framework for managing risks may not be effective in mitigating our risk of loss.

Our risk management framework seeks to mitigate risk and appropriately balance risk and return. We have established processes and procedures intended to identify, measure, monitor and report the types of risk to which we are subject, including credit risk, market risk, liquidity risk, operational risk, legal and compliance risk, and strategic risk. We seek to monitor and control our risk exposure through a framework of policies, procedures and reporting requirements. Management of our risks in some cases depends upon the use of analytical and/or forecasting models. If the models that we use to mitigate these risks are inadequate, we may incur increased losses. In addition, there may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially and adversely affected.

Acquisitions or strategic investments that we pursue may not be successful and could disrupt our business and harm our financial condition.

We may consider or undertake strategic acquisitions of, or material investments in, businesses, products or technologies. We may not be able to identify suitable acquisition or investment candidates, or even if we do identify suitable candidates, they may be difficult to finance, expensive to fund and there is no guarantee that we can obtain any necessary regulatory approvals or complete such transactions on terms that are favorable to us. To the extent we pay the purchase price of any acquisition or investment in cash, it would reduce our cash balances, which may have a material and adverse effect on our business and financial condition. If the purchase price is paid with our stock, it would be dilutive to our stockholders. In addition, we may assume liabilities associated with a business acquisition or investment, including unrecorded liabilities that are not discovered at the time of the transaction, and the repayment of those liabilities may have a material and adverse effect on our financial condition. There may also be litigation or other claims arising in connection with an acquisition itself.

We may not be able to successfully integrate the personnel, operations, businesses, products or technologies of an acquisition or investment. Integration may be particularly challenging if we enter into a line of business in which we have limited experience and the business operates in a difficult legal, regulatory or competitive environment. We may find that we do not have adequate operations or expertise to manage the new business. The integration of any acquisition or investment may divert management's time and resources from our core business, which could impair our relationships with our current employees, customers and strategic partners and disrupt our operations. Acquisitions and investments also may not perform to our expectations for various reasons, including the loss of key personnel or customers. If we fail to integrate acquisitions or investments or realize the expected benefits, we may lose the return on these acquisitions or investments or incur additional transaction costs and our business and financial condition may be harmed as a result.

If our goodwill or amortizable intangible assets become impaired, we may be required to record a significant charge to earnings.

Under accounting principles generally accepted in the United States of America ("GAAP"), we review the carrying value of goodwill and indefinite-lived intangible assets on an annual basis as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill or indefinite-lived intangible assets may not be recoverable, include a decline in stock price and market capitalization, reduced future cash flow estimates and slower growth rates in our industry or our customers' industries. We may be required to record a significant charge in our financial statements during a period in which any impairment of our goodwill or indefinite-lived intangible assets is determined, negatively impacting our results of operations.

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

The market price for our common stock has been volatile since our spin-off. The market price for our common stock could continue to fluctuate significantly for many reasons, including the risks identified in this report or reasons unrelated to our performance. These factors may result in short- or long-term negative pressure on the value of our common stock.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for internet marketplace operators and lead-generation companies depends, in part, on the research and reports that securities or industry analysts publish about the industry and specific companies. If one or more analysts covering us currently or in the future fail to publish reports on us regularly, demand for our common stock could decline, which could cause our stock price and trading volume to decline. If one or more recognized securities or industry analysts that cover our company or our industry in the future downgrades our common stock or publishes inaccurate or unfavorable research about our business or industry, our stock price would likely decline.

Two holders of our common stock own a substantial portion of our outstanding common stock, which concentrates voting control and limits your ability to influence corporate matters.

As of March 9, 2015, Douglas Lebda, our Chairman and Chief Executive Officer, and Liberty Interactive Corporation beneficially owned approximately 16% and 24%, respectively, of our outstanding common stock. Liberty Interactive also has the right to nominate 20% of the total number of directors serving on the board, rounded up. Liberty Interactive has nominated two directors, Neal Dermer and Craig Troyer.

Therefore, for the foreseeable future, Mr. Lebda and Liberty Interactive will each have influence over our management and affairs and all matters requiring shareholder approval, including the election or removal (with or without cause) of directors and approval of any significant corporate transaction, such as a merger or other sale of us or our assets. The interests of Mr. Lebda or

Liberty Interactive may not necessarily align with the interests of our other stockholders. This concentrated control could delay, defer or prevent a change of control, merger, consolidation, takeover or other business combination involving us that other stockholders may otherwise support. This concentrated control could also discourage a potential investor from acquiring our common stock and might harm the market price of our common stock.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by stockholders to replace or remove our management and affect the market price of our common stock.

Provisions in our certificate of incorporation and bylaws, as amended and restated, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated articles of incorporation and/or amended and restated bylaws include provisions that:

- Authorize our board of directors to issue, without further action by our stockholders, up to five million shares of undesignated preferred stock;
- Prohibit cumulative voting in the election of directors;
- Provide that vacancies on our board of directors may be filled only by the affirmative vote of a majority of directors then in office or by the sole remaining director;
- Provide that only our board of directors may change the size of our board of directors;
- Specify that special meetings of our stockholders may be called only by or at the direction of our board of directors or by a person specifically designated with such authority by the board; and
- Prohibit stockholders from taking action by written consent.

The provisions described above may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing our management. In addition, because we are incorporated in the State of Delaware, we are governed by the provisions of the Delaware General Corporation Law, which prohibits certain business combinations between us and certain significant stockholders unless specified conditions are met. These provisions may also have the effect of delaying or preventing a change of control of our company, even if stockholders support such a change of control.

ITEM 1B. *Unresolved Staff Comments*

Not applicable.

ITEM 2. *Properties*

Our principal executive offices are currently located in approximately 37,800 square feet of office space in Charlotte, North Carolina under a lease that expires in July 2015. Personnel for our lending segment are located in both our office space in Charlotte, North Carolina, as well as approximately 6,100 square feet of office space in Burlingame, California under a lease that expires in March 2015. We are in the process of negotiating new leases for these properties.

ITEM 3. *Legal Proceedings*

In the ordinary course of business, we are party to litigation involving property, contract, intellectual property and a variety of other claims. The amounts that may be recovered in such matters may be subject to insurance coverage. *See* Note 11 — Contingencies in the notes to the consolidated financial statements included elsewhere in this report for a discussion of our current litigation.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***General Market Information, Holders and Dividends**

Our common stock is quoted on the NASDAQ Global Select Market under the ticker symbol "TREE". The table below sets forth, for the calendar periods indicated, the high and low sales prices per share for LendingTree common stock as reported on the NASDAQ Stock Market. The stock price information is based on published financial sources.

Year Ended December 31, 2014	High	Low
First Quarter	\$ 35.05	\$ 29.76
Second Quarter	31.66	22.94
Third Quarter	36.00	24.61
Fourth Quarter	48.84	33.72

Year Ended December 31, 2013	High	Low
First Quarter	\$ 18.75	\$ 16.00
Second Quarter	21.49	16.33
Third Quarter	26.84	16.54
Fourth Quarter	33.24	26.30

As of March 9, 2015, there were approximately 900 holders of record of our common stock and the closing price of the common stock was \$51.80.

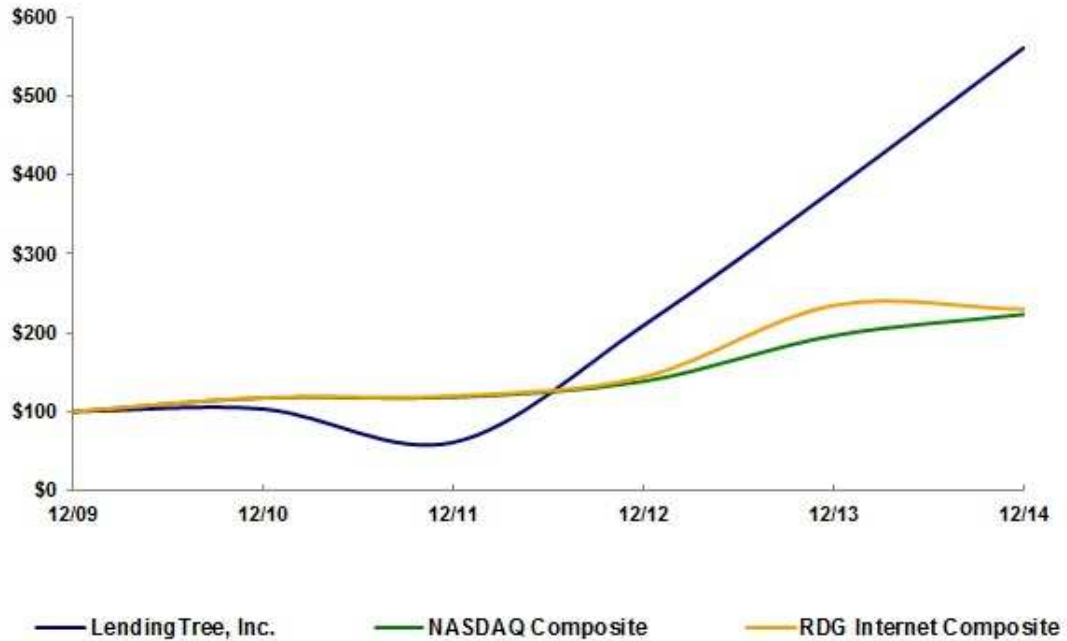
On December 26, 2012, we paid a special dividend of \$1.00 per share to our shareholders of record as of December 17, 2012. Other than the special dividend, we have not declared or paid a cash dividend on our common stock during the three most recent fiscal years. We have no current intention to declare or pay cash dividends on our common stock in the foreseeable future. The declaration, payment and amount of future cash dividends, if any, will be at the discretion of our board of directors.

Performance Graph

Set forth below is a line graph, for the period from December 31, 2009 through December 31, 2014, comparing the cumulative total stockholder return of \$100 invested (assuming that all dividends were reinvested) in (1) our common stock, (2) the cumulative return of all companies listed on the NASDAQ Composite Index and (3) the cumulative total return of the Research Development Group ("RDG") Internet index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among LendingTree, Inc., the NASDAQ Composite Index and the RDG Internet Composite Index



*\$100 invested on 12/31/09 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

Unregistered Sales of Equity Securities and Use of Proceeds

During the year ended December 31, 2014, we did not issue or sell any shares of our common stock or other equity securities in transactions that were not registered under the Securities Act.

Issuer Purchases of Equity Securities

In January 2010, the board of directors approved and we announced a stock repurchase program which allowed for the repurchase of up to \$10.0 million of our common stock. In May 2014, the board of directors authorized and we announced an additional \$10.0 million to the stock repurchase program. At December 31, 2014, approximately \$7.5 million remains authorized for share repurchase under this program. Under this program, we can repurchase stock in the open market or through privately-negotiated transactions. We have used available cash to finance these repurchases. We will determine the timing and amount of any additional repurchases based on our evaluation of market conditions, applicable SEC guidelines and regulations, and other factors. This program may be suspended or discontinued at any time at the discretion of our board of directors. We repurchased 1,500 shares of common stock under the stock repurchase program during the quarter ended December 31, 2014.

Additionally, the LendingTree Fourth Amended and Restated 2008 Stock and Award Incentive Plan allows employees to forfeit shares of our common stock to satisfy federal and state withholding obligations upon the exercise of stock options, the settlement of restricted stock unit awards and the vesting of restricted stock awards granted to those individuals under this plan. During the quarter ended December 31, 2014, 27,439 shares were purchased related to these obligations under the LendingTree Fourth Amended and Restated 2008 Stock and Award Incentive Plan. The withholding of those shares does not affect the dollar amount or number of shares that may be purchased under the stock repurchase program described above.

The following table provides information about the Company's purchases of equity securities during the quarter ended December 31, 2014 .

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number/Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs <i>(in thousands)</i>
October 2014	—	\$ —	—	\$ 7,554
November 2014	2,106	\$ 37.68	—	\$ 7,554
December 2014	26,833	\$ 42.88	1,500	\$ 7,490
Total	28,939	\$ 42.50	1,500	\$ 7,490

ITEM 6. Selected Financial Data

The summary financial data presented below represents portions of our consolidated financial statements and are not complete. The following financial information should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and notes thereto contained in "Item 8. Financial Statements and Supplementary Data" included elsewhere in this Annual Report. Historical results are not necessarily indicative of future performance or results of operations.

	Year Ended December 31,				
	2014	2013	2012 ⁽¹⁾	2011	2010 ⁽³⁾
<i>(in thousands, except per share amounts)</i>					
Results of Operations:					
Revenue	\$ 167,350	\$ 139,240	\$ 77,443	\$ 54,617	\$ 59,918
Loss from continuing operations	(487)	(673)	(2,249)	(49,710)	(26,604)
Income (loss) from discontinued operations ⁽²⁾	9,849	4,620	48,874	(9,793)	8,427
Net income (loss) and comprehensive income (loss)	\$ 9,362	\$ 3,947	\$ 46,625	\$ (59,503)	\$ (18,177)
Weighted average shares outstanding:					
Basic	11,188	11,035	10,695	10,377	10,433
Diluted	11,188	11,035	10,695	10,377	10,433
Loss per share from continuing operations:					
Basic	\$ (0.04)	\$ (0.06)	\$ (0.21)	\$ (4.79)	\$ (2.55)
Diluted	\$ (0.04)	\$ (0.06)	\$ (0.21)	\$ (4.79)	\$ (2.55)
Income (loss) per share from discontinued operations:					
Basic	\$ 0.88	\$ 0.42	\$ 4.57	\$ (0.94)	\$ 0.81
Diluted	\$ 0.88	\$ 0.42	\$ 4.57	\$ (0.94)	\$ 0.81
Net income (loss) per share:					
Basic	\$ 0.84	\$ 0.36	\$ 4.36	\$ (5.73)	\$ (1.74)
Diluted	\$ 0.84	\$ 0.36	\$ 4.36	\$ (5.73)	\$ (1.74)
Cash dividend per share	\$ —	\$ —	\$ 1.00	\$ —	\$ —
Financial Position:					
Cash and cash equivalents	\$ 86,212	\$ 91,667	\$ 80,190	\$ 45,541	\$ 68,819
Total assets	\$ 139,891	\$ 152,644	\$ 143,171	\$ 331,340	\$ 282,802
Total long-term liabilities	\$ 4,889	\$ 5,437	\$ 5,883	\$ 5,544	\$ 29,648
Total shareholders' equity	\$ 96,366	\$ 87,008	\$ 82,922	\$ 45,471	\$ 101,821

- (1) In June 2012, we sold substantially all of the operating assets of our LendingTree Loans business. See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Sale of Assets of LendingTree Loans for more information.
- (2) See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations for the Years Ended December 31, 2014, 2013 and 2012 - Discontinued Operations for a discussion of discontinued operations.
- (3) Reflects the revision of weighted average shares outstanding and income (loss) per share information due to circumstances described in our Form 10-Q for the quarterly period ended March 31, 2013. Such report showed the revisions reflected in this table for the 2012 and 2011 fiscal years.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our consolidated financial statements and accompanying notes included elsewhere within this report. This discussion includes both historical information and forward-looking information that involves risks, uncertainties and assumptions. Our actual results may differ materially from management's expectations as a result of various factors, including but not limited to those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Information."

Company Overview

LendingTree, Inc., formerly known as Tree.com, Inc., is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC.

LendingTree operates what we believe to be the leading online loan marketplace for consumers seeking a broad array of loan types and other credit-based offerings. We offer consumers tools and resources, including free credit scores, that help them to comparison-shop for mortgage loans, home equity loans and lines of credit, reverse mortgages, personal loans, auto loans, student loans, credit cards, small business loans and other related offerings. We seek to match in-market consumers with multiple lenders on our marketplace who can provide them with competing quotes for the loans or credit-based offerings they are seeking. We also serve as a valued partner to lenders seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries we generate with these lenders.

In June 2014, we re-launched My LendingTree, a platform that offers a personalized loan comparison-shopping experience, by providing free credit scores, credit score analysis and an in-depth view of a consumer's credit profile. We believe this new platform will enable us to provide consumers with measurable savings opportunities over their lifetimes, as we are able to observe their credit profiles and then identify loan and credit-based opportunities on our marketplace that may be more favorable than the loans they may have at a given point in time, which we can alert them to.

The businesses of RealEstate.com, REALTORS[®] and LendingTree Loans are presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. The analysis within Management's Discussion and Analysis of Financial Condition and Results of Operations reflects our continuing operations.

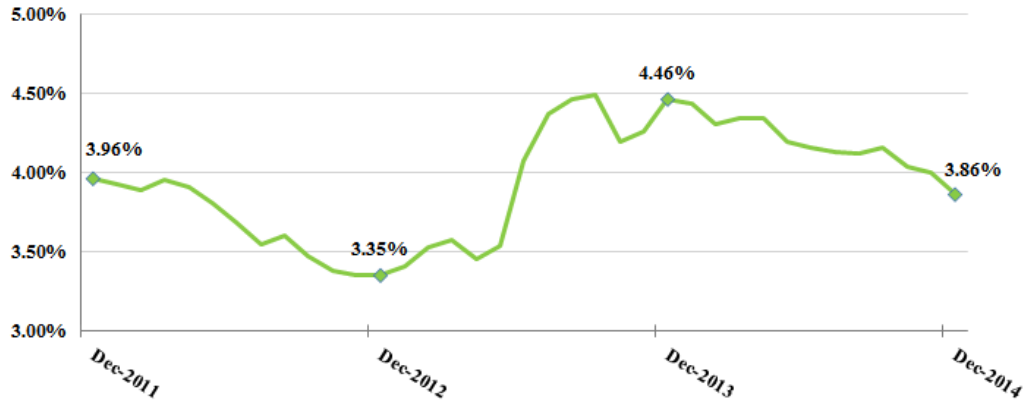
Reportable and Operating Segments

Our four operating segments are lending, auto, education and home services. We sometimes refer to these operating segments as our "businesses". Of these, only our lending operating segment meets the criteria for a reportable segment. We formerly referred to this reportable segment as our mortgage segment. The auto, education and home services operating segments are reported in the "Other" category in our segment reconciling information. See Note 16 — Segment Information to the consolidated financial statements included elsewhere in this report.

Recent Mortgage Interest Rate Trends

Interest rate and market risks can be substantial in the mortgage lead generation business. Short-term fluctuations in mortgage interest rates primarily affect consumer demand for mortgage refinancings, while long-term fluctuations in mortgage interest rates, coupled with the U.S. real estate market, affect consumer demand for new mortgages. Consumer demand, in turn, affects lender demand for mortgage leads from third-party sources. Typically, a decline in mortgage interest rates will lead to reduced lender demand, as there are more consumers in the marketplace seeking financing and, accordingly, lenders receive more organic lead volume. Conversely, an increase in mortgage interest rates will typically lead to an increase in lender demand, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases.

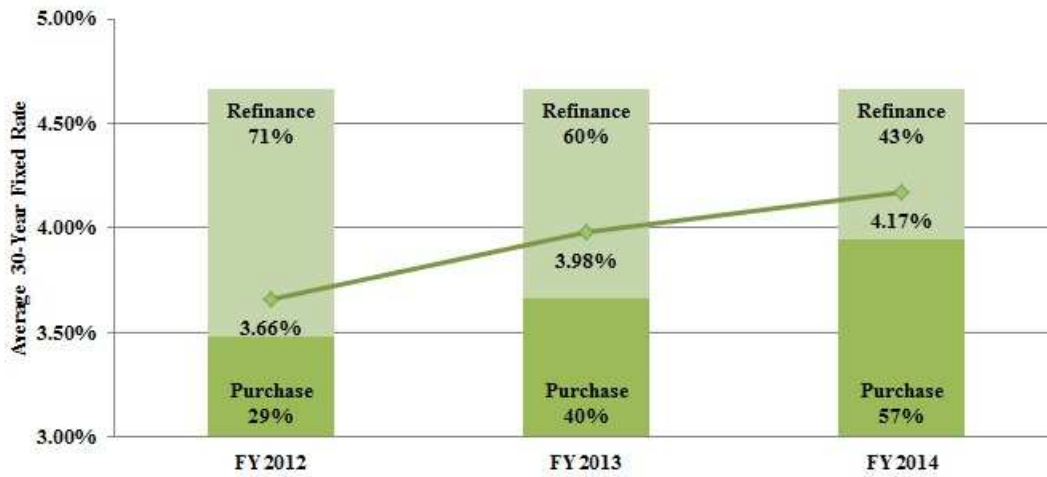
HISTORICAL 30-YEAR FIXED MORTGAGE RATES



According to Freddie Mac, 2012 began the year at what were then record low interest rates of approximately 3.96% on 30-year fixed rate mortgages. Rates declined throughout the year to new lows, reaching an average of 3.35% in December 2012. In 2013, rates rose gradually through the first five months of the year, to 3.54% in May. Thereafter, rates increased more significantly, subsequently peaking at 4.49% in September and finished the year at 4.46%. This year, mortgage interest rates generally declined as 2014 progressed, to an average of 3.86% in December 2014, the lowest since May 2013.

On a full-year basis, mortgage interest rates rose to an average 4.17% in 2014, as compared to 3.98% and 3.66% in 2013 and 2012, respectively.

HISTORICAL MIX OF MORTGAGE ORIGINATION DOLLARS



Typically, as mortgage interest rates rise, there are fewer consumers in the marketplace seeking refinancings and, accordingly, the mix of mortgage origination dollars moves towards purchase mortgages. According to Mortgage Bankers Association ("MBA") data, total refinance origination dollars dropped from 60% of total 2013 mortgage origination dollars to 43% in 2014, and as compared to 71% in 2012, as a result of an increase in average mortgage interest rates.

Looking forward, MBA is projecting mortgage interest rates to climb in 2015, to an average 4.20% on 30-year fixed rate mortgages. According to MBA projections, as interest rates climb, the mix of mortgage origination dollars will continue to move towards purchase mortgages with the refinance share representing just 40% for 2015.

The U.S. Real Estate Market

The health of the U.S. real estate market and interest rate levels are the primary drivers of consumer demand for new mortgages. Consumer demand, in turn, affects lender demand for purchase mortgage leads from third-party sources. Typically, a strong real estate market will lead to reduced lender demand for leads, as there are more consumers in the marketplace seeking financing and, accordingly, lenders receive more organic lead volume. Conversely, a weaker real estate market will typically lead to an increase in lender demand, as there are fewer consumers in the marketplace seeking mortgages. Over the last few years, the U.S. real estate market has been recovering, albeit slowly.

In 2012, existing home sales nationwide rose by 9% compared with 2011, according to the National Association of Realtors ("NAR"). While the demand for homes generally increased as mortgage interest rates dropped to their lowest levels in the preceding 60 years, the number of homes for sale did not keep pace, resulting in a reduced inventory of homes for sale. Accordingly, prices of existing home sales increased during 2012, to a national median sales price of \$177 thousand — up 11.5% in December 2012 as compared with the year prior. According to the S&P/Case-Schiller U.S. National Home Price Index, average home prices were then similar to levels last seen in the fall of 2003. While distressed homes continued to account for a significant portion of overall home sales in 2012, representing 24% in December 2012, this figure was down from 32% as compared with the prior year period.

In 2013, existing home sales nationwide increased another 9% over 2012, according to the NAR, as job growth improved and demand drove the market, despite rising mortgage interest rates. In fact, existing home sales for all of 2013 were the highest since 2006 and median prices maintained strong growth, up 11% from 2012 to \$197 thousand, partially attributable to the shrinking share of distressed home sales. Although home prices as of December 2013 were up, they were still approximately 20% below their mid-2006 peaks.

Despite continued indications of economic recovery, in 2014, existing home sales nationwide declined approximately 3% over 2013, according to the NAR, likely due to lessening housing affordability and higher mortgage interest rates. The median existing home sales price increased to \$209 thousand — up almost 6% in 2014, driving down NAR's housing affordability index to 167% from 176% in 2013.

Although overall 2014 affordability was down, sales of existing homes in the second half of 2014 were up 8% from the first half of the year, as economic growth accelerated, housing inventory increased and sales prices moderated. In 2015, the NAR expects economic recovery to continue, with existing home sales to increase almost 7%, while supporting sales price growth of approximately 5%.

Sale of Assets of LendingTree Loans

On June 6, 2012, we sold substantially all of the operating assets of our LendingTree Loans business for approximately \$55.9 million in cash to Discover. Of the total purchase price, \$8.0 million was paid prior to the closing, \$37.9 million was paid upon the closing and the contingent amount of \$10.0 million was paid and recognized as a gain from sale of discontinued operations in the second quarter of 2013.

Discover generally did not assume liabilities of the LendingTree Loans business that arose before the closing date, except for certain liabilities directly related to assets Discover acquired. Of the purchase price paid, as of December 31, 2014, \$16.1 million is being held in escrow in accordance with the agreement with Discover for certain loan loss obligations that remain with us following the sale. As a result of a settlement agreement in 2014 with a secondary market purchaser of loans, we expect \$12.1 million of such amount to be released from escrow in December 2015. The escrowed amount is recorded as restricted cash at December 31, 2014.

Separate from the asset purchase agreement, LendingTree agreed to provide certain marketing-related services to Discover in connection with its mortgage origination business for approximately seventeen months following the closing, or such earlier point as the agreed-upon services are satisfactorily completed. The services were satisfactorily completed in the second quarter of 2013. Discover remains a marketplace lender on our mortgage marketplace following completion of the services.

Results of Operations for the Years ended December 31, 2014, 2013 and 2012

Revenue

	Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2014	2013	2012	\$ Change	% Change	\$ Change	% Change
<i>(Dollars in thousands)</i>							
Lending:							
Mortgage products	\$ 134,137	\$ 123,091	\$ 59,362	\$ 11,046	9 %	\$ 63,729	107 %
Non-mortgage products	20,367	4,894	1,814	15,473	316 %	3,080	170 %
Total Lending	154,504	127,985	61,176	26,519	21 %	66,809	109 %
Other	12,846	10,632	14,620	2,214	21 %	(3,988)	(27)%
Corporate	—	623	1,647	(623)	(100)%	(1,024)	(62)%
Total revenue	\$ 167,350	\$ 139,240	\$ 77,443	\$ 28,110	20 %	\$ 61,797	80 %

Revenue from our lending segment increased in 2014 compared to 2013, due to increases in our mortgage products of \$11.0 million and our non-mortgage products of \$15.5 million. The increase in our mortgage products was primarily due to a notable increase in our purchase product, also supported by growth of our rate table offering which we launched in the first quarter of 2013 and partially offset by a modest decrease in our refinance product. Our non-mortgage products within our lending segment include the following products: personal loans, home equity, reverse mortgage and credit cards. Revenue from each of these non-mortgage products increased in 2014 compared to 2013. Our reverse mortgage product was introduced in the first quarter of 2013, our credit card offering was introduced in the second quarter of 2013 and our personal loan product was re-launched in the third quarter of 2013.

The number of consumers matched on our lending marketplace increased by 64% in 2014 compared to 2013, while our average revenue earned from marketplace lenders per matched consumer decreased by 26% in 2014 compared to 2013. The decrease in revenue earned per matched consumer was due to the increased relative contribution of our purchase and non-mortgage lending products, which have lower revenue per matched consumer rates than refinance, as well as a reduction in revenue per matched consumer in our mortgage products.

Other revenue, which includes auto, education, home services and other businesses, increased in 2014 compared to 2013, primarily due to an increase of \$3.5 million in our auto business, partially offset by a decrease in our education business of \$1.2 million.

Revenue from our lending segment increased significantly in 2013 compared to 2012, through an increase in the sales capacity of both new and existing marketplace lenders and the expansion of our marketing channels. In addition, 2013 revenue from our lending segment rose as a result of selling leads at market prices on our mortgage marketplace that would have been provided to LendingTree Loans before completion of its sale in June 2012 (see next paragraph). Consumers matched on our mortgage marketplace increased by 89% to 1.4 million in 2013 from 0.8 million in 2012. Additionally, as compared to 2012, our 2013 average revenue earned from marketplace lenders per matched consumer increased by 11%.

Following the June 2012 closing of the sale of our LendingTree Loans business to Discover, leads that would previously have been provided to LendingTree Loans became available for sale on our mortgage marketplace and such leads, therefore, added to revenue in our mortgage products business, with an associated increase in selling and marketing expense. Prior to the sale of our LendingTree Loans business, we did not record revenue in our mortgage products business for leads provided to LendingTree Loans. Instead, we used a cost-sharing approach for marketing expenses, whereby the mortgage products business and LendingTree Loans shared marketing expenses on a pro rata basis, based on the quantity of leads provided to marketplace lenders versus matched with LendingTree Loans.

Other revenue decreased in 2013 compared to 2012, due primarily to a notable decrease in our education business of \$5.3 million, partially offset by an increase in our auto business of \$1.8 million. Our education business was impacted by the increased regulation affecting clients engaged in for-profit post-secondary education services which, in turn, affected their marketing practices. Revenue from our auto business increased in 2013, primarily as a result of the addition of new lending and marketing partners.

Corporate revenue in 2013 and 2012 was primarily related to fees for certain marketing-related services provided in connection with the sale of our LendingTree Loans business. We completed these services in the second quarter of 2013.

Cost of revenue

Cost of revenue consists primarily of costs associated with compensation and other employee-related costs (including stock-based compensation) relating to internally-operated customer call centers, third-party customer call center fees, credit scoring fees, credit card fees and website network hosting and server fees.

	Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2014	2013	2012	\$ Change	% Change	\$ Change	% Change
	<i>(Dollars in thousands)</i>						
Lending	\$ 7,399	\$ 5,469	\$ 3,238	\$ 1,930	35 %	\$ 2,231	69 %
Other	504	613	536	(109)	(18)%	77	14 %
Corporate	—	460	521	(460)	(100)%	(61)	(12)%
Total cost of revenue	\$ 7,903	\$ 6,542	\$ 4,295	\$ 1,361	21 %	\$ 2,247	52 %
<i>As a percentage of total revenue</i>	<i>5 %</i>	<i>5 %</i>	<i>6 %</i>				

Lending cost of revenue increased in 2014 from 2013, primarily due to increases of \$0.8 million in credit scoring fees, \$0.5 million in credit card fees, \$0.4 million in third-party call center fees and \$0.2 million in compensation and other employee-related costs. Lending cost of revenue increased in 2013 from 2012, primarily due to increases of \$0.8 million in credit card fees, \$0.4 million compensation and other employee-related costs, \$0.4 million in third-party customer service fees, \$0.2 million in credit scoring fees, and \$0.1 million in server fees. In addition, cost of revenue in 2012 benefited by \$0.3 million due to the discontinuance of certain consumer incentive rebates.

Other cost of revenue decreased in 2014 compared to 2013, primarily due to decreases in third-party call center fees. Other cost of revenue increased in 2013 from 2012, primarily due to increases in server fees.

Corporate cost of revenue decreased in 2013 from 2012, primarily due to reduced costs associated with decreases in marketing-related services provided in connection with the sale of our LendingTree Loans business. These activities were completed in 2013 and, therefore, did not generate any further costs in 2014.

Total cost of revenue as a percentage of revenue remained consistent in 2014 compared to 2013.

Selling and marketing expense

Selling and marketing expense consists primarily of advertising and promotional expenditures, fees paid to lead sources and compensation and other employee-related costs (including stock-based compensation) for personnel engaged in sales or marketing functions. Advertising and promotional expenditures primarily include online marketing, as well as television, print and radio spending. Advertising production costs are expensed in the period the related ad is first run.

	Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2014	2013	2012	\$ Change	% Change	\$ Change	% Change
	<i>(Dollars in thousands)</i>						
Lending	\$ 104,388	\$ 83,694	\$ 35,250	\$ 20,694	25%	\$ 48,444	137%
Other	8,316	7,449	13,677	867	12%	(6,228)	(46)%
Corporate	—	(22)	7	22	100%	(29)	(414)%
Total selling and marketing expense	\$ 112,704	\$ 91,121	\$ 48,934	\$ 21,583	24%	\$ 42,187	86%
<i>As a percentage of total revenue</i>	<i>67%</i>	<i>65%</i>	<i>63%</i>				

Lending selling and marketing expense increased in 2014 compared to 2013 and in 2013 compared to 2012, primarily due to increases in advertising expense of \$20.2 million and \$45.6 million, respectively, as discussed below. The increases in lending advertising expense, in turn, correspond to the 64% and 89% increases in consumers matched with marketplace lenders in 2014 compared to 2013, and 2013 compared to 2012, respectively. In addition, lending selling and marketing expense increased immediately following the sale of substantially all of the operating assets of our LendingTree Loans business on June 6, 2012, due to our no longer sharing the cost of such expenses with the former LendingTree Loans business. Selling and marketing expense of \$6.3 million was allocated to LendingTree Loans during 2012.

Selling and marketing expense in our other businesses increased in 2014 from 2013, primarily due to increases in advertising expense of \$1.3 million, partially offset by a decrease in compensation expense and benefits of \$0.6 million as a result of decreases in headcount. Selling and marketing expense in our other businesses decreased in 2013 from 2012, primarily due to decreases in online and direct marketing.

Total selling and marketing expense as a percentage of revenue increased slightly in 2014 compared to 2013, primarily due to an increase in Lending selling and marketing expense relative to Lending revenues.

Advertising and promotional expense is the largest component of selling and marketing expense, and is comprised of the following:

	Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2014	2013	2012	\$ Change	% Change	\$ Change	% Change
<i>(Dollars in thousands)</i>							
Lending:							
Online	\$ 79,492	\$ 59,464	\$ 24,809	\$ 20,028	34 %	\$ 34,655	140 %
Broadcast	11,073	10,616	3,364	457	4 %	7,252	216 %
Other	4,768	5,089	1,406	(321)	(6)%	3,683	262 %
Total Lending	95,333	75,169	29,579	20,164	27 %	45,590	154 %
Other	6,822	5,511	11,176	1,311	24 %	(5,665)	(51)%
Total advertising expense	\$ 102,155	\$ 80,680	\$ 40,755	\$ 21,475	27 %	\$ 39,925	98 %

We increased our online advertising expenditures in 2014 compared to 2013 and in 2013 compared to 2012, in order to generate additional mortgage lead volume to meet the demand of marketplace lenders on our mortgage marketplace. In addition, we increased our broadcast spend in 2013 compared to 2012, to support the launch of our new national advertising campaign for our LendingTree brand, which commenced in the second quarter of 2013.

We will continue to adjust selling and marketing expenditures dynamically in relation to anticipated revenue opportunities.

General and administrative expense

General and administrative expense consists primarily of compensation and other employee-related costs (including stock-based compensation) for personnel engaged in finance, legal, tax, corporate information technology, human resources and executive management functions, as well as facilities and infrastructure costs and fees for professional services.

	Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2014	2013	2012	\$ Change	% Change	\$ Change	% Change
<i>(Dollars in thousands)</i>							
Lending	\$ 4,898	\$ 3,629	\$ 3,470	\$ 1,269	35 %	\$ 159	5 %
Other	3,979	2,245	2,888	1,734	77 %	(643)	(22)%
Corporate	17,006	18,784	15,873	(1,778)	(9)%	2,911	18 %
Total general and administrative expense	\$ 25,883	\$ 24,658	\$ 22,231	\$ 1,225	5 %	\$ 2,427	11 %
<i>As a percentage of total revenue</i>	<i>15 %</i>	<i>18 %</i>	<i>29 %</i>				

Lending general and administrative expense increased in 2014 compared to 2013, primarily due to increases in compensation and benefits of \$1.1 million, which includes incentive compensation and non-cash incentive compensation in addition to salaries. Additionally, computer software maintenance increased by \$0.2 million in 2014 compared to 2013, partially offset by a decrease in facility costs of \$0.1 million. General and administrative expense in the other businesses increased in 2014 from 2013, primarily due to increases in compensation and benefits of \$0.9 million, an impairment charge on long-lived assets of \$0.8 million in 2014, and loss on disposal of assets of \$0.2 million in 2014, partially offset by decreases in professional fees and computer software maintenance of \$0.1 million each. During 2014, a portion of our incentive compensation plan was modified and, as a result, the lending and other businesses reflect the full incentive compensation for individuals in these businesses. Prior to 2014, a portion of incentive compensation for individuals in the lending and other businesses was reflected in corporate.

Corporate general and administrative expense decreased in 2014 from 2013, primarily due to decreased compensation and benefits of \$1.7 million and decreased loss on fixed assets of \$0.1 million. The decrease in compensation and benefits in 2014 from 2013 is primarily due to a decrease in incentive compensation of \$2.0 million, a compensation charge in 2013 of \$0.9 million related to a discretionary cash bonus payment to employee stock option holders, partially offset by an increase in non cash incentive compensation of \$0.6 million and an increase in salaries of \$0.5 million. The decrease in incentive compensation is primarily as a result of a reduction in incentive compensation classified in corporate general and administrative expense due to the allocation discussed above. Additionally, 2013 included a one-time contribution of \$0.4 million to an educational trust. These decreases were partially offset by increases in costs associated with computer software maintenance of \$0.2 million, facilities of \$0.1 million, travel and entertainment expenses of employees of \$0.1 million and franchise taxes of \$0.1 million.

Lending general and administrative expense was relatively consistent in 2013 and 2012.

General and administrative expense in our other businesses decreased in 2013 from 2012, primarily due to a decrease in loss on disposal of assets of \$0.3 million and a decrease in computer maintenance of \$0.2 million.

Corporate general and administrative expense increased in 2013 from 2012 due to a compensation charge of \$0.9 million related to a discretionary cash bonus payment to employee stock option holders, increases in other compensation and employee-related costs, and a one-time contribution of 2013 of \$0.4 million to an educational trust.

The increased general and administrative expense in 2014 was spread over proportionately greater revenue during the period, resulting in an improvement in general and administrative expense as a percentage of revenue.

Product development

Product development expense consists primarily of compensation and other employee-related costs (including stock-based compensation) that are not capitalized, for personnel engaged in the design, development, testing and enhancement of technology.

	Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2014	2013	2012	\$ Change	% Change	\$ Change	% Change
	<i>(Dollars in thousands)</i>						
Lending	\$ 6,345	\$ 4,302	\$ 2,277	\$ 2,043	47%	\$ 2,025	89%
Other	1,088	962	1,258	126	13%	(296)	(24)%
Corporate	24	—	(6)	24	100%	6	100%
Total product development	\$ 7,457	\$ 5,264	\$ 3,529	\$ 2,193	42%	\$ 1,735	49%
<i>As a percentage of total revenue</i>	<i>4%</i>	<i>4%</i>	<i>5%</i>				

Product development expense increased in 2014 compared to 2013 and in 2013 compared to 2012, as we continued to invest in internal development of new and enhanced features, functionality and business opportunities that we believe will enable us to better and more fully serve consumers and lenders. Product development expenses are comprised primarily of compensation and other employee-related costs. We increased headcount in 2014 compared to 2013, in order to support product launches such as MyLendingTree and our new business loans and student loan refinancing marketplaces. We launched new offerings in 2013, such as our LoanExplorer mortgage rate table, reverse mortgage and credit card comparison offerings, as well as enhanced existing tools and products, such as our personal loan offering and mobile experience. All of these initiatives were results of internal product development efforts.

Total product development expense as a percentage of revenue remained consistent in 2014 compared to 2013.

Depreciation

Depreciation expense has remained relatively consistent in 2014 compared to 2013 and in 2013 compared to 2012.

Litigation settlements and contingencies

Litigation settlements and contingencies consists of expenses related to actual or anticipated litigation settlements, in addition to legal fees incurred in connection with various patent litigation claims we are pursuing. During the years ended December 31, 2014 and 2013 we recorded \$10.6 million and \$9.0 million, respectively, in expenses. These expenses were due primarily to legal fees incurred in connection with various patent litigations we are currently pursuing. In 2012, we recognized income of \$3.1 million, a majority of which was attributable to the settlement or our estimation of loss on various legal cases.

During 2014, we participated in a jury trial for the Zillow litigation described in Note 10—Commitments in the notes to the consolidated financial statements included elsewhere in this report. The legal expenses associated with this jury trial and post-trial motions increased our litigation settlements and contingencies expense for 2014. In addition, in October 2014, the court awarded NexTag attorney fees and costs totaling \$2.3 million, which were recorded as litigation expense in 2014. We will continue to incur litigation expenses on this matter relating to the appeal process, although we expect legal expenses related to this matter to decline significantly in future periods.

Income tax provision

	Year Ended December 31,		
	2014	2013	2012
	<i>(in thousands, except percentages)</i>		
Income tax benefit	\$ 484	\$ 453	\$ 1,483
Effective tax rate	49.8 %	40.2 %	39.7 %

In 2014, 2013 and 2012, the effective tax rate was higher than the 35% federal statutory rate due principally to the effect of state taxes.

Discontinued Operations

During 2014, 2013 and 2012, income from discontinued operations of \$9.8 million, \$4.6 million and \$48.9 million, respectively, was primarily attributable to the LendingTree Loans business, the sale of which was completed on June 6, 2012. As a result, the 2012 results of discontinued operations include approximately five months of results of operations and a gain on the sale of the business of \$24.4 million, net of tax. In 2013, the results of discontinued operations were primarily due to a pre-tax gain of \$10.0 million for an additional purchase price payment made on the first anniversary of the sale of the business, offset by costs relating to the ongoing wind-down of the business. In 2014, results of discontinued operations were primarily due to income from an adjustment in the loan loss reserve as a result of a settlement with one of LendingTree Loans' secondary market purchasers, partially offset by costs relating to the ongoing wind-down of the business.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization

We report adjusted EBITDA as a supplemental measure to GAAP. This measure is the primary metric by which we evaluate the performance of our businesses, on which our marketing expenditures and internal budgets are based and by which management and many employees are compensated. We believe that investors should have access to the same set of tools that we use in analyzing 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 results. We provide and encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures discussed below.

Definition of Adjusted EBITDA

We report Adjusted EBITDA as operating income or loss (which excludes interest expense and taxes) adjusted to exclude amortization of intangibles and depreciation, and to further exclude (1) non-cash compensation expense, (2) non-cash asset impairment charges, (3) gain/loss on disposal of assets, (4) restructuring and severance expenses, (5) litigation settlements and contingencies and legal fees for certain patent litigation, (6) adjustments for acquisitions or dispositions, and (7) one-time items. Adjusted EBITDA has certain limitations in that it does not take into account the impact to our statement of operations of certain expenses, including depreciation, non-cash compensation and acquisition-related accounting. We endeavor to compensate for the limitations of the non-GAAP measures presented by also providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

One-Time Items

Adjusted EBITDA is adjusted for one-time items, if applicable. Items are considered one-time in nature if they are non-recurring, infrequent or unusual and have not occurred in the past two years or are not expected to recur in the next two years, in accordance with SEC rules. For the periods presented in this report, there are no adjustments for one-time items, except for \$0.9 million related to a discretionary cash bonus payment to employee stock option holders in 2013 and a one-time contribution of \$0.4 million to an educational trust in 2013.

Non-Cash Expenses that are Excluded from Adjusted EBITDA

Non-cash compensation expense consists principally of expense associated with grants of restricted stock, restricted stock units and stock options. These expenses are not paid in cash, and we include the related shares in our calculations of fully diluted shares outstanding. Upon settlement of restricted stock units, exercise of certain stock options or vesting of restricted stock awards, the awards may be settled, on a net basis, with us remitting the required tax withholding amount from our current funds.

Amortization of intangibles are non-cash expenses relating primarily to intangible assets acquired through acquisitions. At the time of an acquisition, the intangible assets of the acquired company, such as purchase agreements, technology and customer relationships, are valued and amortized over their estimated lives.

The following table is a reconciliation of Adjusted EBITDA to net income (loss) for continuing operations by segment.

	Year Ended December 31, 2014			
	Lending	Other	Corporate	Total
	<i>(in thousands)</i>			
Adjusted EBITDA by segment	\$ 33,923	\$ 1,087	\$ (13,183)	\$ 21,827
Adjustments to reconcile to net income (loss) from continuing operations:				
Amortization of intangibles	—	(136)	—	(136)
Depreciation	(1,596)	(1,284)	(365)	(3,245)
Restructuring and severance	(268)	(12)	(93)	(373)
Loss on disposal of assets	(45)	(220)	(17)	(282)
Impairment of long-lived assets	—	(805)	—	(805)
Non-cash compensation	(2,404)	(1,043)	(3,830)	(7,277)
Acquisition expense	—	(60)	—	(60)
Litigation settlements and contingencies	—	(2)	(10,616)	(10,618)
Other expense, net	—	—	(2)	(2)
Income tax benefit	—	—	484	484
Net income (loss) from continuing operations	\$ 29,610	\$ (2,475)	\$ (27,622)	\$ (487)

	Year Ended December 31, 2013			
	Lending	Other	Corporate	Total
	<i>(in thousands)</i>			
Adjusted EBITDA by segment	\$ 32,572	\$ 52	\$ (13,907)	\$ 18,717
Adjustments to reconcile to net income (loss) from continuing operations:				
Amortization of intangibles	—	(147)	—	(147)
Depreciation	(1,453)	(1,642)	(406)	(3,501)
Restructuring and severance	(78)	(46)	(35)	(159)
Loss on disposal of assets	—	—	(165)	(165)
Non-cash compensation	(1,681)	(689)	(3,257)	(5,627)
Discretionary cash bonus	—	—	(920)	(920)
Trust contribution	—	—	(350)	(350)
Litigation settlements and contingencies	—	(31)	(8,924)	(8,955)
Other expense, net	—	—	(19)	(19)
Income tax benefit	—	—	453	453
Net income (loss) from continuing operations	\$ 29,360	\$ (2,503)	\$ (27,530)	\$ (673)

	Year Ended December 31, 2012			
	Lending	Other	Corporate	Total
	<i>(in thousands)</i>			
Adjusted EBITDA by segment	\$ 18,316	\$ (2,887)	\$ (11,650)	\$ 3,779
Adjustments to reconcile to net income (loss) from continuing operations:				
Amortization of intangibles	—	(358)	—	(358)
Depreciation	(1,536)	(1,991)	(578)	(4,105)
Restructuring and severance	(20)	(11)	88	57
Loss on disposal of assets	(388)	(345)	(5)	(738)
Non-cash compensation	(987)	(507)	(3,093)	(4,587)
Litigation settlements and contingencies	—	—	3,101	3,101
Other expense, net	—	—	(881)	(881)
Income tax benefit	—	—	1,483	1,483
Net income (loss) from continuing operations	\$ 15,385	\$ (6,099)	\$ (11,535)	\$ (2,249)

Financial Position, Liquidity and Capital Resources

General

We expect our cash and cash equivalents and cash flows from operations to be sufficient to fund our operating and other needs for the next twelve months. Except for cash and cash equivalents, we have no material sources of liquidity.

As of December 31, 2014, we had \$86.2 million of cash and cash equivalents and \$18.7 million of restricted cash and cash equivalents, compared to \$91.7 million of cash and cash equivalents and \$26.0 million of restricted cash and cash equivalents as of December 31, 2013. We expect \$12.1 million of the December 31, 2014 restricted cash noted above to be released from escrow in December 2015. See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Sale of Assets of LendingTree Loans for more information.

Cash Flows from Continuing Operations

Our cash flows attributable to continuing operations are as follows:

	Year Ended December 31,		
	2014	2013	2012
	<i>(in thousands)</i>		
Net cash provided by (used in) operating activities	\$ 9,075	\$ 10,238	\$ (4,722)
Net cash provided by (used in) investing activities	2,704	647	(3,717)
Net cash used in financing activities	(7,651)	(5,983)	(11,923)

Cash Flows from Operating Activities

Net cash provided by operating activities attributable to continuing operations in 2014 was \$9.1 million and consisted primarily of positive adjustments for non-cash items of \$12.2 million and cash used for working capital of \$2.7 million. Adjustments for non-cash items consisted primarily of \$7.4 million in non-cash compensation expense and \$3.2 million of depreciation. Accounts receivable increased \$1.2 million primarily due to increases in revenue. Accounts payable, accrued expenses and other current liabilities decreased \$1.9 million, primarily due to payments of legal fees associated with the jury trial for the Zillow patent litigation and a \$1.0 million payment to settle an earnout dispute related to an acquisition consummated prior to the spin-off, which was partially offset by a \$2.3 million accrual in 2014 attributable to the court's partial award of attorneys' fees to NexTag in the Zillow patent litigation.

Net cash provided by operating activities attributable to continuing operations in 2013 was \$10.2 million and consisted primarily of positive adjustments for non-cash items of \$9.8 million and cash provided by working capital of \$1.2 million. Adjustments for non-cash items consisted primarily of \$5.6 million in non-cash compensation expense and \$3.5 million of depreciation. Accounts receivable increased \$3.6 million primarily due to increases in revenue. Accounts payable, accrued expenses and other current liabilities increased \$6.2 million, primarily due to increased marketing efforts and a new branding campaign.

Net cash used in operating activities attributable to continuing operations in 2012 was \$4.7 million and consisted of losses from continuing operations of \$2.2 million , positive adjustments for non-cash items of \$9.7 million and cash used for working capital of \$12.2 million . Adjustments for non-cash items primarily consisted of \$4.6 million of non-cash compensation expense and \$4.1 million of depreciation. Accounts receivable increased by \$6.0 million , reflecting increased revenue primarily from leads that would formerly have been provided to LendingTree Loans becoming available for sale on our mortgage marketplace. Accounts payable and other current liabilities decreased by \$6.1 million , as we managed our net working capital position and paid previously incurred expenses from improved cash flow.

Cash Flows from Investing Activities

Net cash provided by investing activities attributable to continuing operations in 2014 of \$2.7 million consisted primarily of capital expenditures of \$3.9 million and \$0.7 million in payments made to acquire a business, which was more than offset by a decrease in restricted cash of \$7.3 million . In 2014, we reached and executed a settlement with the disputing party on the earnout related to an acquisition, upon which \$2.0 million of cash previously held in escrow was released. Additionally, in 2014, we reached and executed a settlement with one of our LendingTree Loans' secondary market purchasers related to loan loss obligations, upon which \$2.0 million of cash previously held in escrow was released. Finally, in 2014, we reached and executed a settlement with another secondary market purchaser related to loan loss obligations, upon which \$3.1 million of cash previously held by such secondary market purchaser was paid out.

Net cash provided by investing activities attributable to continuing operations in 2013 of \$0.6 million consisted primarily of capital expenditures of \$2.8 million , which was more than offset by a decrease in restricted cash of \$3.4 million . The decrease in restricted cash is associated with a reduction in the collateral requirement for certain of our surety bonds, which are required by the various states in which we currently operate or previously operated. As a result, \$4.0 million of cash previously held in escrow was released.

Net cash used in investing activities attributable to continuing operations in 2012 of \$3.7 million resulted primarily from capital expenditures of \$2.6 million and an increase in restricted cash of \$1.1 million .

Cash Flows from Financing Activities

Net cash used in financing activities attributable to continuing operations in 2014 of \$7.7 million consisted primarily of the vesting and issuance of stock to employees (less withholding taxes) of \$4.8 million and the repurchase of our stock of \$2.6 million .

Net cash used in financing activities attributable to continuing operations in 2013 of \$6.0 million consisted primarily of the vesting and issuance of stock to employees (less withholding taxes) of \$2.8 million and the repurchase of our stock of \$3.3 million .

Net cash used in financing activities in 2012 of \$11.9 million was primarily due to a special dividend of \$11.4 million , the repurchase of our stock of \$0.9 million and the issuance of common stock to employees (less withholding taxes) of \$0.8 million , partially offset by a decrease in restricted cash requirements of \$1.2 million related to warehouse lines of credit.

Warehouse Lines of Credit for LendingTree Loans

As a result of the closing of the sale of substantially all of the operating assets of our LendingTree Loans business on June 6, 2012, all three then-existing warehouse lines of credit expired and terminated on July 21, 2012. Borrowings under these lines of credit were used to fund, and were secured by, consumer residential loans that were held for sale. Loans under these lines of credit were repaid using proceeds from the sales of loans by LendingTree Loans.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements other than our operating lease obligations and funding commitments pursuant to our surety bonds. *See* Note 10 —Commitments to the consolidated financial statements included elsewhere in the report for further details.

Summary of Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2014 .

Contractual Obligations ^(a)	Payments Due By Period as of December 31, 2014				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease obligations ^(b)	\$ 1,003	\$ 1,003	\$ —	\$ —	\$ —
Total contractual obligations	\$ 1,003	\$ 1,003	\$ —	\$ —	\$ —

(a) Excludes potential obligations under surety bonds and the indemnification obligations, repurchase obligations and premium repayment obligations for which our HLC subsidiary continues to be liable following the sale of substantially all of the operating assets of our LendingTree Loans business in the second quarter of 2012.

(b) Our operating lease obligations are associated with office space, equipment and services used in both our continuing and discontinued operations. These obligations have not been reduced by the \$0.1 million of minimum sublease rental income to be received in the future under non-cancelable subleases.

Critical Accounting Policies and Estimates

The following disclosure is provided to supplement the description of our accounting policies contained in Note 2 —Significant Accounting Policies to the consolidated financial statements included elsewhere in this report in regard to significant areas of judgment. This disclosure includes accounting policies related to both continuing operations and discontinued operations. Management is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates. Because of the size of the financial statement elements to which they relate, some of our accounting policies and estimates have a more significant impact on our consolidated financial statements than others. A discussion of some of our more significant accounting policies and estimates follows.

Loan Loss Obligations

We make estimates as to our exposure related to our obligation to repurchase loans previously sold to investors or to repay premiums paid by investors in purchasing loans, and reserve for such contingencies accordingly. Such payments to investors may be required in cases where underwriting deficiencies, borrower fraud, documentation defects, early payment defaults and early loan payoffs occurred.

Our HLC subsidiary continues to be liable for these indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of our LendingTree Loans business on June 6, 2012. Approximately \$16.1 million is being held in escrow pending resolution of certain of these contingent liabilities. As a result of a settlement agreement in 2014 with a secondary market purchaser of loans, we expect \$12.1 million of such amount to be released from escrow in December 2015. We have been negotiating with certain secondary market purchasers to settle any existing and future contingent liabilities, but we may not be able to complete such negotiations on acceptable terms, or at all. Because we do not service the loans LendingTree Loans sold, we do not maintain nor have access to the current balances and loan performance data with respect to the individual loans previously sold to investors. Accordingly, we are unable to determine, with precision, our maximum exposure for breaches of the representations and warranties LendingTree Loans made to the investors that purchased such loans.

We estimate the liability for loan losses using a settlement discount framework. This approach estimates the lifetime losses on the population of remaining loans originated and sold by LendingTree Loans using actual defaults for loans with similar characteristics and projected future defaults. It also considers the likelihood of claims expected due to alleged breaches of representations and warranties made by LendingTree Loans and the percentage of those claims investors estimate LendingTree Loans may agree to repurchase. We then apply a settlement discount factor to the result of the foregoing to reflect publicly- announced bulk settlements for similar loan types and vintages, our own settlement experience, as well as LendingTree Loans' non-operating status, in order to estimate a range of the potential obligation. Changes to any one of these factors could significantly impact the estimate of the liability and could have a material and adverse impact on our results of operations for any particular period.

We have considered both objective and subjective factors in our estimation process, but given current general industry trends in mortgage loans as well as housing prices, market expectations and actual losses related to LendingTree Loans' obligations could vary significantly from the obligation recorded as of December 31, 2014 of \$8.8 million or the range of remaining loan losses of \$6.3 million to \$11.2 million. *See* Note 15 —Discontinued Operations—LendingTree Loans—Loan Loss Obligations to the consolidated financial statements included elsewhere in this report for additional information on the loan loss reserve.

Recoverability of Goodwill and Indefinite-Lived Intangible Assets

We review the carrying value of goodwill and indefinite-lived intangible assets on an annual basis as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We determine the fair value of a reporting unit based upon an evaluation of its expected discounted cash flows and a market approach, with each method being equally weighted in the calculation. The discounted cash flow analysis requires us to make assumptions and judgments related to factors used in the calculation, including, but not limited to, management's expectations for future operations and projected cash flows.

The annual goodwill impairment test as of October 1, 2014 included the following key assumptions: a discounted cash flow model utilizing a discount rate of 12% , a terminal growth rate of 3% and Adjusted EBITDA margin rates of 10%-16% of revenue from 2014 through 2022 . Results of testing indicated a fair value well in excess of the carrying value of our goodwill.

The material assumptions included in the annual indefinite-lived intangible assets impairment test as of October 1, 2014 were an assumed relief-from-royalty model, a discount rate of 12% , a terminal growth rate of 3% and a royalty rate of 5% . Results of testing indicated a fair value well in excess of the carrying value of our indefinite-lived intangible assets.

We do not expect any material changes in the near term to the assumptions underlying these tests of impairment at October 1, 2014 .

The value of goodwill and indefinite-lived intangible assets that is subject to assessment for impairment is \$3.6 million and \$10.1 million , respectively, at December 31, 2014 .

Recoverability of Long-Lived Assets

We review the carrying value of all long-lived assets, primarily property and equipment, and definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may be impaired. Impairment is considered to have occurred whenever the carrying value of a long-lived asset cannot be recovered from cash flows that are expected to result from the use and eventual disposition of the asset. This recoverability test requires us to make assumptions and judgments related to factors used in a calculation of undiscounted cash flows, including, but not limited to, management's expectations for future operations and projected cash flows. The key assumptions used in this calculation include Adjusted EBITDA, the remaining useful lives of the primary cash flow generating asset in the asset group and, to a lesser extent, the deduction of capital expenditures and taxes paid in cash to arrive at net cash flows.

During the fourth quarter of 2014, we lost key customers and experienced a decline in revenue for a certain product included within the Education business. Accordingly, in early 2015, we amended our strategic course for this product, resulting in a reduction in anticipated future cash flows. At December 31, 2014, we reviewed the long-lived assets associated with this product for recoverability, resulting in an impairment charge to customer lists and internally developed software of approximately \$0.8 million. The fair value of the long-lived assets was determined using a discounted cash flow model. The impairment charge is included in general and administrative expense on the accompanying consolidated statement of operations and comprehensive income and the "Other" category in the reconciliation of segment information in Note 16 —Segment Information.

The value of long-lived assets subject to assessment for impairment is \$6.3 million at December 31, 2014 .

Income Taxes

Estimates of deferred income taxes and the significant items giving rise to the deferred assets and liabilities are shown in Note 9 —Income Taxes to the consolidated financial statements included elsewhere in this report, and reflect management's assessment of actual future taxes to be paid on items reflected in the consolidated financial statements, giving consideration to both timing and the probability of realization. Actual income taxes could vary from these estimates due to future changes in income tax law, state income tax apportionment or the outcome of any review of our tax returns by the IRS, as well as actual operating results that may vary significantly from anticipated results.

We also recognize liabilities for uncertain tax positions based on the two-step process prescribed by the accounting guidance for uncertainty in income taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of

being realized upon ultimate settlement. This measurement step is inherently difficult and requires subjective estimations of such amounts to determine the probability of various possible outcomes. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

A valuation allowance is provided on deferred tax assets if it is determined that it is *"more likely than not"* that the deferred tax asset will not be realized. At December 31, 2014, we have recorded a full valuation allowance of \$40.1 million. As of each reporting date, management considers both positive and negative evidence regarding the likelihood of future realization of the deferred tax assets. A significant piece of objective negative evidence evaluated was the tax losses (excluding one-time gains) over the prior three years. Such objective evidence limits the ability to consider other subjective evidence such as our projections for future growth.

Stock-Based Compensation

The forms of stock-based awards granted to our employees are principally restricted stock units ("RSUs"), restricted stock and stock options. The value of RSU and restricted stock awards is measured at their grant dates as the fair value of common stock and amortized ratably as non-cash compensation expense over the vesting term. The value of stock options issued, as discussed in Note 8 —Stock-Based Compensation to the consolidated financial statements included elsewhere in this report, is estimated using a Black-Scholes option pricing model. If an award is modified, we determine if the modification requires a new calculation of fair value or change in the vesting term of the award.

As of December 31, 2014, there was approximately \$10.9 million, \$5.8 million and \$2.2 million of unrecognized compensation cost, net of estimated forfeitures, related to stock options, RSUs and restricted stock, respectively. These costs are expected to be recognized over a weighted-average period of approximately 3.0 years for stock options, 1.7 years for RSUs and 1.9 years for restricted stock.

New Accounting Pronouncements

See Note 2 —Significant Accounting Policies to the consolidated financial statements included elsewhere in this report for a description of recent accounting pronouncements.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We do not have any financial instruments that are exposed to significant market risk. We maintain our cash and cash equivalents in short-term, highly liquid money market investments. A hypothetical 100-basis increase or decrease in market interest rates would not have a material impact on the fair value of our cash equivalents securities, our results of operations or cash flows.

Fluctuations in interest rates affect consumer demand for new mortgages and the level of refinancing activity which, in turn, affects lender demand for mortgage leads. Typically, a decline in mortgage interest rates will lead to reduced lender demand for leads from third-party sources, as there are more consumers in the marketplace seeking refinancings and, accordingly, lenders receive more organic lead volume. Conversely, an increase in mortgage interest rates will typically lead to an increase in lender demand for third-party leads, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases.

ITEM 8. *Financial Statements and Supplementary Data*

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of LendingTree, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of LendingTree, Inc. (formerly known as Tree.com, Inc.) and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our audits (which were integrated audits in 2014 and 2013). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 16, 2015

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended December 31,		
	2014	2013	2012
<i>(in thousands, except per share amounts)</i>			
Revenue	\$ 167,350	\$ 139,240	\$ 77,443
Costs and expenses:			
Cost of revenue <i>(exclusive of depreciation shown separately below)</i>	7,903	6,542	4,295
Selling and marketing expense	112,704	91,121	48,934
General and administrative expense	25,883	24,658	22,231
Product development	7,457	5,264	3,529
Depreciation	3,245	3,501	4,105
Amortization of intangibles	136	147	358
Restructuring and severance	373	159	(57)
Litigation settlements and contingencies	10,618	8,955	(3,101)
Total costs and expenses	168,319	140,347	80,294
Operating loss	(969)	(1,107)	(2,851)
Other expense:			
Interest expense	(2)	(19)	(881)
Loss before income taxes	(971)	(1,126)	(3,732)
Income tax benefit	484	453	1,483
Loss from continuing operations	(487)	(673)	(2,249)
Discontinued operations:			
Gain from sale of discontinued operations, net of tax	—	9,561	24,373
Income (loss) from discontinued operations, net of tax	9,849	(4,941)	24,501
Income from discontinued operations	9,849	4,620	48,874
Net income and comprehensive income	\$ 9,362	\$ 3,947	\$ 46,625
Weighted average shares outstanding:			
Basic	11,188	11,035	10,695
Diluted	11,188	11,035	10,695
Loss per share from continuing operations:			
Basic	\$ (0.04)	\$ (0.06)	\$ (0.21)
Diluted	\$ (0.04)	\$ (0.06)	\$ (0.21)
Income per share from discontinued operations:			
Basic	\$ 0.88	\$ 0.42	\$ 4.57
Diluted	\$ 0.88	\$ 0.42	\$ 4.57
Net income per share:			
Basic	\$ 0.84	\$ 0.36	\$ 4.36
Diluted	\$ 0.84	\$ 0.36	\$ 4.36

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

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
	<i>(in thousands, except par value and share amounts)</i>	
ASSETS:		
Cash and cash equivalents	\$ 86,212	\$ 91,667
Restricted cash and cash equivalents	18,716	26,017
Accounts receivable, net of allowance of \$349 and \$408, respectively	13,611	12,850
Prepaid and other current assets	931	1,689
Current assets of discontinued operations	189	521
Total current assets	119,659	132,744
Property and equipment, net	5,257	5,344
Goodwill	3,632	3,632
Intangible assets, net	11,141	10,684
Other non-current assets	102	111
Non-current assets of discontinued operations	100	129
Total assets	\$ 139,891	\$ 152,644
LIABILITIES:		
Accounts payable, trade	\$ 1,060	\$ 4,881
Accrued expenses and other current liabilities	25,521	23,314
Current liabilities of discontinued operations (Note 15)	12,055	32,004
Total current liabilities	38,636	60,199
Other non-current liabilities	—	334
Deferred income taxes	4,738	4,849
Non-current liabilities of discontinued operations	151	254
Total liabilities	43,525	65,636
Commitments and contingencies (Notes 10 and 11)		
SHAREHOLDERS' EQUITY:		
Preferred stock \$.01 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock \$.01 par value; 50,000,000 shares authorized; 12,854,517 and 12,619,835 shares issued, respectively, and 11,386,240 and 11,250,903 shares outstanding, respectively	129	126
Additional paid-in capital	909,751	907,148
Accumulated deficit	(798,171)	(807,533)
Treasury stock 1,468,277 and 1,368,932 shares, respectively	(15,343)	(12,733)
Total shareholders' equity	96,366	87,008
Total liabilities and shareholders' equity	\$ 139,891	\$ 152,644

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

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock				Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	
	Total	Number of Shares	Amount	Number of Shares			Amount	
	<i>(in thousands)</i>							
Balance as of December 31, 2011	\$ 45,471	11,826	\$ 118	\$ 911,990	\$ (858,105)	1,123	\$ (8,532)	
Net income and comprehensive income	46,625	—	—	—	46,625	—	—	
Non-cash compensation	4,756	—	—	4,756	—	—	—	
Purchase of treasury stock	(880)	—	—	—	—	65	(880)	
Dividends	(12,236)	—	—	(12,236)	—	—	—	
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(814)	369	4	(818)	—	—	—	
Balance as of December 31, 2012	\$ 82,922	12,195	\$ 122	\$ 903,692	\$ (811,480)	1,188	\$ (9,412)	
Net income and comprehensive income	3,947	—	—	—	3,947	—	—	
Non-cash compensation	5,629	—	—	5,629	—	—	—	
Purchase of treasury stock	(3,321)	—	—	—	—	181	(3,321)	
Dividends	637	—	—	637	—	—	—	
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(2,806)	425	4	(2,810)	—	—	—	
Balance as of December 31, 2013	\$ 87,008	12,620	\$ 126	\$ 907,148	\$ (807,533)	1,369	\$ (12,733)	
Net income and comprehensive income	9,362	—	—	—	9,362	—	—	
Non-cash compensation	7,446	—	—	7,446	—	—	—	
Purchase of treasury stock	(2,610)	—	—	—	—	99	(2,610)	
Dividends	(28)	—	—	(28)	—	—	—	
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(4,812)	235	3	(4,815)	—	—	—	
Balance as of December 31, 2014	\$ 96,366	12,855	\$ 129	\$ 909,751	\$ (798,171)	1,468	\$ (15,343)	

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

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2014	2013	2012
<i>(in thousands)</i>			
Cash flows from operating activities attributable to continuing operations:			
Net income and comprehensive income	\$ 9,362	\$ 3,947	\$ 46,625
Less: Income from discontinued operations, net of tax	(9,849)	(4,620)	(48,874)
Loss from continuing operations	(487)	(673)	(2,249)
Adjustments to reconcile loss from continuing operations to net cash provided by (used in) operating activities attributable to continuing operations:			
Loss on disposal of fixed assets	282	165	747
Impairment of long-lived assets	805	—	—
Amortization of intangibles	136	147	358
Depreciation	3,245	3,501	4,105
Non-cash compensation expense	7,446	5,627	4,587
Deferred income taxes	106	64	(92)
Bad debt expense (benefit)	206	248	(4)
Changes in current assets and liabilities:			
Accounts receivable	(1,228)	(3,614)	(6,011)
Prepaid and other current assets	(84)	(170)	620
Accounts payable, accrued expenses and other current liabilities	(1,935)	6,157	(6,123)
Income taxes payable	740	(610)	(98)
Other, net	(157)	(604)	(562)
Net cash provided by (used in) operating activities attributable to continuing operations	9,075	10,238	(4,722)
Cash flows from investing activities attributable to continuing operations:			
Capital expenditures	(3,856)	(2,750)	(2,632)
Acquisition of a business	(740)	—	—
Decrease (increase) in restricted cash	7,300	3,397	(1,085)
Net cash provided by (used in) investing activities attributable to continuing operations	2,704	647	(3,717)
Cash flows from financing activities attributable to continuing operations:			
Payments related to net-share settlement of stock -based compensation, net of proceeds from exercise of stock options	(4,812)	(2,806)	(815)
Purchase of treasury stock	(2,610)	(3,321)	(879)
Dividends	(229)	144	(11,428)
Decrease in restricted cash	—	—	1,199
Net cash used in financing activities attributable to continuing operations	(7,651)	(5,983)	(11,923)
Total cash provided by (used in) continuing operations	4,128	4,902	(20,362)
Discontinued operations:			
Net cash provided by (used in) operating activities attributable to discontinued operations	(9,583)	(3,425)	226,747
Net cash provided by investing activities attributable to discontinued operations	—	10,000	25,923
Net cash used in financing activities attributable to discontinued operations	—	—	(197,659)
Total cash provided by (used in) discontinued operations	(9,583)	6,575	55,011
Net increase (decrease) in cash and cash equivalents	(5,455)	11,477	34,649
Cash and cash equivalents at beginning of period	91,667	80,190	45,541
Cash and cash equivalents at end of period	\$ 86,212	\$ 91,667	\$ 80,190
Supplemental cash flow information:			
Interest paid	\$ 2	\$ 19	\$ 1,308
Income tax payments	3	654	1,238
Income tax refunds	(779)	(4)	(25)

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

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

Company Overview

LendingTree, Inc. ("LendingTree" or the "Company"), formerly known as Tree.com, Inc., is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC.

LendingTree operates what it believes to be the leading online loan marketplace for consumers seeking a broad array of loan types and other credit-based offerings. The Company offers consumers tools and resources, including free credit scores, that help them to comparison-shop for mortgage loans, home equity loans and lines of credit, reverse mortgages, personal loans, auto loans, student loans, credit cards, small business loans and other related offerings. The Company seeks to match in-market consumers with multiple lenders on its marketplace who can provide them with competing quotes for the loans or credit-based offerings they are seeking. The Company also serves as a valued partner to lenders seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries it generates with these lenders.

The consolidated financial statements include the accounts of LendingTree and all its wholly-owned entities. Intercompany transactions and accounts have been eliminated.

Certain amounts from the prior consolidated financial statements have been reclassified to conform to the presentation adopted in the current year.

Spin-Off

On August 20, 2008, LendingTree was spun off from its parent company, IAC/InterActiveCorp ("IAC"), into a separate publicly-traded company. In connection with the spin-off, LendingTree was incorporated as a Delaware corporation in April 2008.

Discontinued Operations

The businesses of RealEstate.com, REALTORS® (which represent the former Real Estate segment) and LendingTree Loans are presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. The notes accompanying these consolidated financial statements reflect the Company's continuing operations and, unless otherwise noted, exclude information related to the discontinued operations. *See* Note 15 — Discontinued Operations for additional information.

Basis of Presentation

The accompanying consolidated financial statements as of December 31, 2014 and 2013, respectively, and for the years ended December 31, 2014, 2013 and 2012, respectively, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company derives its revenue primarily from match fees, which are earned through the delivery of qualified leads that originated through one of its websites or affiliates. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. Delivery is deemed to have occurred at the time a qualified lead is delivered to the customer, provided that no significant obligations remain.

The Company also derives revenues from lenders for closing fees on certain auto, business and personal loan products when a transaction is closed with the consumer. Closed loan fees and closed sale fees are recognized at the time the lender reports the closed loan or closed sale to the Company, which could be several months after the original request form is transmitted.

Prior to January 2013, the Company also derived revenue from lenders for closing fees on home equity loan products, which were recognized in the same manner as the closed loan fees on its auto loan products.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In addition, during the years ended December 31, 2013 and 2012, the Company recognized approximately \$0.6 million and \$1.9 million of revenue, respectively, from marketing-related services provided to Discover Bank ("Discover"), a wholly owned subsidiary of Discover Financial Services. Revenue from these services was recognized in the period the services were provided. See Note 15—Discontinued Operations for additional information.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term, highly liquid money market investments with original maturities of three months or less.

Restricted Cash

Cash escrowed or contractually restricted for a specific purpose is designated as restricted cash.

Accounts Receivable

Accounts receivable are stated at amounts due from customers, net of an allowance for doubtful accounts.

The Company determines its allowance for doubtful accounts by considering a number of factors, including the length of time accounts receivable are past due, previous loss history and the specific customer's current ability to pay its obligation. Accounts receivable are considered past due when they are outstanding longer than the contractual payment terms. Accounts receivable are written off when management deems them uncollectible.

A reconciliation of the beginning and ending balances of the allowance for doubtful accounts is as follows (*in thousands*) :

	Year Ended December 31,		
	2014	2013	2012
Balance, beginning of the period	\$ 408	\$ 503	\$ 86
Charges to earnings	206	248	406
Write-off of uncollectible accounts receivable	(265)	(343)	11
Balance, end of the period	\$ 349	\$ 408	\$ 503

Loan Loss Obligations (Discontinued Operations)

The Company's Home Loan Center, Inc. ("HLC") subsidiary, which during its period of active operation primarily conducted business as LendingTree Loans, sold loans it originated to investors on a servicing-released basis and the risk of loss or default by the borrower was generally transferred to the investor. However, LendingTree Loans was required by these investors to make certain representations relating to credit information, loan documentation and collateral. To the extent LendingTree Loans did not comply with such representations or there are early payment defaults, LendingTree Loans may be required to repurchase loans or indemnify the investors for any losses from borrower defaults. LendingTree Loans maintains a liability for the estimated exposure relating to such contingent obligations and changes to the estimate are recorded in income from discontinued operations in the periods they occur.

The Company estimates the liability for loan losses using a settlement discount framework. This approach estimates the lifetime losses on the population of remaining loans originated and sold by LendingTree Loans using actual defaults for loans with similar characteristics and projected future defaults. It also considers the likelihood of claims expected due to alleged breaches of representations and warranties made by LendingTree Loans and the percentage of those claims investors estimate LendingTree Loans may agree to repurchase. The Company then applies a settlement discount factor to the result of the foregoing to reflect publicly announced bulk settlements for similar loan types and vintages, the Company's own settlement experience, as well as LendingTree Loans' non-operating status, in order to estimate a range of potential liability. Changes to any one of these factors could significantly impact the estimate of the liability and could have a material impact on the Company's results of operations for any particular period. See Note 15—Discontinued Operations—LendingTree Loans—Loan Loss Obligations for additional information on the loan loss reserve.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Segment Reporting

The Company has four operating segments: lending, auto, education and home services. The lending operating segment is in the Company's core business of lead generation in the lending marketplace, matching consumers looking for lending products with marketplace lenders. Similarly, the auto, education and home services businesses match consumers with auto financing providers and dealers, prospective students with educational institutions and agencies, and homeowners with home improvement professionals, respectively.

The Company's review of these operating segments at December 31, 2014 indicates that only its lending operating segment meets the quantitative threshold to be reported as a reportable segment.

Property and Equipment

Property and equipment, including internally-developed software and significant improvements, are recorded at cost less accumulated depreciation. Repairs and maintenance and any gains or losses on dispositions are recognized as incurred in current operations.

Depreciation is recorded on a straight-line basis to allocate the cost of depreciable assets to operations over their estimated service lives. The following table presents the estimated useful lives for each asset category:

Asset Category	Estimated Useful Lives
Computer equipment and capitalized software	1 to 5 years
Leasehold improvements	Lesser of asset life or life of lease
Furniture and other equipment	3 to 7 years

Software Development Costs

Software development costs primarily include internal and external labor expenses incurred to develop the software that powers the Company's websites. Certain costs incurred during the application development stage are capitalized based on specific activities tracked on internal time sheets and external invoices (or time sheets), while costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred. Capitalized software development costs are amortized over an estimated useful life of one to three years .

Goodwill and Indefinite-Lived Intangible Assets

Goodwill acquired in business combinations is assigned to the reporting units that are expected to benefit from the combination as of the acquisition date. Goodwill and indefinite-lived intangible assets, primarily the Company's trade names and trademarks, are not amortized. Rather, these assets are tested annually for impairment as of October 1, or more frequently upon the occurrence of certain events or substantive changes in circumstances.

Goodwill impairment is determined using a two-step process. The first step is to compare the fair value of a reporting unit with its carrying amount, including goodwill. In performing the first step, the Company determines the fair value of its reporting units by using a market approach and a discounted cash flow ("DCF") analysis. Determining fair value using a DCF analysis requires the exercise of significant judgments, including judgments about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not required. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is required to be performed to measure the amount of impairment, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

The impairment test for indefinite-lived intangible assets involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its estimated fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of indefinite-lived intangible assets are determined using a DCF valuation analysis that employs a relief-from-royalty methodology in estimating the fair value of trade names and trademarks. Significant judgments inherent in this analysis include the determination of royalty rates, discount rates, perpetual growth rates and the amount and timing of future revenues.

LENDINGTREE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the October 1, 2014 annual impairment test of goodwill, the fair value of the lending reporting unit was estimated using a DCF analysis and a market comparable method, with each method being equally weighted in the calculation. Results of the October 1, 2014 annual impairment test for goodwill and the indefinite-lived intangible assets indicated that no impairments had occurred.

Long-Lived Assets and Intangible Assets with Definite Lives

Long-lived assets include property and equipment and intangible assets with definite lives. Amortization of definite-lived intangible assets is recorded on a straight-line basis over their estimated lives.

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying amount is deemed to not be recoverable, an impairment loss is recorded as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

During the fourth quarter of 2014, the Company lost key customers and experienced a decline in revenue for a certain product included within the Education business. Accordingly, in early 2015, the Company amended its strategic course for this product, resulting in a reduction in anticipated future cash flows. At December 31, 2014, the Company reviewed the long-lived assets associated with this product for recoverability, resulting in an impairment charge to customer lists and internally developed software of approximately \$0.8 million. The fair value of the long-lived assets was determined using a discounted cash flow model. The impairment charge is included in general and administrative expense on the accompanying consolidated statement of operations and comprehensive income and the "Other" category in the reconciliation of segment information in Note 16 — Segment Information.

Fair Value Measurements

The Company categorizes its assets and liabilities measured at fair value into a fair value hierarchy that prioritizes the assumptions used in pricing the asset or liability into the following three levels:

- **Level 1**: Observable inputs, such as quoted prices for identical assets and liabilities in active markets obtained from independent sources.
- **Level 2**: Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data.
- **Level 3**: Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions, based on the best information available under the circumstances, about the assumptions market participants would use in pricing the asset or liability.

The Company's non-financial assets, such as goodwill, intangible assets and property and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs. As of December 31, 2014 and 2013, the carrying value of all of the Company's financial instruments are equal to the fair value.

Cost of Revenue

Cost of revenue consists primarily of expenses associated with compensation and other employee-related costs (including stock-based compensation) related to customer call centers, credit scoring fees and website network hosting and server fees.

Product Development

Product development expense consists primarily of compensation and other employee-related costs (including stock-based compensation) for personnel engaged in the design, development, testing and enhancement of technology that are not capitalized.

Advertising

Advertising costs are expensed in the period incurred (except for production costs which are initially capitalized and then recognized as expense when the advertisement first runs) and principally represent offline costs, including television, print and

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

radio advertising, and online advertising costs, including fees paid to search engines and distribution partners. Advertising expense was \$102.2 million, \$80.7 million and \$40.8 million for the years ended December 31, 2014, 2013 and 2012, respectively, and is included in selling and marketing expense on the consolidated statements of operations and comprehensive income.

Income Taxes

Income taxes are accounted for under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In estimating future tax consequences, all expected future events are considered. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. Interest is recorded on potential tax contingencies as a component of income tax expense and recorded net of any applicable related income tax benefit. During 2014, 2013 and 2012, the Company reported losses from continuing operations and income from discontinued operations. As a result, the Company followed the accounting guidance prescribed in ASC 740-20-45-7, which provides an exception to the "with" and "without" approach to intraperiod tax allocation for determination of the amount of tax benefit to allocate to continuing operations in such circumstances.

In accordance with the accounting standard for uncertainty in income taxes, liabilities for uncertain tax positions are recognized based on the two-step process prescribed by the accounting standards. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement.

Stock-Based Compensation

The forms of stock-based awards granted to LendingTree employees are principally restricted stock units ("RSUs"), stock options and restricted stock. RSUs are awards in the form of units, denominated in a hypothetical equivalent number of shares of LendingTree common stock and with the value of each award equal to the fair value of LendingTree common stock at the date of grant. RSUs may be settled in cash, stock or both, as determined by the Company's Compensation Committee at the time of grant. The Company does not have a history of settling these awards in cash. Each stock-based award is subject to service-based vesting, where a specific period of continued employment must pass before an award vests. The Compensation Committee can modify the vesting provisions of an award. Certain restricted stock awards also include performance-based vesting, where certain performance targets set at the time of grant must be achieved before an award vests.

LendingTree recognizes as expense non-cash compensation for all stock-based awards for which vesting is considered probable. The amount of non-cash compensation is reduced by estimated forfeitures, as the amount recorded to the consolidated statement of operations and comprehensive income is based on awards ultimately expected to vest. The forfeiture rate is estimated at the grant date, based on historical experience and revised, if necessary, in subsequent periods if the actual forfeiture rate differs from the estimated rate.

For service-based awards, non-cash compensation is measured at fair value on the grant date and expensed ratably over the vesting term. The fair value of each stock option award is estimated using the Black-Scholes option pricing model, while the fair value of an RSU or restricted stock award is measured as the closing common stock price at the time of grant. For certain performance-based awards, the fair value is measured on the grant date as the fair value of the Company's common stock awarded and recognized as non-cash compensation, using a graded vesting attribution model that considers the probability of the targets being achieved.

Tax benefits resulting from tax deductions in excess of the non-cash compensation recognized in the consolidated statement of operations and comprehensive income are reported as a component of financing cash flows. In 2014, 2013 and 2012, while there were excess tax benefits from non-cash compensation, the tax benefits are not reflected in the consolidated statement of operations and comprehensive income because of the utilization of net operating losses ("NOLs").

Litigation Settlements and Contingencies

Litigation settlements and contingencies consists of expenses related to actual or anticipated litigation settlements, in addition to legal fees incurred in connection with various patent litigation claims the Company pursues against others.

The Company is involved in legal proceedings on an ongoing basis. If the Company believes that a loss arising from such matters is probable and can be reasonably estimated, the estimated liability is accrued in the consolidated financial statements. If only a range of estimated losses can be determined, an amount within the range is accrued that, in the Company's judgment, reflects

LENDINGTREE, INC. AND SUBSIDIARIES
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the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the low end of the range is accrued. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, an estimate of the reasonably possible loss or range of losses or a conclusion that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) are not material is disclosed. Legal expenses associated with these matters are recognized as incurred.

Accounting Estimates

Management is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with GAAP. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements, including discontinued operations, include: loan loss obligations; the recoverability of long-lived assets, goodwill and intangible assets; the determination of income taxes payable and deferred income taxes, including related valuation allowances; restructuring reserves; contingent consideration related to business combinations; various other allowances, reserves and accruals; and assumptions related to the determination of stock-based compensation.

Certain Risks and Concentrations

LendingTree's business is subject to certain risks and concentrations including dependence on third-party technology providers, exposure to risks associated with online commerce security and credit card fraud.

Financial instruments, which potentially subject the Company to concentration of credit risk at December 31, 2014, consist primarily of cash and cash equivalents and accounts receivable, as disclosed in the consolidated balance sheet. Cash and cash equivalents are in excess of Federal Deposit Insurance Corporation insurance limits, but are maintained with quality financial institutions of high credit. The Company generally requires certain marketplace lenders to maintain security deposits with the Company, which in the event of non-payment, would be applied against any accounts receivable outstanding.

Due to the nature of the mortgage lending industry, interest rate increases may negatively impact future revenue from the Company's lender marketplace.

For the years ended December 31, 2014, 2013 and 2012, one marketplace lender accounted for revenue representing 13%, 12% and 14% of total revenue, respectively, and another marketplace lender accounted for 11%, 12% and 11% of total revenue, respectively.

Lenders participating on the Company's marketplace can offer their products directly to consumers through brokers, mass marketing campaigns or through other traditional methods of credit distribution. These lenders can also offer their products online, either directly to prospective borrowers, through one or more online competitors, or both. If a significant number of potential consumers are able to obtain loans from participating lenders without utilizing the Company's service, its ability to generate revenue may be limited. Because the Company does not have exclusive relationships with the lenders whose loan offerings are offered on its online marketplace, consumers may obtain offers and loans from these lenders without using its service.

The Company maintains operations solely in the United States.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 related to revenue recognition. This ASU was initiated as a joint project between the FASB and International Accounting Standards board ("IASB") to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and IFRS. This guidance will supersede the existing revenue recognition requirements in Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition and is effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted and the ASU can be applied (i) retrospectively to each prior period presented or (ii) retrospectively with the cumulative effect of initially adopting the ASU recognized at the date of initial application. The Company is evaluating the impact this ASU will have on its consolidated financial statements.

In February 2013, the FASB issued new accounting guidance that requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors

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and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance also requires an entity to disclose the nature and amount of these obligations, as well as other information about them. The new accounting guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance did not have a material impact on the consolidated financial statements.

NOTE 3—RESTRICTED CASH

Restricted cash and cash equivalents consists of the following (*in thousands*) :

	December 31, 2014	December 31, 2013
Cash in escrow for surety bonds ^(a)	\$ 2,453	\$ 2,453
Cash in escrow for corporate purchasing card program	100	400
Cash in escrow from sale of LendingTree Loans ^(b)	16,106	18,117
Cash in escrow for earnout related to an acquisition ^(c)	—	1,956
Cash restricted for loan loss obligations ^(d)	—	3,051
Other	57	40
Total restricted cash and cash equivalents	\$ 18,716	\$ 26,017

(a) See Note 10—Commitments for a discussion of surety bonds.

(b) HLC, a subsidiary of the Company, continues to be liable for certain indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of its LendingTree Loans business in the second quarter of 2012. During the second quarter of 2014, the Company reached and executed a settlement with one of its secondary market purchasers related to these contingent liabilities, upon which \$2.0 million of cash previously held in escrow was released to the Company. This settlement had no impact on the results of operations for the year ended December 31, 2014. During the fourth quarter of 2014, the Company completed a settlement agreement with the largest investor to which it had sold loans. As a result of this settlement agreement, \$12.1 million of cash held in escrow is expected to be released in December 2015.

(c) During the first quarter of 2014, the Company reached and executed a settlement with the disputing party on the earnout related to an acquisition completed prior to the spinoff from IAC in August 2008, upon which \$2.0 million of cash previously held in escrow was released, of which \$1.0 million was paid out to the disputing party. This settlement had no impact on the results of operations for the year ended December 31, 2014.

(d) During the fourth quarter of 2014, the Company reached and executed a settlement with the disputing party on certain loan loss obligations, upon which \$3.1 million of cash previously held in escrow was paid out to the disputing party.

NOTE 4—PROPERTY AND EQUIPMENT

The balance of property and equipment, net is as follows (*in thousands*) :

	December 31, 2014	December 31, 2013
Computer equipment and capitalized software	\$ 16,080	\$ 18,130
Leasehold improvements	2,096	2,096
Furniture and other equipment	1,030	981
Projects in progress	861	2,145
Total gross property and equipment	20,067	23,352
Accumulated depreciation	(14,810)	(18,008)
Total property and equipment, net	\$ 5,257	\$ 5,344

Unamortized capitalized software development costs, in service or under development, are \$4.5 million and \$4.3 million at December 31, 2014 and 2013, respectively. Capitalized software development depreciation expense was \$2.8 million, \$3.0 million and \$3.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

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During 2014, the Company recorded an impairment charge in its Education business of approximately \$0.4 million to internally developed software. See Note 2—Significant Accounting Policies for a discussion of the impairment.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

The balance of goodwill and intangible assets, net is as follows (*in thousands*) :

	December 31, 2014	December 31, 2013
Goodwill	\$ 486,720	\$ 486,720
Accumulated impairment losses	(483,088)	(483,088)
Net goodwill	\$ 3,632	\$ 3,632
Intangible assets with indefinite lives	\$ 10,142	\$ 10,142
Intangible assets with definite lives, net	999	542
Total intangible assets, net	\$ 11,141	\$ 10,684

Goodwill and Indefinite-Lived Intangible Assets

The Company's goodwill is associated with its one reportable segment, lending. There were no changes in the carrying amount of goodwill during the years ended December 31, 2014 and 2013. Results of the annual impairment test as of October 1, 2014 indicated that no impairment had occurred.

Intangible assets with indefinite lives relate to the Company's trademarks. Results of the annual impairment test as of October 1, 2014 indicated that no impairment had occurred.

Intangible Assets with Definite Lives

Intangible assets with definite lives relate to the following (*dollars in thousands*) :

	Weighted Average Amortization Life	Cost	Accumulated Amortization	Net
Customer lists	10.0 years	\$ 1,049	\$ (50)	\$ 999
Other	2.2 years	1,087	(1,087)	—
Balance at December 31, 2014		\$ 2,136	\$ (1,137)	\$ 999

	Weighted Average Amortization Life	Cost	Accumulated Amortization	Net
Purchase agreements	5.0 years	\$ 236	\$ (212)	\$ 24
Technology	3.0 years	25,194	(25,194)	—
Customer lists	4.2 years	6,682	(6,166)	516
Other	2.5 years	1,517	(1,515)	2
Balance at December 31, 2013		\$ 33,629	\$ (33,087)	\$ 542

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Amortization of intangible assets with definite lives is computed on a straight-line basis and, based on balances as of December 31, 2014, future amortization is estimated to be as follows (*in thousands*) :

	Amortization Expense
Year ending December 31, 2015	\$ 149
Year ending December 31, 2016	100
Year ending December 31, 2017	100
Year ending December 31, 2018	100
Year ending December 31, 2019	100
Thereafter	450
Total intangible assets with definite lives, net	\$ 999

On June 30, 2014, the Company acquired certain intangible assets to be used in its home services business for \$0.6 million paid on the acquisition date, plus contingent consideration of \$0 to \$0.8 million. During the fourth quarter of 2014, the Company finalized the purchase price of \$1.0 million, which includes an estimated contingent consideration of \$0.4 million. The entire purchase price was allocated to the customer lists acquired, which is being amortized on a straight-line basis over a useful life of 10 years.

During 2014, the Company recorded an impairment charge in its Education business of approximately \$0.4 million to customer lists. See Note 2—Significant Accounting Policies for a discussion of the impairment.

NOTE 6—ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following (*in thousands*) :

	December 31, 2014	December 31, 2013
Accrued litigation liabilities	\$ 2,786	\$ 500
Accrued advertising expense	11,170	8,837
Accrued compensation and benefits	2,666	3,378
Accrued professional fees	337	1,806
Accrued restructuring costs	178	284
Customer deposits and escrows	4,560	4,279
Deferred rent	162	245
Other	3,662	3,985
Total accrued expenses and other current liabilities	\$ 25,521	\$ 23,314

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NOTE 7—SHAREHOLDERS' EQUITY

Basic and diluted income (loss) per share was determined based on the following share data (*in thousands*) :

	Year Ended December 31,		
	2014	2013	2012
Weighted average basic common shares	11,188	11,035	10,695
Effect of stock options	—	—	—
Effect of dilutive share awards	—	—	—
Weighted average diluted common shares	11,188	11,035	10,695

For the years ended December 31, 2014 , 2013 and 2012 , the Company had losses from continuing operations and, as a result, no potentially dilutive securities were included in the denominator for computing diluted loss per share, because the impact would have been anti-dilutive. Accordingly, the weighted average basic shares outstanding were used to compute loss per share amounts for these periods. For the years ended December 31, 2014 , 2013 and 2012 , approximately 0.7 million , 0.7 million , and 0.6 million shares, respectively, related to potentially dilutive securities were excluded from the calculation of diluted loss per share, because their inclusion would have been anti-dilutive.

See Note 8 —Stock-Based Compensation for a full description of outstanding equity awards.

Common Stock Repurchases

In January 2010, the board of directors authorized and the Company announced the repurchase of up to \$10.0 million of LendingTree's common stock. In May 2014, the board of directors authorized and the Company announced the repurchase of up to an additional \$10.0 million of LendingTree's common stock. During the years ended December 31, 2014 , 2013 and 2012 , the Company purchased 99,345 , 180,453 and 65,218 shares, respectively, of its common stock for aggregate consideration of \$2.6 million , \$3.3 million and \$0.9 million , respectively. At December 31, 2014 , approximately \$7.5 million remains authorized for share repurchase.

Special Dividend

On December 6, 2012, the Company announced a special cash dividend of \$1.00 per share. The dividend was paid on December 26, 2012 to shareholders of record on December 17, 2012. The total amount of the dividend was approximately \$11.6 million , giving effect to a 2013 correction to the overpayment of dividends totaling \$0.4 million , and has been presented as a reduction of additional paid-in capital in the consolidated financial statements.

NOTE 8 —STOCK-BASED COMPENSATION

The Company currently has one active plan, the Fourth Amended and Restated LendingTree 2008 Stock and Annual Incentive Plan (the "Equity Award Plan"), under which future awards may be granted, which currently covers outstanding stock options to acquire shares of the Company's common stock, restricted stock and RSUs, and provides for the future grants of these and other equity awards. Under the Equity Award Plan, the Company is authorized to grant stock options, restricted stock, RSUs and other equity-based awards for up to 4.35 million shares of LendingTree common stock to employees, officers and directors. This Equity Award Plan also governs certain equity awards of IAC that were converted into equity awards of LendingTree in connection with the spin-off.

The Equity Award Plan has a stated term of ten years and provides that the exercise price of stock options granted will not be less than the market price of the common stock on the grant date. The Equity Award Plan itself does not specify grant dates or vesting schedules, as those determinations are delegated to the Compensation Committee of the board of directors. Each grant agreement reflects the vesting schedule for that particular grant, as determined by the Compensation Committee. The Compensation Committee has the authority to modify the vesting provisions of an award.

Prior to the 2008 spin-off from IAC, employees received equity awards that were granted under various IAC stock and annual incentive plans. Upon spin-off, these IAC awards were converted into awards of both LendingTree and other former IAC companies, which vested in 2012.

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Non-cash compensation related to equity awards is included in the following line items in the accompanying consolidated statements of operations and comprehensive income (*in thousands*) :

	Year Ended December 31,		
	2014	2013	2012
Cost of revenue	\$ 32	\$ 13	\$ 6
Selling and marketing expense	901	931	750
General and administrative expense	5,148	3,841	3,205
Product development	1,196	842	626
Restructuring and severance	169	—	—
Total non-cash compensation	\$ 7,446	\$ 5,627	\$ 4,587

For the years ended December 31, 2014 , 2013 and 2012 , the Company recognized no income tax benefit related to non-cash compensation due to its net operating losses and valuation allowance. As of December 31, 2014 , there was approximately \$10.9 million , \$5.8 million and \$2.2 million of unrecognized compensation cost, net of estimated forfeitures, related to stock options, RSUs and restricted stock, respectively. These costs are expected to be recognized over a weighted-average period of approximately 3.0 years for stock options, 1.7 years for RSUs and 1.9 years for restricted stock.

Stock Options

A summary of the changes in outstanding stock options is as follows:

	Number of Options	Weighted Average Exercise Price <i>(per option)</i>	Weighted Average Remaining Contractual Term <i>(in years)</i>	Aggregate Intrinsic Value ^(a) <i>(in thousands)</i>
Outstanding at December 31, 2013	1,038,999	\$ 8.98		
Granted	1,106,791	26.73		
Exercised	(8,361)	13.58		
Forfeited	—	—		
Expired	(750)	13.04		
Outstanding at December 31, 2014	2,136,679	\$ 18.16	6.43	\$ 64,492
Options exercisable	983,107	\$ 9.07	3.63	\$ 38,602

(a) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price of \$48.34 on the last trading day of 2014 and the exercise price, multiplied by the number of shares covered by in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2014 . The intrinsic value changes based on the market value of the Company's common stock.

Upon exercise, the intrinsic value represents the pre-tax difference between the Company's closing stock price on the exercise date and the exercise price, multiplied by the number of stock options exercised. During the years ended December 31, 2014 , 2013 and 2012 , the total intrinsic value of stock options that were exercised was \$0.2 million , \$0.4 million and \$0.3 million , respectively. Cash received from stock option exercises and the related actual tax benefit realized were \$0.1 million and \$0.1 million , respectively, for the year ended December 31, 2014 .

During the years ended December 31, 2014 and 2012 , the Company granted stock options with a weighted average grant date fair value per share of \$11.22 and \$3.63 , respectively, of which the vesting periods include (a) three years from the grant date, (b) 25% and 75% over a period of 2.5 years and 3.5 years , respectively, and (c) two years from the grant date.

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For purposes of determining stock-based compensation expense, the weighted average grant date fair value per share of the stock options was estimated using the Black-Scholes option pricing model, which requires the use of various key assumptions. The weighted average assumptions used are as follows:

	Year Ended December 31,	
	2014	2012
Expected term ⁽¹⁾	5.75 - 6.63 years	7.0 years
Expected dividend ⁽²⁾	—	—
Expected volatility ⁽³⁾	36% - 64%	45%
Risk-free interest rate ⁽⁴⁾	1.81% - 2.13%	2.0%

- (1) For the year ended December 31, 2014, the expected term of stock options granted was calculated using the 'Simplified Method', which utilizes the midpoint between the weighted average time of vesting and the end of the contractual term. This method was utilized for the stock options due to a lack of historical exercise behavior by the Company's employees. For the year ended December 31, 2012, the expected term of stock options granted was based on analyses of historical employee termination rates and option exercise patterns, giving consideration to expectations of future employee behavior.
- (2) For all stock options granted during the years ended December 31, 2014 and 2012, no dividends are expected to be paid over the contractual term of the stock options, resulting in a zero expected dividend rate.
- (3) The expected volatility rate is based on the historical volatility of the Company's common stock or a blended rate which includes the historical volatility of the Company's common stock and that of a peer group.
- (4) The risk-free interest rate is specific to the date of grant. The risk-free interest rate is based on U.S. Treasury yields for notes with comparable expected terms as the awards, in effect at the grant date.

As of December 31, 2014, the non-vested options are expected to vest over a weighted-average period of approximately 3.0 years. During the years ended December 31, 2014, 2013 and 2012, the total fair value of options vested was \$0.4 million, \$3.2 million and \$0.3 million, respectively.

Restricted Stock Units

A summary of the changes in outstanding nonvested RSUs is as follows:

	RSUs		RSUs Performance Condition	
	Number of Units	Weighted Average Grant Date Fair Value <i>(per unit)</i>	Number of Units	Weighted Average Grant Date Fair Value <i>(per unit)</i>
Nonvested at December 31, 2013	599,122	\$ 14.15	—	\$ —
Granted ^(a)	135,607	32.33	500	33.59
Vested	(328,681)	12.08	(500)	33.59
Forfeited	(54,247)	16.31	—	—
Nonvested at December 31, 2014	351,801	\$ 22.83	—	\$ —

- (a) The grant date fair value per share of the RSUs is calculated as the closing market price of LendingTree's common stock at the time of the grant.

The total fair value of RSUs that vested during the years ended December 31, 2014, 2013 and 2012 was \$11.0 million, \$7.5 million and \$4.3 million, respectively. The total fair value of RSUs with a performance condition that vested during the year ended December 31, 2014 was \$22,000.

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Restricted Stock

A summary of the changes in outstanding nonvested restricted stock is as follows:

	Restricted Stock		Restricted Stock Market Condition	
	Number of Shares	Weighted Average Grant Date Fair Value <i>(per share)</i>	Number of Shares	Weighted Average Grant Date Fair Value <i>(per share)</i>
Nonvested at December 31, 2013	119,500	\$ 22.47	62,500	\$ 13.93
Granted ^{(a)(b)}	43,389	25.14	—	—
Vested	(39,832)	22.47	(62,500)	13.93
Forfeited	—	—	—	—
Nonvested at December 31, 2014	123,057	\$ 23.41	—	\$ —

(a) The grant date fair value per share of the restricted stock is calculated as the closing market price of LendingTree's common stock at the time of grant.

(b) The grant date fair value per share of the restricted stock with an underlying market condition was calculated using a Monte Carlo simulation model. These shares vest based on the achievement of a market-based performance target within three years, but not earlier than one year from the grant date. The fair value on grant date is recognized over the requisite service period.

The total fair value of restricted stock that vested during the years ended December 31, 2014, 2013 and 2012 was \$1.5 million, \$3.2 million and \$0.8 million, respectively. The total fair value of restricted stock with a market condition that vested during the year ended December 31, 2014 was \$2.1 million.

NOTE 9 — INCOME TAXES

Income Tax Provision

The components of the income tax benefit are as follows *(in thousands)*:

	Year Ended December 31,		
	2014	2013	2012
Current income tax benefit:			
Federal	\$ (371)	\$ (425)	\$ (1,358)
State	(219)	(92)	(33)
Current income tax benefit	(590)	(517)	(1,391)
Deferred income tax provision (benefit):			
Federal	63	63	147
State	43	1	(239)
Deferred income tax provision (benefit)	106	64	(92)
Income tax benefit	\$ (484)	\$ (453)	\$ (1,483)

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A reconciliation of the income tax benefit to the amounts computed by applying the statutory federal income tax rate to loss from continuing operations before income taxes is shown as follows (*in thousands*) :

	Year Ended December 31,		
	2014	2013	2012
Income tax benefit at the federal statutory rate of 35%	\$ (340)	\$ (394)	\$ (1,306)
State income taxes, net of effect of federal tax benefit	(143)	(60)	(177)
Other, net	(1)	1	—
Income tax benefit	\$ (484)	\$ (453)	\$ (1,483)

Deferred Income Taxes

The tax effects of cumulative temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows (*in thousands*) :

	December 31,	
	2014	2013
Deferred tax assets:		
Provision for accrued expenses	\$ 7,265	\$ 13,009
Net operating loss carryforwards ^(a)	23,370	26,365
Non-cash compensation expense	3,010	2,753
Goodwill, intangible and other assets	567	1,874
Other	1,296	1,125
Total gross deferred tax assets	35,508	45,126
Less: valuation allowance ^(b)	(40,121)	(49,674)
Total deferred tax assets, net of the valuation allowance	(4,613)	(4,548)
Deferred tax liabilities:		
Other	(237)	(194)
Total gross deferred tax liabilities	(237)	(194)
Net deferred taxes	\$ (4,850)	\$ (4,742)

(a) At December 31, 2014 and 2013 , the Company had pre-tax consolidated federal NOLs of \$35.6 million and \$30.1 million , respectively. The federal NOLs will expire between 2031 and 2034. In addition, the Company has separate state NOLs of approximately \$315.8 million at December 31, 2014 that will expire at various times between 2015 and 2034.

(b) The valuation allowance is related to items for which it is "more likely than not" that the tax benefit will not be realized.

During the quarter ended December 31, 2014, the Company identified an error in the calculation of its previously disclosed deferred tax asset for net operating loss carryforwards. The error related primarily to the calculation of the Federal benefit of the state operating loss carryforwards. The Company has determined that the error is not material to prior periods. The Company has corrected this error as an out-of-period adjustment in 2014, resulting in a \$5.8 million decrease to the deferred tax asset for net operating loss carryforwards with a corresponding decrease in the related valuation allowance, resulting in no net change to net deferred taxes in the table above. There was no impact to the accompanying consolidated statements of operations and comprehensive income, consolidated balance sheets or the consolidated statements of cash flows.

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Deferred income taxes are presented in the accompanying consolidated balance sheets as follows (*in thousands*) :

	December 31,	
	2014	2013
Deferred tax assets	\$ —	\$ 107
Deferred tax liabilities	(4,850)	(4,849)
Net deferred taxes	\$ (4,850)	\$ (4,742)

Valuation Allowance

The Company had a valuation allowance recorded at December 31, 2014 and 2013 related to the portion of net operating loss carryforwards and other deferred tax assets for which it is "*more likely than not*" that the tax benefit will not be realized.

A reconciliation of the beginning and ending balances of the deferred tax valuation allowance is as follows (*in thousands*) :

	Year Ended December 31,		
	2014	2013	2012
Balance, beginning of the period	\$ 49,674	\$ 54,961	\$ 68,138
Charges to earnings ^(a)	(3,707)	(5,287)	(13,176)
Out of period adjustment ^(b)	(5,846)	—	—
Balance, end of the period	\$ 40,121	\$ 49,674	\$ 54,961

(a) Amount is primarily related to the Company's net operating loss carryforwards and other deferred tax assets, including accrued expenses and goodwill, which impacted the income tax provision.

(b) Out of period adjustment in the valuation allowance is offset by an out of period adjustment to the deferred tax assets, as noted above, thus adjustment is limited to disclosure.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, is as follows (*in thousands*) :

	Year Ended December 31,	
	2014	2013
Balance, beginning of the period	\$ 36	\$ —
Additions based on tax positions of prior years	—	36
Lapse of statute of limitations	(13)	—
Balance, end of the period	\$ 23	\$ 36

Interest and, if applicable, penalties are recognized related to unrecognized tax benefits in income tax expense. Interest and penalties on unrecognized tax benefits included in income tax expense for each of the years ended December 31, 2014 , 2013 and 2012 are immaterial. There are no significant accruals for interest and penalties at December 31, 2014 and 2013 .

As of December 31, 2014 and 2013 , the accrual for unrecognized tax benefits, including interest, was \$25,000 and \$40,000 , respectively, all of which would benefit the effective tax rate if recognized.

Tax Audits

LendingTree is subject to audits by federal, state and local authorities in the area of income tax. These audits include questioning the timing and the amount of deductions and the allocation of income among various tax jurisdictions. Income taxes payable include amounts considered sufficient to pay assessments that may result from examination of prior year returns; however, any amounts paid upon resolution of issues raised may differ from the amount provided. Differences between the reserves for tax contingencies and the amounts owed by the

Company are recorded in the period they become known. As of December 31, 2014,

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the Company is subject to a federal income tax examination for the tax years 2011 through 2013. In addition, the Company is subject to state and local tax examinations for the tax years 2011 through 2013.

The Company was indemnified by its previous owner for any federal and/or combined state income tax liabilities resulting from years prior to the spin-off in 2008. The Joint Committee of Taxation has completed its review of IAC's tax returns and approved the audit settlement previously agreed to with the Internal Revenue Services for the years ended December 31, 2001 through 2008. The statute of limitations for the years 2001 through 2009 expired on July 1, 2014. Various state and local jurisdictions are open to examination, the most significant of which is New York, for various tax years beginning with 2006.

NOTE 10 — COMMITMENTS

Operating Leases

The Company leases office space, equipment and services used in connection with its operations under various operating leases, many of which contain escalation clauses. The Company's primary operating leases relate to its office space in Charlotte, North Carolina and Burlingame, California, each of which expire in 2015.

Future minimum payments as of December 31, 2014 under operating lease agreements having an initial or remaining non-cancelable lease term in excess of one year are as follows (*in thousands*) :

Year ending December 31,	Amount
2015	\$ 1,003
Total ^(a)	\$ 1,003

(a) The Company subleases certain of its office space to third parties. These future minimum payments have not been reduced by the \$0.1 million of minimum sublease rental income to be received in the future under non-cancelable subleases.

Rental expense for all operating leases, except those with terms of a month or less that were not renewed, charged to continuing operations was \$1.1 million , \$1.3 million and \$1.1 million , net of \$0 , \$18,000 and \$42,000 sublease rental income, for each of the years ended December 31, 2014 , 2013 and 2012 , respectively, and a majority of which is included in general and administrative expense in the consolidated statements of operations and comprehensive income.

Surety Bonds

The Company has funding commitments that could potentially require performance in the event of demands by third parties or contingent events, as follows (*in thousands*) :

	Commitments Due By Period				
	Total	Less Than 1 year	1-3 years	3-5 years	More Than 5 years
Surety bonds	\$ 4,648	\$ 4,648	\$ —	\$ —	\$ —

State laws and regulations generally require businesses which engage in mortgage brokering activity to maintain a mortgage broker or similar license. Mortgage brokering activity is generally defined to include, among other things, receiving valuable consideration for offering assistance to a buyer in obtaining a residential mortgage or soliciting financial and mortgage information from the public and providing that information to an originator of residential mortgage loans. All states require that the Company maintain surety bonds for potential claims.

NOTE 11 — CONTINGENCIES

Overview

LendingTree is involved in legal proceedings on an ongoing basis. In assessing the materiality of a legal proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require it to change its business practices in a manner that could have a material and adverse impact on the business. With respect to the matters disclosed in this Note 11 , unless otherwise indicated, the Company is unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

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As of December 31, 2014 and 2013, the Company has a litigation settlement accrual of \$2.8 million and \$0.5 million, respectively. The litigation settlement accrual relates to litigation matters that were either settled or a firm offer for settlement was extended, thereby establishing an accrual amount that is both probable and reasonably estimable.

Intellectual Property Litigation

Zillow

LendingTree v. Zillow, Inc., et al. Civil Action No. 3:10-cv-439. On September 8, 2010, the Company filed an action for patent infringement in the U.S. District Court for the Western District of North Carolina against Zillow, Inc., Nextag, Inc., Quinstreet, Inc., Quinstreet Media, Inc. and Adchemy, Inc. The complaint was amended to include Leadpoint, Inc. d/b/a Securerights on September 24, 2010. The complaint alleged that each of the defendants infringe one or both of the Company's patents—U.S. Patent No. 6,385,594, entitled "Method and Computer Network for Co-Ordinating a Loan over the Internet," and U.S. Patent No. 6,611,816, entitled "Method and Computer Network for Co-Ordinating a Loan over the Internet." The defendants in this action asserted various defenses and counterclaims against the Company, including the assertion by certain of the defendants of counterclaims alleging illegal monopolization via the Company's maintenance of the asserted patents. Defendant NexTag asserted defenses of laches and equitable estoppel. In July 2011, the Company reached a settlement agreement with Leadpoint, Inc., pursuant to which all claims against Leadpoint, Inc. and all counter-claims against the Company by Leadpoint, Inc. were dismissed. In November 2012, the Company reached a settlement agreement with Quinstreet, Inc. and Quinstreet Media, Inc. (collectively, the "Quinstreet Parties"), pursuant to which all claims against the Quinstreet Parties and all counterclaims against the Company by the Quinstreet Parties were dismissed. After an unsuccessful attempt to reach settlement through mediation with the remaining parties, this matter went to trial beginning in February 2014, and on March 12, 2014, the jury returned a verdict. The jury found that the defendants Zillow, Inc., Adchemy, Inc., and NexTag, Inc. did not infringe the two patents referenced above and determined that those patents are invalid due to an inventorship defect, and the court found that NexTag was entitled to defenses of laches and equitable estoppel. The jury found in the Company's favor on the defendants' counterclaims alleging inequitable conduct and antitrust violations. Judgment was entered on March 31, 2014. After the court entered judgment, on May 27, 2014, the Company reached a settlement agreement with defendant Adchemy, Inc., including an agreement to dismiss and withdraw claims, counterclaims, and motions between the Company and Adchemy, Inc. As a result, a joint and voluntary dismissal was filed June 12, 2014 with respect to claims between the Company and Adchemy. The parties filed various post-trial motions; in particular, defendants collectively sought up to \$9.7 million in fees and costs. On October 9, 2014, the court denied the Company's post-trial motion for judgment as a matter of law and denied Zillow's post-trial motions for sanctions and attorneys' fees. The court also denied in part and granted in part NexTag's post-trial motion for attorneys' fees, awarding NexTag a portion of its attorneys' fees and costs totaling \$2.3 million, plus interest. A reserve of \$2.3 million for this matter is included in the accompanying consolidated balance sheet as of December 31, 2014. The trial and post-trial motion process is now complete. In November 2014, the Company filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit with respect to the jury verdict concerning Zillow, Inc. and Nextag, Inc. and the award of attorneys' fees. In March 2015, the U.S. Court of Appeals for the Federal Circuit granted the Company's motion to stay appellate briefing pending an *en banc* review by such court of the laches defense in an unrelated patent infringement matter and ruled in favor of Zillow, Inc. on an immaterial amount of legal fees.

Internet Patents Corp.

Internet Patents Corporation f/k/a InsWeb v. Tree.com, Inc., No. C-12-6505 (U.S. Dist. Ct., N.D. Cal.). In December 2012, the plaintiff filed a patent infringement lawsuit against the Company seeking a judgment that it had infringed a patent held by the plaintiff. Process was formally served with respect to this matter in April 2013. The plaintiff sought injunctive relief, damages, costs, expenses, pre- and post-judgment interest, punitive damages and attorneys' fees. The plaintiff alleged that the Company infringed upon U.S. Patent No. 7,707,505, entitled "Dynamic Tabs for a Graphical User Interface". On October 25, 2013, the court dismissed the suit based on the finding that the plaintiff's claims failed as a matter of law because the asserted patent is invalid for lack of patent-eligible subject matter. The plaintiff filed a notice of appeal on November 7, 2013. In December 2013, the Company's case was consolidated with three other pending appeals involving the asserted patents. The plaintiff filed its opening appellate brief in January 2014, and the Company filed a joint appellate response brief in April 2014. A hearing on the consolidated appeals was held in August 2014 and the order remains pending. The Company believes the plaintiff's allegations lack merit and intends to defend against this action vigorously.

Money Suite

The Money Suite Company v. LendingTree, LLC, No. 1:13-ev-986 (U.S. Dist. Ct, D Del.). In June 2013, the plaintiff filed a patent infringement lawsuit against LendingTree, LLC seeking a judgment that it infringed a patent held by plaintiff. The plaintiff alleges that LendingTree, LLC infringes U.S. Patent No. 6,684,189 for "an apparatus and method using front end network gateways

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and search criteria for efficient quoting at a remote location". The plaintiff seeks damages (including pre- and post- judgment interest thereon), costs and attorneys' fees. In December 2013, the court stayed this case pending review of the patent by the United States Patent and Trademark Office. In September 2014, LendingTree, LLC, together with defendants in related matters, requested that the stay be lifted and filed a motion to dismiss the case. In January 2015, the court granted defendants' motions for invalidity and dismissed the case. In February 2015, the plaintiff filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit. The Company believes the plaintiff's allegations lack merit and intends to defend against this action vigorously.

AlphaCap Ventures

AlphaCap Ventures LLC v. LendingTree, LLC, No. 2:15CV00062 (U.S. Dist. Ct, E.D.Tex). In January 2015, the plaintiff filed a patent infringement lawsuit against LendingTree, LLC seeking a judgment that LendingTree, LLC infringed three patents held by the plaintiff. The plaintiff alleges that LendingTree, LLC infringes each of U.S. Patent No. 7,848,976, U.S. Patent No. 7,908,208 and U.S. Patent No. 8,433,630, each such patent entitled "Private Entity Profile Network" and relating generally to a computer-implemented method of collecting and managing information related to financing. The plaintiff seeks damages (including pre- and post-judgment interest thereon), injunctive relief and such other costs as the court may deem proper. The Company believes the plaintiff's allegations lack merit and intends to defend against this action vigorously.

Other Litigation

Massachusetts Division of Banks

On February 11, 2011, the Massachusetts Division of Banks (the "Division") delivered a Report of Examination/Inspection to LendingTree, LLC, which identified various alleged violations of Massachusetts and federal laws, including the alleged insufficient delivery by LendingTree, LLC of various disclosures to its customers. On October 14, 2011, the Division provided a proposed Consent Agreement and Order to settle the Division's allegations, which the Division had shared with other state mortgage lending regulators. Thirty-four of such state mortgage lending regulators (the "Joining Regulators") indicated that if LendingTree, LLC would enter into the Consent Agreement and Order, they would agree not to pursue any analogous allegations that they otherwise might assert. None of the Joining Regulators have asserted any such allegations.

The proposed Consent Agreement and Order calls for a fine to be allocated among the Division and the Joining Regulators and for LendingTree, LLC to adopt various new procedures and practices. The Company has commenced negotiations toward an acceptable Consent Agreement and Order. It does not believe its mortgage marketplace business violated any federal or state mortgage lending laws; nor does it believe that any past operations of the mortgage business have resulted in a material violation of any such laws. Should the Division or any Joining Regulator bring any actions relating to the matters alleged in the February 2011 Report of Examination/Inspection, the Company intends to defend against such actions vigorously. The range of possible loss is estimated to be between \$0.5 million and \$6.5 million, and a reserve of \$0.5 million has been established for this matter in the accompanying consolidated balance sheet as of December 31, 2014.

Federal Trade Commission

In July 2014, the Company received a Non-Public Civil Investigative Demand ("CID") from the Federal Trade Commission ("FTC"). The CID was issued pursuant to a January 2014 resolution of the FTC authorizing an investigation "to determine whether unnamed corporations have engaged or are engaging in deceptive or unfair acts or practices in or affecting commerce in the advertising, marketing, sale or servicing of loans and related products in violation of Section 5 of the FTC Act of 1914, as amended. The CID indicated that this investigation was also to determine whether various unnamed loan brokers, lenders, loan services and other marketers of loans have engaged or are engaging in acts or practices in violation of the Consumer Credit Protection Act 15 U.S.C. Sec 1601 et seq." No specific wrongdoing by the Company was alleged, nor were any specific fines or penalties discussed in the CID. In January 2015, the FTC closed this investigation; no fines or penalties were assessed against the Company.

Litigation Related to Discontinued Operations

Dijkstra

Lijkel Dijkstra v. Harry Carenbauer, Home Loan Center, Inc. et al., No. 5:11-cv-152-JPB (U.S. Dist. Ct., N.D.WV). In November 2008, the plaintiffs filed a putative class action in Circuit Court of Ohio County, West Virginia against Harry Carenbauer, HLC, HLC Escrow, Inc. et al. The complaint alleges that HLC engaged in the unauthorized practice of law in West Virginia by permitting persons who were neither admitted to the practice of law in West Virginia nor under the direct supervision of a lawyer admitted to the practice of law in West Virginia to close mortgage loans. The plaintiffs assert claims for declaratory judgment,

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contempt, injunctive relief, conversion, unjust enrichment, breach of fiduciary duty, intentional misrepresentation or fraud, negligent misrepresentation, violation of the West Virginia Consumer Credit and Protection Act ("CCPA"), violation of the West Virginia Lender, Broker & Services Act, civil conspiracy, outrage and negligence. The claims against all defendants other than Mr. Carenbauer, HLC and HLC Escrow, Inc. have been dismissed. The case was removed to federal court in October 2011. On January 3, 2013, the court granted a conditional class certification only with respect to the declaratory judgment, contempt, unjust enrichment and CCPA claims. The conditional class includes consumers with mortgage loans in effect any time after November 8, 2007 who obtained such loans through HLC, and whose loans were closed by persons not admitted to the practice of law in West Virginia or by persons not under the direct supervision of a lawyer admitted to the practice of law in West Virginia. In February 2014, the court granted and denied certain of each party's motions for summary judgment. With respect to the Class Claims, the court granted plaintiff's motions for summary judgment with respect to declaratory judgment, unjust enrichment and violation of the CCPA. The court granted HLC's motion for summary judgment with respect to contempt. In addition, the court denied HLC's motion to decertify the class. With respect to the claims applicable to the named plaintiff only (the "Individual Claims"), HLC's motions for summary judgment were granted with respect to conversion, breach of fiduciary duty, intentional misrepresentation, negligent misrepresentation and outrage. HLC and the plaintiff settled the remaining Individual Claims in June 2014.

In July 2014, the court awarded damages to plaintiffs in the amount of \$2.8 million . A reserve of \$2.8 million has been established for this matter in the accompanying consolidated balance sheet as of December 31, 2014 , of which some or all may be covered by insurance. HLC filed a notice of appeal in August 2014, and in September 2014, Plaintiffs filed a motion to dismiss the appeal. In December 2014, the U.S. Court of Appeals for the Fourth Circuit determined that the district court's order was not yet final, and accordingly, HLC's appeal was dismissed. HLC intends to renew its appeal following the issuance of a final order by the district court. The district court has stayed this matter pending plaintiffs' investigation and subsequent report to the district court as to whether any class members will seek trials on individual damages.

NOTE 12—RELATED PARTY TRANSACTIONS

During 2013, the Company made a contribution of \$0.4 million to an educational trust. The Company's Chairman and Chief Executive Officer is the trustee. However, he will not receive compensation as trustee and neither he nor any of his family members are entitled to distributions from the trust.

On November 7, 2012, the audit committee, compensation committee and board of directors approved an early redemption of 2,097.67 outstanding shares of Series A Redeemable Preferred Stock of the Company's wholly-owned subsidiary LendingTree Holdings Corp. owned by the Chairman and CEO, including all accrued dividends, for \$3.3 million in cash. The redemption closed on November 30, 2012. The redemption value of the preferred stock was determined in part based on a valuation of the discounted remaining dividend stream through the mandatory redemption date of August 20, 2013.

NOTE 13—BENEFIT PLANS

The Company operates a retirement savings plan for its employees in the United States that is qualified under Section 401(k) of the Internal Revenue Code. Employees are eligible to enroll in the plan upon date of hire. Participating employees may contribute up to 50% of their pre-tax earnings, but not more than statutory limits (generally \$17,500 , \$17,500 and \$17,000 for 2014 , 2013 and 2012 , respectively). The company match contribution is fifty cents for each dollar a participant contributes to the plan, with a maximum contribution of 6% of a participant's eligible earnings. Matching contributions are invested in the same manner as each participant's voluntary contributions in the investment options provided under the plan. LendingTree stock is not included in the available investment options or the plan assets. Funds contributed to the plan vest according to the participant's years of service, with less than three years of service vesting at 0% , and three years or more of service vesting at 100% . Matching contributions were approximately \$0.5 million , \$0.2 million and \$0.3 million for the years ended December 31, 2014 , 2013 and 2012 , respectively.

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NOTE 14—RESTRUCTURING EXPENSE

Accrued restructuring costs primarily relate to lease obligations for call center leases exited in 2010, which are expected to be completed by 2015, and severance for headcount reductions in corporate infrastructure departments. Restructuring expense and payments against liabilities are as follows (*in thousands*) :

	Employee Termination Costs	Continuing Lease Obligations	Other	Total
Balance at December 31, 2011	\$ 129	\$ 1,207	\$ —	\$ 1,336
Restructuring income	(29)	(47)	(70)	(146)
Payments	(100)	(254)	70	(284)
Balance at December 31, 2012	\$ —	\$ 906	\$ —	\$ 906
Restructuring income	—	56	—	56
Payments	—	(500)	—	(500)
Balance at December 31, 2013	\$ —	\$ 462	\$ —	\$ 462
Restructuring expense	—	13	—	13
Payments	—	(297)	—	(297)
Balance at December 31, 2014	\$ —	\$ 178	\$ —	\$ 178

The Company does not expect to incur significant additional costs related to the restructuring noted above.

NOTE 15 —DISCONTINUED OPERATIONS

The revenue and net income that are reported as discontinued operations in the accompanying consolidated statements of operations and comprehensive income are as follows (*in thousands*) :

	Year Ended December 31,		
	2014	2013	2012
Revenue	\$ 14,256	\$ (1,520)	\$ 86,833
Income (loss) before income taxes ^(a)	\$ 10,392	\$ (4,887)	\$ 25,750
Income tax benefit (expense)	(543)	(54)	(1,249)
Gain from sale of discontinued operations, net of tax	—	9,561	24,373
Net income	\$ 9,849	\$ 4,620	\$ 48,874

(a) Income before income taxes for the year ended December 31, 2012 includes goodwill and intangible asset impairment charges of \$1.4 million and restructuring expense totaling \$0.3 million . Income before income taxes for the year ended December 31, 2014 includes income from a reduction in the loan loss reserve of \$14.1 million . See additional information in "Loan Loss Obligations" below.

LendingTree Loans

On June 6, 2012, the Company sold substantially all of the operating assets of its LendingTree Loans business for \$55.9 million in cash to Discover. Of the total purchase price, \$8.0 million was paid prior to the closing, \$37.9 million was paid upon the closing and the contingent amount of \$10.0 million was paid and recognized as a gain from sale of discontinued operations in 2013.

Discover generally did not assume liabilities of the LendingTree Loans business that arose before the closing date, except for certain liabilities directly related to assets Discover acquired. Of the purchase price paid, as of December 31, 2014, \$16.1 million is being held in escrow in accordance with the agreement with Discover for certain loan loss obligations that remain with the Company following the sale. As a result of a settlement agreement in 2014 with a secondary market purchaser of loans, \$12.1 million of such amount is expected to be released from escrow in December 2015. The escrowed amount is recorded as restricted cash at December 31, 2014.

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Separate from the asset purchase agreement, LendingTree agreed to provide certain marketing-related services to Discover in connection with its mortgage origination business for approximately seventeen months following the closing, or such earlier point as the agreed-upon services are satisfactorily completed. The services were satisfactorily completed in 2013.

Discover has participated as a marketplace lender since closing of the transaction.

The Company agreed to indemnify Discover for a breach or inaccuracy of any representation, warranty or covenant made by it in the asset purchase agreement, for any liability of LendingTree Loans that was not assumed, for any claims by its stockholders against Discover and for its failure to comply with any applicable bulk sales law, subject to certain limitations. Discover submitted a claim for indemnification relating to the sale prior to the closing of certain loans that were listed in the asset purchase agreement as to be conveyed to Discover at closing. In May 2013, this indemnification claim and other miscellaneous items were settled by agreeing to credit Discover for \$1.3 million in future services. A majority of these credits were applied against services during the year ended December 31, 2013. The remaining credits were exhausted in 2014.

An evaluation of the facts and circumstances of the transaction and the applicable accounting guidance for discontinued operations indicates that the LendingTree Loans business should be reflected as discontinued operations in the accompanying consolidated financial statements for all periods presented. The continuing cash flows related to this transaction are not significant and, accordingly, are not deemed to be direct cash flows of the divested business.

Significant Assets and Liabilities of LendingTree Loans

Upon closing of the sale of substantially all of the operating assets of the LendingTree Loans business on June 6, 2012, LendingTree Loans ceased to originate consumer loans. The remaining operations are being wound down. These wind-down activities have included, among other things, selling the balance of loans held for sale to investors, paying off and then terminating the warehouse lines of credit and settling derivative obligations, all of which have been completed. Liability for losses on previously sold loans will remain with LendingTree Loans and are discussed below.

Loan Loss Obligations

LendingTree Loans sold loans it originated to investors on a servicing-released basis, so the risk of loss or default by the borrower was generally transferred to the investor. However, LendingTree Loans was required by these investors to make certain representations and warranties relating to credit information, loan documentation and collateral. These representations and warranties may extend through the contractual life of the loan. Subsequent to the loan sale, if underwriting deficiencies, borrower fraud or documentation defects are discovered in individual loans, LendingTree Loans may be obligated to repurchase the respective loan or indemnify the investors for any losses from borrower defaults if such deficiency or defect cannot be cured within the specified period following discovery. In the case of early loan payoffs and early defaults on certain loans, LendingTree Loans may be required to repay all or a portion of the premium initially paid by the investor.

HLC, a subsidiary of the Company, continues to be liable for these indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of its LendingTree Loans business in the second quarter of 2012. As of December 31, 2014, approximately \$16.1 million is being held in escrow pending resolution of certain of these contingent liabilities. As a result of a settlement agreement in 2014 with a secondary market purchaser of loans, \$12.1 million of such amount is expected to be released from escrow in December 2015.

Prior to the sale of substantially all of the operating assets of LendingTree Loans in June 2012, it originated approximately 234,000 loans with an original issue balance of \$38.9 billion.

During the fourth quarter of 2014, LendingTree Loans completed a settlement agreement for \$5.4 million with the largest investor to which it had sold loans. This investor accounted for approximately 40% of both the total number of loans sold and the original issue balance. This settlement related to all existing and future losses on loans sold to this investor. The settlement was paid in the fourth quarter of 2014 with restricted cash of \$3.1 million and cash on hand of \$2.3 million. The settlement with this investor in the fourth quarter of 2014 and the impact this settlement had on the estimate of the remaining loan loss obligations resulted in income of \$14.1 million, which is included in income from discontinued operations in the accompanying consolidated statements of operations and comprehensive income. The adjustment to the loan loss reserve did not result in tax expense recognition due to the Company's full valuation allowance against its deferred tax assets.

In the second quarter of 2012, LendingTree Loans completed settlements with two buyers of previously purchased loans. These settlements of \$0.5 million and \$3.3 million, respectively, relate to all existing and substantially all future losses on loans sold to these buyers. In the second quarter of 2014, LendingTree Loans completed settlements with two buyers of previously purchased loans.

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The Company has been negotiating with certain of the remaining secondary market purchasers to settle any existing and future contingent liabilities, but it may not be able to complete such negotiations on acceptable terms, or at all. Because LendingTree Loans does not service the loans it sold, it does not maintain nor generally have access to the current balances and loan performance data with respect to the individual loans previously sold to investors. Accordingly, LendingTree Loans is unable to determine, with precision, its maximum exposure for breaches of the representations and warranties it made to the investors that purchased such loans.

During the fourth quarter of 2013, the Company revised its estimation process for evaluating the adequacy of the reserve for loan losses to use a settlement discount framework. This model estimates the lifetime losses on the population of remaining loans originated and sold by LendingTree Loans using actual defaults for loans with similar characteristics and projected future defaults. It also considers the likelihood of claims expected due to alleged breaches of representations and warranties made by LendingTree Loans and the percentage of those claims investors estimate LendingTree Loans may agree to repurchase. A settlement discount factor is then applied to the result of the foregoing to reflect publicly-announced bulk settlements for similar loan types and vintages, the Company's own settlement experience, as well as LendingTree Loans' non-operating status, in order to estimate a range of potential obligation.

The estimated range of remaining loan losses using this settlement discount framework was determined to be \$6.3 million to \$11.2 million at December 31, 2014 . The reserve balance recorded as of December 31, 2014 was \$8.8 million . Management has considered both objective and subjective factors in the estimation process, but given current general industry trends in mortgage loans as well as housing prices and market expectations, actual losses related to LendingTree Loans' obligations could vary significantly from the obligation recorded as of the balance sheet date or the range estimated above.

Additionally, LendingTree has guaranteed certain loans sold to two investors in the event that LendingTree Loans is unable to satisfy its repurchase and warranty obligations related to such loans.

Based on historical experience, it is anticipated that LendingTree Loans will continue to receive repurchase requests and incur losses on loans sold in prior years.

The activity related to loss reserves on previously sold loans is as follows (*in thousands*) :

	Year Ended December 31,		
	2014	2013	2012
Loan loss reserve, beginning of period	\$ 28,543	\$ 27,182	\$ 31,512
Provision adjustments ^(a)	(14,144)	1,531	6,977
Change in estimate ^(b)	—	—	(6,493)
Charge-offs to reserves	(5,649)	(170)	(4,814)
Loan loss reserve, end of period	\$ 8,750	\$ 28,543	\$ 27,182

(a) As discussed above, during 2014, LendingTree Loans completed a settlement agreement with the largest investor to which it had sold loans, resulting in an adjustment to the provision.

(b) During 2012, in order to reflect the Company's exit from the mortgage loan origination business and its commercial objective to pursue bulk settlements with investors, management revised the estimation process for evaluating the adequacy of the reserve for loan losses resulting in a change in estimate.

The liability for losses on previously sold loans is included in current liabilities of discontinued operations in the accompanying consolidated balance sheets as of December 31, 2014 and 2013 .

Warehouse Lines of Credit

As a result of the closing of the sale of substantially all of the operating assets of the LendingTree Loans business on June 6, 2012, all three then-existing warehouse lines of credit totaling \$325.0 million expired and terminated on July 21, 2012. Borrowings under these lines of credit were used to fund, and were secured by, consumer residential loans that were held for sale. Loans under these lines of credit were repaid using proceeds from the sales of loans by LendingTree Loans. The LendingTree Loans business was highly dependent on the availability of these warehouse lines.

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Fair Value Measurements

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Transfers in and out of Level 1, 2 or 3 are recorded at fair value at the beginning of the reporting period.

Following is a description of valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the fair value hierarchy.

LendingTree Loans entered into commitments with consumers to originate loans at specified interest rates (interest rate lock commitments—"IRLCs"). IRLCs were reported as derivative instruments at fair value, with changes in fair value being recorded in discontinued operations. IRLCs for loans to be sold to investors using a mandatory or assignment of trade ("AOT") method were hedged using "to be announced mortgage-backed securities" ("TBA MBS") and were valued using quantitative risk models. The IRLCs derive their base value from an underlying loan type with similar characteristics using the TBA MBS market, which is actively quoted and easily validated through external sources. The most significant data inputs used in this valuation included, but were not limited to, loan type, underlying loan amount, note rate, loan program and expected sale date of the loan. IRLCs for loans sold to investors on a best-efforts basis were hedged using best-efforts forward delivery commitments. LendingTree Loans valued IRLCs for loans sold to investors on a best-efforts basis using quantitative risk models on a loan level basis. The most significant data inputs used in the valuation of these IRLCs included, but were not limited to, investor pricing tables stratified by product, note rate and term, adjusted for current market conditions. These valuations were adjusted at the loan level to consider the servicing-release premium and loan pricing adjustments specific to each loan. LendingTree Loans applied an anticipated loan funding probability based on its own experience to value IRLCs, which resulted in the classification of these derivatives as Level 3. The value of the underlying loans and the anticipated loan funding probability were the most significant assumptions affecting the valuation of IRLCs. A significant change in the unobservable inputs could have resulted in a significant change in the ending fair value measurement. At December 31, 2014 and 2013, there are no IRLCs outstanding.

Loans held for sale measured at fair value and sold to investors using a mandatory or AOT method were also hedged using TBA MBS and valued using quantitative risk models. The valuation was based on the loan amount, note rate, loan program and expected sale date of the loan. Loans held for sale measured at fair value and sold to investors on a best-efforts basis were hedged using best-efforts forward delivery commitments and were valued using quantitative risk models. The most significant data inputs used in the valuation of these loans included investor pricing tables stratified by product, note rate and term, adjusted for current market conditions. Loans held for sale, excluding impaired loans, were classified as Level 2. Loans held for sale measured at fair value that became impaired were transferred from Level 2 to Level 3, as the estimate of fair value was based on LendingTree Loans' experience considering lien position and current status of the loan. A significant change in the unobservable inputs could have resulted in a significant change in the ending fair value measurement. LendingTree Loans recognized interest income separately from other changes in fair value.

Under LendingTree Loans' risk management policy, LendingTree Loans economically hedged the changes in fair value of IRLCs and loans held for sale caused by changes in interest rates by using TBA MBS and entering into best-efforts forward delivery commitments. These hedging instruments were recorded at fair value with changes in fair value recorded in current earnings as a component of revenue from the origination and sale of loans. TBA MBS used to hedge both IRLCs and loans were valued using quantitative risk models based primarily on inputs related to characteristics of the MBS stratified by product, coupon and settlement date. These derivatives were classified as Level 2. Best-efforts forward delivery commitments were valued using quantitative risk models based on investor pricing tables stratified by product, note rate and term, adjusted for current market conditions. An anticipated loan funding probability was applied to value best-efforts commitments hedging IRLCs, which resulted in the classification of these contracts as Level 3. The current base loan price and the anticipated loan funding probability were the most significant assumptions affecting the value of the best-efforts commitments. A significant change in the unobservable inputs could have resulted in a significant change in the ending fair value measurement. The best-efforts forward delivery commitments hedging loans held for sale were classified as Level 2, so such contracts were transferred from Level 3 to Level 2 at the time the underlying loan was originated. For the purposes of the tables below, we refer to TBA MBS and best-efforts forward delivery commitments collectively as "Forward Delivery Contracts".

Assets and liabilities measured at fair value on a recurring basis

There were no assets and liabilities that are measured at fair value on a recurring basis at December 31, 2014 and 2013; however, there were during the year ended December 31, 2012.

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The changes in assets and liabilities that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2012 are as follows (*in thousands*) :

	December 31, 2012		
	Interest Rate Lock Commitments	Forward Delivery Contracts	Loans Held for Sale
Balance at January 1, 2012	\$ 9,122	\$ 19	\$ 295
Transfers into Level 3	—	—	564
Transfers out of Level 3	—	(845)	—
Total net gains (losses) included in earnings (realized and unrealized)	73,378	846	(147)
Purchases, sales, and settlements:			
Purchases	—	—	—
Sales	(5,640)	(20)	(491)
Settlements	(3,401)	—	(221)
Transfers of IRLCs to closed loans	(73,459)	—	—
Balance at December 31, 2012	\$ —	\$ —	\$ —

The following presents the gains (losses) included in earnings for the year ended December 31, 2012 relating to assets and liabilities that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (*in thousands*) :

	Year Ended December 31, 2012		
	Interest Rate Lock Commitments	Forward Delivery Contracts	Loans Held for Sale
Total net gains (losses) included in earnings, which are included in discontinued operations	\$ 73,378	\$ 846	\$ (147)
Change in unrealized losses relating to assets and liabilities still held at December 31, 2012, which are included in discontinued operations	\$ —	\$ —	\$ (412)

The gain recognized in the consolidated statements of operations and comprehensive income for derivatives for the year ended December 31, 2012 was as follows (*in thousands*) :

	Location of Gain Recognized in Income on Derivative	Year Ended December 31, 2012
Interest Rate Lock Commitments	Discontinued operations	\$ 73,378
Forward Delivery Contracts	Discontinued operations	4,244
Total gain on derivatives		\$ 77,622

Assets and liabilities under the fair value option

LendingTree Loans elected to account for loans held for sale originated on or after January 1, 2008 at fair value. Electing the fair value option allowed a better offset of the changes in fair values of the loans and the forward delivery contracts used to economically hedge them, without the burden of complying with the requirements for hedge accounting.

LendingTree Loans did not elect the fair value option on loans held for sale originated prior to January 1, 2008 and on loans that were repurchased from investors on or subsequent to that date. As of December 31, 2014 and 2013, there were no loans held for sale or carried at the lower of cost or market ("LOCOM") value assessed on an individual loan basis.

During the year ended December 31, 2012, the change in fair value of loans held for sale for which the fair value option was elected was a gain of \$2.7 million and is included in discontinued operations in the consolidated statement of operations and comprehensive income.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 —SEGMENT INFORMATION

The Company has one reportable segment, its lending operating segment. The Company formerly referred to this reportable segment as its mortgage segment. Its additional operating segments - auto, education and home services - are included in the "Other" category in the reconciliation of segment information below.

The expenses presented below for the lending segment and the operating segments shown in the Other category include allocations of certain corporate expenses that are identifiable and directly benefit those segments. The unallocated expenses included in the "Corporate" category are those corporate overhead expenses that are not directly attributable to an operating segment and include: finance, legal, executive technology support and human resources.

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-GAAP measure, is the primary metric by which the chief operating decision maker evaluates the performance of the Company's businesses, on which its marketing expenditures and internal budgets are based and by which management and many employees are compensated. Adjusted EBITDA is defined as operating income or loss (which excludes interest expense and taxes) adjusted to exclude amortization of intangibles and depreciation, and excludes (1) non-cash compensation expense, (2) non-cash asset impairment charges, (3) gain/loss on disposal of assets, (4) restructuring and severance expenses, (5) litigation settlements and contingencies and legal fees for certain patent litigation, (6) adjustments for acquisitions or dispositions and (7) one-time items. For the periods presented in this report, there are no adjustments for one-time items, except for a \$0.9 million related to a discretionary cash bonus payment to employee stock option holders and a one-time contribution to an educational trust of \$0.4 million .

Assets and other balance sheet information are not used by the chief operating decision maker.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summarized information by segment and reconciliations to Adjusted EBITDA and income (loss) before income taxes is as follows (in thousands) :

	Year Ended December 31, 2014			
	Lending	Other	Corporate	Total
Revenue	\$ 154,504	\$ 12,846	\$ —	\$ 167,350
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	7,399	504	—	7,903
Selling and marketing expense	104,388	8,316	—	112,704
General and administrative expense	4,898	3,979	17,006	25,883
Product development	6,345	1,088	24	7,457
Depreciation	1,596	1,284	365	3,245
Amortization of intangibles	—	136	—	136
Restructuring and severance	268	12	93	373
Litigation settlements and contingencies	—	2	10,616	10,618
Total costs and expenses	124,894	15,321	28,104	168,319
Operating income (loss)	29,610	(2,475)	(28,104)	(969)
Adjustments to reconcile to Adjusted EBITDA:				
Amortization of intangibles	—	136	—	136
Depreciation	1,596	1,284	365	3,245
Restructuring and severance	268	12	93	373
Loss on disposal of assets	45	220	17	282
Impairment of long-lived assets	—	805	—	805
Non-cash compensation	2,404	1,043	3,830	7,277
Acquisition expense	—	60	—	60
Litigation settlements and contingencies	—	2	10,616	10,618
Adjusted EBITDA	\$ 33,923	\$ 1,087	\$ (13,183)	\$ 21,827
Operating loss			\$	(969)
Interest expense				(2)
Loss before income taxes			\$	(971)

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31, 2013			
	Lending	Other	Corporate	Total
Revenue	\$ 127,985	\$ 10,632	\$ 623	\$ 139,240
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	5,469	613	460	6,542
Selling and marketing expense	83,694	7,449	(22)	91,121
General and administrative expense	3,629	2,245	18,784	24,658
Product development	4,302	962	—	5,264
Depreciation	1,453	1,642	406	3,501
Amortization of intangibles	—	147	—	147
Restructuring and severance	78	46	35	159
Litigation settlements and contingencies	—	31	8,924	8,955
Total costs and expenses	98,625	13,135	28,587	140,347
Operating income (loss)	29,360	(2,503)	(27,964)	(1,107)
Adjustments to reconcile to Adjusted EBITDA:				
Amortization of intangibles	—	147	—	147
Depreciation	1,453	1,642	406	3,501
Restructuring and severance	78	46	35	159
Loss on disposal of assets	—	—	165	165
Non-cash compensation	1,681	689	3,257	5,627
Discretionary cash bonus	—	—	920	920
Trust contribution	—	—	350	350
Litigation settlements and contingencies	—	31	8,924	8,955
Adjusted EBITDA	\$ 32,572	\$ 52	\$ (13,907)	\$ 18,717
Operating loss			\$	(1,107)
Interest expense				(19)
Loss before income taxes			\$	(1,126)

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31, 2012			
	Lending	Other	Corporate	Total
Revenue	\$ 61,176	\$ 14,620	\$ 1,647	\$ 77,443
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	3,238	536	521	4,295
Selling and marketing expense	35,250	13,677	7	48,934
General and administrative expense	3,470	2,888	15,873	22,231
Product development	2,277	1,258	(6)	3,529
Depreciation	1,536	1,991	578	4,105
Amortization of intangibles	—	358	—	358
Restructuring and severance	20	11	(88)	(57)
Litigation settlements and contingencies	—	—	(3,101)	(3,101)
Total costs and expenses	45,791	20,719	13,784	80,294
Operating income (loss)	15,385	(6,099)	(12,137)	(2,851)
Adjustments to reconcile to Adjusted EBITDA:				
Amortization of intangibles	—	358	—	358
Depreciation	1,536	1,991	578	4,105
Restructuring and severance	20	11	(88)	(57)
Loss on disposal of assets	388	345	5	738
Non-cash compensation	987	507	3,093	4,587
Litigation settlements and contingencies	—	—	(3,101)	(3,101)
Adjusted EBITDA	\$ 18,316	\$ (2,887)	\$ (11,650)	\$ 3,779
Operating loss				(2,851)
Interest expense				(881)
Loss before income taxes				\$ (3,732)

Revenue by product category of the lending segment is as follows (*in thousands*) :

	Year Ended Year Ended December 31,		
	2014	2013	2012
Mortgage products	\$ 134,137	\$ 123,091	\$ 59,362
Non-mortgage products	20,367	4,894	1,814
Total lending revenue	\$ 154,504	\$ 127,985	\$ 61,176

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17—QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following tables set forth summary financial information for the years ended December 31, 2014 and 2013:

	Q1		Q2		Q3		Q4	
	<i>(in thousands, except per share amounts)</i>							
2014								
Revenue	\$	40,036	\$	42,144	\$	41,306	\$	43,864
Operating income (loss)		(5,835)		2,600		554		1,712
Income (loss) from continuing operations		(5,834)		2,683		555		2,109
Income (loss) from discontinued operations		(574)		(2,931)		(174)		13,528
Net income (loss) and comprehensive income (loss)	\$	(6,408)	\$	(248)	\$	381	\$	15,637
Income (loss) per share from continuing operations:								
Basic	\$	(0.52)	\$	0.24	\$	0.05	\$	0.19
Diluted	\$	(0.52)	\$	0.23	\$	0.05	\$	0.18
Income (loss) per share from discontinued operations:								
Basic	\$	(0.05)	\$	(0.26)	\$	(0.02)	\$	1.21
Diluted	\$	(0.05)	\$	(0.25)	\$	(0.01)	\$	1.12
Net income (loss) per share:								
Basic	\$	(0.58)	\$	(0.02)	\$	0.03	\$	1.39
Diluted	\$	(0.58)	\$	(0.02)	\$	0.03	\$	1.30

	Q1		Q2		Q3		Q4	
	<i>(in thousands, except per share amounts)</i>							
2013								
Revenue	\$	28,080	\$	37,406	\$	37,343	\$	36,411
Operating income (loss)		(246)		(2,045)		222		962
Income (loss) from continuing operations		(273)		(2,033)		316		1,317
Income (loss) from discontinued operations		(2,444)		9,112		(529)		(1,519)
Net income (loss) and comprehensive income (loss)	\$	(2,717)	\$	7,079	\$	(213)	\$	(202)
Income (loss) per share from continuing operations:								
Basic	\$	(0.02)	\$	(0.18)	\$	0.03	\$	0.12
Diluted	\$	(0.02)	\$	(0.18)	\$	0.03	\$	0.11
Income (loss) per share from discontinued operations:								
Basic	\$	(0.22)	\$	0.82	\$	(0.05)	\$	(0.14)
Diluted	\$	(0.22)	\$	0.82	\$	(0.05)	\$	(0.13)
Net income (loss) per share:								
Basic	\$	(0.25)	\$	0.64	\$	(0.02)	\$	(0.02)
Diluted	\$	(0.25)	\$	0.64	\$	(0.02)	\$	(0.02)

ITEM 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

Not applicable.

ITEM 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), management, with the participation of our principal executive officer (Chief Executive Officer) and our principal financial officer (Chief Financial Officer), evaluated, as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Management necessarily applied its judgment in assessing the costs and benefits of such controls procedures, which by their nature can provide only reasonable assurance regarding management's control objectives. Management does not expect that our disclosure controls and procedures will prevent or detect all errors and fraud. A control system, irrespective of how well it is designed and operated, can only provide reasonable assurance and cannot guarantee that it will succeed in its stated objectives.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2014, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, our management used the criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under the framework in the Internal Control-Integrated Framework, issued by the COSO, management has concluded that our internal control over financial reporting was effective as of December 31, 2014. The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing under "Item 8. Financial Statements and Supplementary Data" included elsewhere in this annual report.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in the Exchange Act, Rules 13a-15(f)) that occurred during the quarter ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *Other Information*

New Employment Agreement with Gabe Dalporto

On March 11, 2015, we entered into a new employment agreement with Mr. Gabe Dalporto, our Chief Marketing Officer and President, Mortgage. This agreement replaces the employment agreement we entered into with Mr. Dalporto on January 9, 2014.

The employment agreement has an initial term that ends on February 6, 2018. Mr. Dalporto may request to extend the term of the agreement prior to its expiration, and the Compensation Committee may agree to extend the term of the agreement for up to two additional one-year periods. Under the employment agreement, Mr. Dalporto will receive a base salary of \$350,000 and is eligible to receive an annual bonus of up to 60% of his base salary as well as equity incentives, subject to the discretion of the Compensation Committee. The employment agreement provides that, if we terminate Mr. Dalporto's employment without "cause" or Mr. Dalporto resigns for "good reason" (as defined in the employment agreement, and each of which is referred to as a "qualifying termination") during the term of his agreement, then Mr. Dalporto would receive (i) any accrued obligations, as defined in the employment agreement, (ii) one year of base salary, payable in installments on our regularly scheduled payroll dates and (iii) health care coverage under COBRA for a period of one year, if Mr. Dalporto elects COBRA continuation coverage. Receipt of such benefits is conditioned upon Mr. Dalporto providing, and not revoking, a release of claims against us and our affiliates within sixty days of the qualifying termination. Our obligation to make payments of base salary referenced in clause (ii) above will (a) be offset by any compensation Mr. Dalporto earns as a result of his employment with or services provided to a third party during the period in which the base salary payments are being paid and (b) immediately cease if Mr. Dalporto breaches the terms of the employment agreement. Additionally, if a qualifying termination occurs before February 19, 2016 and Mr. Dalporto timely executes, and does not revoke, a release of claims against us and our affiliates and fully complies with his obligations under the employment agreement, then: (i) the portion of Mr. Dalporto's then outstanding unvested restricted stock units (RSUs) issued pursuant to our 2008 Stock and Annual Incentive Plan (which we refer to as the 2008 Plan), which were otherwise scheduled to vest between the date of the qualifying termination and February 19, 2016, will instead become vested on the effective date of the release of claims; and (ii) the portion of Mr. Dalporto's then outstanding unvested options to purchase common stock issued pursuant to the 2008 Plan which were otherwise scheduled to vest on February 19, 2016 will instead become vested and exercisable on the effective date of the release of claims. All other unvested RSUs and options issued to Mr. Dalporto pursuant to the 2008 Plan and which are not described by the foregoing clauses (i) and (ii) will terminate without consideration as of the date of the qualifying termination. Furthermore, if Mr. Dalporto has not provided, or has revoked, a release of claims against us and our affiliates, then the RSUs or options that were covered by the foregoing clauses (i) and (ii) will terminate without consideration as of the 61st day following the qualifying termination.

If Mr. Dalporto is terminated for cause, then no further base salary will be paid to him after the date of termination and he will not be eligible to receive any annual bonus relating to the performance year in which his employment terminates. In the event of Mr. Dalporto's death during the term of the employment agreement, we would pay his estate, on the next regularly scheduled payroll date following the date of his death, a lump sum payment in the amount of the accrued obligations, as such term is defined in the employment agreement, except that any annual bonus amounts payable as part of the accrued obligations would be paid to his estate on the date that such amounts are paid to other similarly situated executives in accordance with the terms of the annual bonus plan in effect on the date of his death. If Mr. Dalporto's employment is terminated due to disability during the term of the employment agreement, we would pay him, on the next regularly scheduled payroll date following the date of such termination, a lump sum payment in the amount of the accrued obligations, as such term is defined in the employment agreement.

If a qualifying termination occurs within one year following a "change in control," as defined in the change of control letter issued by us to certain of our executives, the terms of such letter, as it may be amended from time to time, will control and supersede the terms of the employment agreement with respect to any benefit or payments which would otherwise be due to Mr. Dalporto thereunder.

Mr. Dalporto has also agreed that during the term of his employment and for one year following the termination of his employment for any reason he will not compete with our business and that he will not solicit our employees or customers, except for a qualifying termination within one year following a change in control. The agreement also imposes various restrictions on Mr. Dalporto, for our benefit, including maintaining confidentiality of our information.

PART III

As set forth below, the information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated herein by reference to the Company's definitive proxy statement to be used in connection with its 2015 Annual Meeting of Stockholders and which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company's fiscal year ended December 31, 2014 (the "2015 Proxy Statement"), in accordance with General Instruction G(3) of Form 10-K.

ITEM 10. *Directors, Executive Officers and Corporate Governance*

The information required by Item 10 will be contained in, and is hereby incorporated by reference to, the 2015 Proxy Statement.

ITEM 11. *Executive Compensation*

The information required by Item 11 will be contained in, and is hereby incorporated by reference to, the 2015 Proxy Statement.

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

The information required by Item 12 will be contained in, and is hereby incorporated by reference to, the 2015 Proxy Statement.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by Item 13 will be contained in, and is hereby incorporated by reference to, the 2015 Proxy Statement.

ITEM 14. *Principal Accounting Fees and Services*

The information required by Item 14 will be contained in, and is hereby incorporated by reference to, the 2015 Proxy Statement.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules**(a) List of documents filed as part of this report:****(1) Consolidated Financial Statements of LendingTree, Inc.**

Report of Independent Registered Public Accounting Firm: PricewaterhouseCoopers LLP.

Consolidated Statements of Operations and Comprehensive Income for the Years Ended December 31, 2014 , 2013 and 2012 .

Consolidated Balance Sheets as of December 31, 2014 and 2013 .

Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2014 , 2013 and 2012 .

Consolidated Statements of Cash Flows for the Years Ended December 31, 2014 , 2013 and 2012 .

Notes to Consolidated Financial Statements.

(2) Consolidated Financial Statement Schedules of LendingTree, Inc.

All financial statements and schedules have been omitted since the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or required.

(3) Exhibits

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith or incorporated herein by reference to the location indicated below.

Exhibit Number	Description	Location
2.1	Separation and Distribution Agreement among IAC/InterActiveCorp, HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc., dated August 20, 2008.	Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 (No. 333-152700), filed August 1, 2008
2.2	Tax Sharing Agreement among IAC/InterActiveCorp, HSN, Inc., Ticketmaster and Tree.com, Inc., dated August 20, 2008.	Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed August 25, 2008
2.3	Employee Matters Agreement among IAC/InterActiveCorp, HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc., dated August 20, 2008.	Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed August 25, 2008
2.4	Transition Services Agreement among IAC/InterActiveCorp, HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc., dated August 20, 2008.	Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed August 25, 2008
2.5	Spinco Assignment and Assumption Agreement among IAC/InterActiveCorp, Tree.com, Inc., Liberty Media Corporation and Liberty USA Holdings, LLC, dated August 20, 2008.	Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed August 25, 2008
2.6	Asset Purchase Agreement among Home Loan Center, Inc., First Residential Mortgage Network, Inc. dba SurePoint Lending, and the shareholders of First Residential Mortgage Network named therein, dated November 15, 2010.	First Exhibit 2.1 to Registrant's Current Report on Form 8K filed November 16, 2010
2.7	First Amendment to Asset Purchase Agreement among HLC, SurePoint and the shareholders party thereto, dated March 14, 2011.	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed March 21, 2011
2.8	Second Amendment to Asset Purchase Agreement among HLC, SurePoint and the shareholders party thereto, dated March 15, 2011.	Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed March 21, 2011

Exhibit Number	Description	Location
2.9	Asset Purchase Agreement among Tree.com, Inc., Home Loan Center, Inc., LendingTree, LLC, HLC Escrow, Inc. and Discover Bank, dated May 12, 2011**	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed May 16, 2011
2.10	Asset Purchase Agreement among LendingTree, LLC, RealEstate.com, Inc. and Market Leader, Inc., dated September 15, 2011**	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed September 21, 2011
2.11	Amendment to Asset Purchase Agreement among Home Loan Center, Inc., HLC Escrow, Inc., LendingTree, LLC, Tree.com, Inc., Discover Bank and Discover Financial Services, dated February 7, 2012**	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed February 8, 2012
3.1	Amended and Restated Certificate of Incorporation of LendingTree, Inc.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed August 25, 2008
3.2	Third Amended and Restated By-laws of LendingTree, Inc.	Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed December 31, 2014
4.1	Amended and Restated Restricted Share Grant and Shareholders' Agreement, among Forest Merger Corp., LendingTree, Inc., InterActiveCorp and the Grantees named therein, dated July 7, 2003*	Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (No. 333-152700), filed August 1, 2008
4.2	Registration Rights Agreement among Tree.com, Inc., Liberty Media Corporation and Liberty USA Holdings, LLC, dated August 20, 2008.	Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed August 25, 2008
10.1	Letter Agreement between Tree.com, Inc. and Alexander Mandel, dated July 27, 2012*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed November 14, 2012
10.2	Change in Control Letter between Tree.com, Inc. and Alexander Mandel, dated July 27, 2012*	Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q filed November 14, 2012
10.3	Letter Agreement between Tree.com, Inc. and Carla Shumate, dated December 11, 2012*	Exhibit 10.1 to the Registrant's Annual Report on Form 10-K filed April 1, 2013
10.4	Employment Agreement between Tree.com, Inc. and Douglas Lebda, dated January 9, 2014*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.5	Employment Agreement between Tree.com, Inc. and Gabriel Dalporto, dated January 9, 2014*	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.6	Employment Agreement between LendingTree, Inc. and Gabriel Dalporto, dated March 11, 2015*	†
10.7	Restricted Share Grant and Stockholder's Agreement among IAC/InterActiveCorp, LendingTree Holdings Corp. and Douglas R. Lebda, dated August 15, 2008, together with Exhibit A thereto, Amended and Restated Certificate of Incorporation of LendingTree Holdings Corp.*	Exhibits 99.2 and 99.3 to the Registrant's Current Report on Form 8-K filed August 20, 2008
10.8	Amendment No.1 to the Stock Option Award Agreement between Douglas R. Lebda and Tree.com, Inc., dated May 10, 2010*	Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q filed May 12, 2010
10.9	Amendment No.1 to the Restricted Share Grant and Stockholder's Agreement between Tree.com, Inc., LendingTree Holdings Corp. and Douglas R. Lebda, dated August 30, 2010*	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed November 12, 2010
10.10	Fourth Amended and Restated Tree.com, Inc. 2008 Stock and Annual Incentive Plan*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed August 7, 2014
10.11	Form of Notice of Restricted Stock Unit Award*	Exhibit 10.86(b) to the Registrant's Post-Effective Amendment to its Registration Statement on Form S-1 (No. 333-152700), filed July 13, 2012

Exhibit Number	Description	Location
10.12	Form of Restricted Stock Award*	Exhibit 10.86(c) to the Registrant's Post-Effective Amendment to its Registration Statement on Form S-1 (No. 333-152700), filed July 13, 2012
10.13	Form of Notice of Stock Option Award*	Exhibit 10.86(d) to the Registrant's Post-Effective Amendment to its Registration Statement on Form S-1 (No. 333-152700), filed July 13, 2012
10.14	Deferred Compensation Plan for Non-Employee Directors*	Exhibit 10.15 to the Registrant's Registration Statement on Form S-1 (No. 333-152700), filed August 1, 2008
10.15	Form of Notice of Stock Option Award*	Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed March 27, 2009
10.16	Form of Amendment to Restricted Stock Awards for Douglas R. Lebda*	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed May 12, 2010
10.17	Form of Notice of Stock Option Award*	Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q filed May 12, 2010
10.18	Form of Notice of Restricted Stock Unit Award*	Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.19	Form of Notice of Restricted Stock Award*	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.20	Form of Notice of Stock Option Award*	Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.21	Standard Terms and Conditions to Restricted Stock Award Letters of Tree.com BU Holding Company, Inc.*	Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed February 3, 2011
10.22	Stock Purchase Agreement between Tree.com, Inc. and Douglas R. Lebda, dated February 8, 2009*	Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed February 11, 2009
10.23	Amendment No. 1 to Stock Purchase Agreement between Tree.com, Inc. and Douglas R. Lebda, dated May 10, 2010*	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed May 12, 2010
21.1	Subsidiaries of LendingTree, Inc.	†
23.1	Consent of independent registered public accounting firm.	†
24.1	Power of Attorney (included on signature page of this Annual Report on Form 10-K)	†
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	†
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	†
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	††
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	††
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	†††

Exhibit Number	Description	Location
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	†††
101.INS	XBRL Instance Document	†††
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	†††
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	†††
101.SCH	XBRL Taxonomy Extension Schema Document	†††

† Filed herewith

†† This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Exchange Act and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

††† Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act are deemed not filed for purposes of Section 18 of the Exchange Act and otherwise are not subject to liability under those sections.

* Management contract or compensation plan or arrangement.

** Certain schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of all omitted schedules to the SEC upon its request.

SIGNATURES

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

Date: March 16, 2015

LendingTree, Inc.

By: /s/ DOUGLAS R. LEBDA
 Douglas R. Lebda
Chairman and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Katharine Pierce as his or her true and lawful attorney and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and to file the same with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney and agent may lawfully do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ DOUGLAS R. LEBDA </u> Douglas R. Lebda	Chairman, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	March 16, 2015
<u> /s/ ALEXANDER MANDEL </u> Alexander Mandel	Chief Financial Officer <i>(Principal Financial Officer)</i>	March 16, 2015
<u> /s/ CARLA SHUMATE </u> Carla Shumate	Senior Vice President and Chief Accounting Officer <i>(Principal Accounting Officer)</i>	March 16, 2015
<u> /s/ NEAL DERMER </u> Neal Dermer	Director	March 16, 2015
<u> /s/ ROBIN HENDERSON </u> Robin Henderson	Director	March 16, 2015
<u> /s/ PETER HORAN </u> Peter Horan	Director	March 16, 2015
<u> /s/ STEVEN OZONIAN </u> Steven Ozonian	Director	March 16, 2015
<u> /s/ CRAIG TROYER </u> Craig Troyer	Director	March 16, 2015

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is made and entered into this 11th day of March 2015 (the “Effective Date”) by and between LendingTree, Inc. (“Employer”) and Gabriel Dalporto (“Executive”) (each a “Party” and collectively, the “Parties”).

WHEREAS, Executive has been employed by Employer as Chief Marketing Officer and President, Mortgage pursuant to an Employment Agreement dated January 9, 2014 (the “Prior Employment Agreement”); and

WHEREAS, Employer and Executive desire for Executive’s employment to continue under the terms of this Agreement rather than the Prior Employment Agreement from and after the Effective Date.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, Employer and Executive hereby agree as follows:

1. Employment. Employer shall employ and Executive agrees to be employed as Chief Marketing Officer and President, Mortgage. Executive shall do and perform all services and acts necessary or advisable to fulfill the duties and responsibilities as are commensurate and consistent with Executive’s position and shall render such services on the terms set forth herein. Further, Executive shall perform such different or other duties as may be assigned to Executive by Employer from time to time by Employer’s Chief Executive Officer. Executive will devote Executive’s full working time and best efforts to the diligent and faithful performance of such duties as may be entrusted to Executive from time to time by Employer, and shall observe and abide by the corporate policies and decisions of Employer in all business matters. Executive’s principal place of employment shall be the offices of Employer located in Burlingame, CA; provided, however, that travel to Employer’s other offices or places of business activity may be required. Executive acknowledges that Employer may, in its sole discretion from time to time, change Executive’s responsibilities or his direct/indirect reports without any effect hereunder.

2. Term.

(a) Initial Term. Executive’s employment shall be governed by the terms of this Agreement for the period beginning on the Effective Date and ending February 6, 2018, unless earlier terminated as provided herein (the “Initial Term”). This Agreement will expire by its terms unless renewed in the manner set forth in Section 2.b below.

(b) Renewal Terms. Upon the written request of the Executive to extend the Executive’s term of employment under this Agreement at least sixty (60) days prior to the expiration of the Agreement, Employer’s Compensation Committee of the Board of Directors (the “Compensation Committee”) shall consider extending the term of this Agreement. If Executive’s request for an extension is approved by the Compensation Committee, this Agreement shall be extended by one additional year. Each such additional one-year period shall be referred to as a “Renewal Term” and, together with the Initial Term, the “Term”. The maximum number of Renewal Terms shall be two; following the second Renewal Term, the Agreement shall automatically expire. For purposes of clarity, if the Agreement is not renewed in accordance with this Section 2.b, the Agreement shall automatically expire at the end of the then-current term. Such expiration shall not entitle Executive to any compensation or benefits except as earned by Executive through the date of expiration or the then-current term.

3. Compensation. Employer shall pay and Executive shall accept as full consideration for the services to be rendered hereunder compensation consisting of the items listed below. Employer shall have no obligation to pay any such compensation for any period after the termination of Executive’s employment, except as otherwise expressly provided.

(a) Base salary, paid pursuant to Employer’s normal payroll practices, at an annual rate of \$350,000 or such other rate as may be established prospectively by the Compensation Committee from time to time (“Base Salary”). All such Base Salary payments shall be subject to deduction and withholding authorized or required by applicable law.

(b) Annual Bonus. During the Term, the Executive shall be eligible to receive a target annual bonus (“Annual Bonus”) of up to 60% of his Base Salary with respect to each full fiscal year of Employer (each a “Performance Year”) during the Term, beginning with the Performance Year that began on January 1, 2015. The terms and conditions of the Annual Bonus, including the applicable performance criteria for a Performance Year, and the amount of the Annual Bonus payable to the Executive for a Performance Year, if any, shall be determined by Employer’s Compensation Committee. Except as expressly provided in this Agreement, the Annual Bonus will be paid in accordance with Employer’s standard policies and procedures for the payment of annual bonuses to its other similarly situated employees. Executive shall not be entitled to an Annual Bonus for any fiscal year for which he was not employed under this Agreement on the last day of such fiscal year.

(c) Equity Incentives. During the Term, Executive shall be eligible to receive equity incentives, as determined in the discretion of the Compensation Committee, including, but not limited to restricted stock unit awards and/or stock options. Subject to the discretion of the Compensation Committee, equity incentives shall be granted to the Executive at the time Employer normally grants such incentives generally and otherwise in accordance with applicable policies, practices, terms and conditions (including, but not limited to, vesting requirements), and provided further that Executive is employed by Employer on the date such incentives are awarded. Executive re-acknowledges that the Notice of Special Stock Option Award dated August 6, 2014 contains the following language: “By your acceptance of this Stock Option, you acknowledge that the [Compensation] Committee has expressed its intent not to consider grants of further Awards to you under the 2008 Plan before February 6, 2018, and that any and all future Awards under the 2008 Plan will be made, if at all, within the sole discretion of the [Compensation] Committee.”

(d) Vacation and other Paid Time Off. During the Term, Executive shall be entitled to paid vacation and other paid time off each year, in accordance with applicable plans, policies, programs and practices applicable to similarly situated employees generally.

(e) Other. Such other benefits, payments, or items of compensation as are provided under the employee benefit plans of Employer, or as are made available from time to time under compensation policies set by Employer for management employees of Employer having similar salary and level of responsibility.

(f) Reimbursement. Employer shall reimburse Executive, in accordance with the general policies and practices of Employer as in effect from time to time, for normal out-of-pocket expenses incurred by Executive in the ordinary course of business, including without limitation, Employer’s standard mileage allowance for business use of any personal vehicle, business related travel, customer entertainment, and professional organizations.

4. Disability or Death.

(a) Disability. If at any time during the Term of this Agreement, Executive incurs a Disability (as defined below), then Executive’s employment shall be immediately terminated as of the date of Executive’s Disability. Upon executive’s Disability, Employer shall pay Executive, in a single lump sum cash payment, on the next regularly scheduled payroll date following the date of such termination, an amount equal to the Accrued Obligations (as defined below); provided, however, that any Annual Bonus amounts payable as part of the Accrued Obligations shall be paid on the date that such amounts are paid by Employer to other executives in accordance with the Company’s Annual Bonus plan as in effect at the date of such termination. For purposes of this Agreement, Executive shall be considered to have incurred a “Disability” if Executive has incurred a permanent and total disability (and no reasonable accommodation can be made to permit Executive to perform essential functions of his job) as determined under Employer’s long-term disability plan applicable to Executive.

(b) Death. If Executive should die during the Term, Executive’s employment and Employer’s obligations hereunder (other than pro rata payment of Base Salary) shall terminate as of Executive’s death. In such event, Employer shall pay Executive’s estate, in a single lump sum on the next regularly scheduled payroll date following the date of such termination, the Accrued Obligations; provided, however, that any Annual Bonus amounts payable as part of the Accrued Obligations shall be paid on the date that such amounts are paid by Employer to other similarly situated executives in accordance with Employer’s Annual Bonus plan as in effect at the date of such termination. As used in this Agreement, “Accrued Obligations” shall mean the sum of (i) Executive’s earned but unpaid Base Salary, (ii) any portion of Executive’s earned but unpaid Annual Bonus relating to a previously completed Performance Year, (iii) any earned but unpaid Annual Bonus relating to the Performance Year in which the Executive is terminated; (iv) any compensation previously earned but deferred by Executive (together with any interest or earnings thereon) that has not yet been paid and that is not otherwise to be paid at a late date pursuant to the executive deferred compensation plan of Employer, if any, and (v) reimbursements that Executive is entitled to receive under paragraph 3(f) of the Agreement.

5. Termination by Employer.

(a) Cause. Employer may terminate the employment of Executive under this Agreement during its Term for Cause. “Cause” shall include Executive’s fraud, dishonesty, theft, embezzlement, misconduct by Executive injurious to Employer or any of its affiliates, conviction of, or entry of a plea of guilty or *nolo contendere* to, a crime that constitutes a felony or other crime involving moral turpitude, competition with Employer or any of its affiliates, unauthorized use of any trade secrets of Employer or any of its affiliates or Confidential Information (as defined below), a material violation of any policy, code or standard of ethics generally applicable to employees of Employer, Executive’s material breach of fiduciary duties owed to Employer, Executive’s excessive and unexcused absenteeism unrelated to a disability, or, following written notice and a reasonable opportunity to cure, gross neglect by Executive of the duties assigned to Executive. In such event (i) no further Base Salary shall be paid to Executive after the date of termination, and (ii) Executive shall not be eligible to receive any Annual Bonus relating to the Performance Year in which Executive’s employment terminates in accordance with this paragraph. Executive shall retain only such rights to participate in other benefits as are required by the terms of those plans, Employer’s policies, or applicable law.

(b) Termination by Employer other than for Death, Disability or Cause. Upon termination of Executive's employment with Employer prior to the expiration of the Term by Executive for Good Reason or by Employer without Cause (other than for death or Disability) ("Qualifying Termination"), Employer shall pay Executive the amounts described below. For the avoidance of doubt, expiration of the Term is not a Qualifying Termination. Notwithstanding the foregoing, Executive shall receive the payments and benefits described in subparagraphs (ii) - (iv) below if Executive executes and does not revoke a general release of Employer and its affiliates in a form substantially similar to that used for similarly situated executives of Employer and its affiliates ("Release of Claims") and Executive complies with the restrictive covenants set forth herein. If Executive does not execute the Release of Claims within sixty (60) days following the Qualifying Termination, or if Executive revokes the Release of Claims (the end of the permitted revocation period following execution without revocation being exercised, the "Release of Claims Effective Date"), Executive's entitlement to the payments and benefits described in subparagraphs (ii) - (iv) below shall immediately become null and void. "Good Reason" shall mean the occurrence of any of the following without Executive's written consent: (i) material adverse change in the office to which Executive reports from those in effect immediately following the Effective Date, excluding for this purpose any such change that is an isolated and inadvertent action not taken in bad faith and that is remedied by Employer promptly after receipt of notice thereof given by Executive or that is authorized pursuant to this Agreement and further excluding a change in the office to which Executive reports due to internal restructuring, realignment or the resignation, promotion, demotion or a reorganization of managers within Employer; (ii) material reduction in Executive's annual base salary; (iii) relocation of Executive's principal place of business more than 50 miles from the San Francisco, CA metropolitan area; or (iv) material reduction of Executive's day-to-day duties such that Executive's duties no longer include general management functions (for purposes of clarity, Executive's duties shall be deemed to include general management functions for so long as Executive retains the title of President, Mortgage or any other title which would generally be understood to involve general management functions) or participation on the senior executive team. In order to resign his employment for Good Reason, Executive must notify Employer in writing within fifteen (15) days of the initial existence of any event falling under (i) - (iv) and such notice shall describe in detail the facts and circumstances explaining why Executive believes a Good Reason event has occurred. Employer shall then have sixty (60) days following its receipt of such notice to cure or remedy such alleged Good Reason event such that Good Reason will not be deemed to exist for such event. If the event remains uncured or is not remedied by Employer within such sixty (60) day period and if Executive's employment has not otherwise been terminated, then a Qualifying Termination shall automatically occur on the first business day following the end of such sixty (60) day cure/remedy period.

- (i) An amount equal to all Accrued Obligations within 30 days following the date of such Qualifying Termination, except for (a) accrued wages which shall be paid on date of the Qualifying Termination and (b) Annual Bonus amounts which shall be paid on the date that such amounts are paid by Employer to other similarly situated executives in accordance with Employer's Annual Bonus plan as in effect at the date of such termination.
 - (ii) An amount equal to one (1) year of Executive's then-current Base Salary, payable in installments on Employer's regularly scheduled payroll dates over the one (1) year period following the date of such Qualifying Termination ("Salary Continuation Payments") beginning on the regularly scheduled payroll date immediately following the Release of Claims Effective Date. Notwithstanding the foregoing, if the Salary Continuation Payments are determined to be "nonqualified deferred compensation" that is subject to Section 409A (as defined below), then the first installment shall be made on the sixtieth (60th) day following the date of Executive's Qualifying Termination and shall include the amount of all payments that would have been made after the effective date of the Release of Claims but before the sixtieth (60th) day following such Qualifying Termination, and the remaining Salary Continuation Payments shall be payable in installments on Employer's regularly scheduled paydays following the Sixtieth (60th) day following such Qualifying Termination.
 - (iii) Payment of premiums for continuation of health care coverage under COBRA for a period equal to one (1) year from the loss of coverage at the same level in effect at the time of termination of Executive's employment, provided that Executive elects COBRA continuation coverage.
 - (iv) (1) the Qualifying Termination occurs between the Effective Date and February 19, 2016 and (2) Executive timely executes and does not revoke the Release of Claims and (3) Executive fully complies with his obligations under this Agreement then: (a) the portion of Executive's then outstanding unvested Restricted Stock Units ("RSUs") issued pursuant to LendingTree, Inc.'s 2008 Stock and Annual Incentive Plan (the "Plan") which were otherwise scheduled to vest between the date of the Qualifying Termination and February 19, 2016 shall instead become vested on the Release of Claims Effective Date, and (b) the portion of Executive's then outstanding unvested options to purchase common stock ("Options") issued pursuant to the Plan which were otherwise scheduled to vest on February 19, 2016 shall instead become vested and exercisable on the Release of Claims Effective Date. All RSUs that vest pursuant to this subsection (iv) shall be settled in accordance with the grant terms of such RSUs.
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All Options that vest pursuant to this subsection (iv) shall remain exercisable only to the extent permitted under the grant terms of such Options. All other unvested RSUs and Options issued to Executive pursuant to the Plan and which are not covered by the foregoing clauses (a) and (b) shall terminate without consideration as of the date of such Qualifying Termination. Additionally, if there is no Release of Claims Effective Date then the RSUs or Options that were covered by the foregoing clauses (a) and (b) shall terminate without consideration as of the 61st day following the Qualifying Termination.

Notwithstanding the foregoing, if Executive obtains other employment or is otherwise compensated for services during the period in which he is receiving Salary Continuation Payments (“Severance Period”), Employer’s obligation to make future payments to Executive under subparagraph (ii) above shall be offset against any compensation earned by Executive as a result of employment with or services provided to a third party. Executive agrees to inform Employer promptly of his employment status and any amounts so earned during the Severance Period. Further, Employer’s obligation to make payments under subparagraph (ii) shall immediately cease in the event that Executive breaches the terms of this Agreement, including but not limited to, Executive’s obligations set forth in Section 12 of this Agreement. Executive acknowledges and agrees that the payments described in paragraph 5(b) above constitute good and valuable consideration for such Release of Claims.

6. Change in Control. Reference is made to the change in control letter issued by Employer to certain executives of Employer, as the same may be revised from time to time (the “CIC Letter”). In the event that Executive experiences a Qualifying Termination within the one-year period following a Change in Control (as defined in the CIC Letter), the terms of the CIC Letter, as it may be amended from time to time, shall control and supersede the terms of this Agreement with respect to any benefits or payments which would otherwise be due hereunder.

7. Confidential Information and Return of Property. “Confidential Information” means any written, oral, or other information obtained by Executive in confidence from Employer, or any of its affiliates, including without limitation information about their respective operations, financial condition, business commitments or business strategy, as a result of Executive’s employment with Employer unless such information is already publicly known through no fault of any person bound by a duty of confidentiality to Employer or any of its affiliates. Executive will not at any time, during or after Executive’s employment with Employer, directly or indirectly disclose Confidential Information to any person or entity other than authorized officers, directors and employees of Employer. Executive will not at any time, during or after Executive’s employment with Employer, in any manner use Confidential Information on behalf of himself or any other person or entity other than Employer, or accept any position in which Executive would have a duty to any person to use Confidential Information against the interests of Employer or any of its affiliates. Upon termination of Executive’s employment for any reason, Executive will promptly return to Employer all property of Employer, including documents and computer files, especially where such property contains or reflects Confidential Information. Nothing in this Agreement shall be interpreted or shall operate to diminish such duties or obligations of Executive to Employer that arise or continue in effect after the termination of Executive’s employment hereunder, including without limitation any such duties or obligations to maintain confidentiality or refrain from adverse use of any of Employer’s trade secrets or other Confidential Information that Executive may have acquired in the course of Executive’s employment.

8. Disclosure and Ownership of Work Related Intellectual Property. Executive shall disclose fully to Employer any and all intellectual property (including, without limitation, inventions, processes, improvements to inventions and processes, and enhancements to inventions and processes, whether or not patentable, formulae, data and computer programs, related documentation and all other forms of copyrightable subject matter) that Executive conceives, develops or makes during the term of Executive’s employment, whether or not within the original Term of this Agreement, and that in whole or in part result from or relate to Executive’s work for Employer (collectively, “Work Related Intellectual Property”). Any such disclosure shall be made promptly after each item of Work Related Intellectual Property is conceived, developed or made by Executive, whichever is sooner. Executive acknowledges that all Work Related Intellectual Property that is copyrightable subject matter and which qualifies as “work made for hire” shall be automatically owned by Employer. Further, Executive hereby assigns to Employer any and all rights which Executive has or may have in Work Related Intellectual Property that is copyrightable subject matter and that, for any reason, does not qualify as “work made for hire.” If any Work Related Intellectual Property embodies or reflects any preexisting rights of Executive, Executive hereby grants to Employer the irrevocable, perpetual, nonexclusive, worldwide, and royalty-free license to use, reproduce, display, perform, distribute copies of and prepare derivative works based upon such preexisting rights and to authorize others to do any or all of the foregoing.

9. Restrictive Covenants. Executive covenants as follows, except in the event of a Qualifying Termination within one year following a Change in Control (in which instance, Executive agrees to be bound by the terms of the CIC Letter):

(a) Noncompetition. In consideration of this Agreement, and other good and valuable consideration provided hereunder, the receipt and sufficiency of which are hereby acknowledged by Executive, Executive hereby agrees and covenants that during the Term and for a period of twelve (12) months thereafter (together, the “Restricted Period”), Executive shall not, without the prior written consent of Employer, directly or indirectly, engage in or become associated with a Competitive Activity.

“Competitive Activity” means any business or other endeavor, in any state of the United States, involving products or services that are the same or similar to the type of products or services that Employer is engaged in providing both (x) as of the date hereof or at any time during the Term and (y) at any time during the twelve (12) month period preceding Executive’s termination of employment. Executive shall be considered to have become “associated with a Competitive Activity” if Executive becomes directly or indirectly involved as an owner, principal, employee, officer, director, independent contractor, representative, stockholder, financial backer, agent, partner, member, advisor, lender, or in any other individual or representative capacity with any individual, partnership, corporation or other organization that is engaged in a Competitive Activity.

(b) Notwithstanding the foregoing, Executive may make and retain investments during the Restricted Period, in less than one percent (1%) of the outstanding capital stock of any publicly traded corporation engaged in a Competitive Activity if the stock of such corporation is either listed on a national stock exchange or on the NASDAQ Stock Market if Executive is not otherwise affiliated with such corporation.

(c) Non-solicitation of Employees. Executive recognizes that he will possess Confidential Information about other employees, consultants and contractors of Employer and its subsidiaries or affiliates relating to their education, experience, skills, abilities, compensation and benefits and interpersonal relationships with suppliers to and customers of Employer and its subsidiaries or affiliates. Executive recognizes that the information he will possess about these other employees, consultants and contractors is not generally known, is of substantial value to Employer and its subsidiaries or affiliates in developing their respective businesses and in securing and retaining customers, and will be acquired by Executive because of Executive’s position with Employer. Executive agrees that during the Restricted Period (i) Executive will not, directly or indirectly, solicit or recruit any person then employed by Employer and/or any of its subsidiaries and/or affiliates with whom Executive has had direct contact during his employment, in all cases for the purpose of being employed by Executive or by any business, individual, partnership, firm, corporation or the entity on whose behalf Executive is acting as an agent, representative or employee; and (ii) Executive will not convey any such Confidential Information or trade secrets about employees of Employer or any of its subsidiaries or affiliates to any other person except within the scope of Executives duties hereunder. Notwithstanding the foregoing, upon a termination of Executive’s employment by Employer for any reason other than for Cause, the restrictions set forth immediately above shall apply for a period of twelve (12) months following such termination in the case of employees with whom Executive had a direct working relationship prior to his employment with Employer, its subsidiaries, and/or affiliates.

(d) Non-Solicitation of Customers. During the Restricted Period, Executive shall not solicit any Customers of Employer or encourage (regardless of who initiates the contact) any such Customers to use the facilities or services of any competitor of Employer. For the purposes of this Agreement, “Customers” means any persons or entities that purchased products or services from Employer within twelve (12) calendar months of the termination of Executive’s employment.

(e) Executive acknowledges that the restrictions, prohibitions and other provisions herein, including, without limitation, the Restricted Period, are reasonable, fair and equitable in terms of duration and scope, are necessary to protect the legitimate business interests of Employer, and are a material inducement to Employer to enter into this Agreement.

10. Remedies for Breach. Executive acknowledges and agrees that a breach of any of the covenants made by Executive in Sections 7, 8 and 9 above would cause irreparable harm to Employer or any of its affiliates for which there would be no adequate remedy at law. Accordingly, the parties agree that in the event of any breach or attempted breach by Executive of any of the provisions of Sections 7, 8 and/or 9, Employer shall be entitled to institute and prosecute proceedings at law or in equity with respect to such breach, and, if successful, to recover such costs, expenses, and reasonable attorney’s fees as may be incurred in connection with such proceedings. The parties further agree that, to the extent Employer institutes and prosecutes proceedings at law or in equity against Executive for an alleged breach, and such action is unsuccessful, Executive is entitled to recover such costs, expenses, and reasonable attorneys’ fees as may be incurred in connection with such proceedings. If Executive breaches Section 8 above, the duration of the period identified shall be computed from the date Executive resumes compliance with the covenant or from the date Employer is granted injunctive or other equitable relief by a court of competent jurisdiction enforcing the covenant, whichever shall first occur, reduced by the number of days Executive was not in breach of the covenant after termination of employment, or any delay in filing suit, whichever is greater.

11. Survival of Obligations. Executive’s obligations under Sections 7, 8 and 9 of this Agreement shall survive the termination of Executive’s employment and this Agreement, regardless of the reason for or method of termination. Each of the provisions in these Sections shall be enforceable independently of every other provision, and the existence of any claim or cause of action Executive may have against Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of these Sections of the Agreement by Employer.

12. Actions After Termination. Executive agrees that for one year following Executive’s termination from Employer, regardless of the reason for the termination, Executive will continue to make himself available for reasonable consultation with Employer and Employer’s agents and employees regarding Executive’s prior work for Employer. In no event shall such services

in a given month exceed 20% of the average monthly level of services performed by Executive over the 36-month period immediately preceding the date on which Executive's employment terminated. In addition, Executive shall make himself reasonably available for interviews by Employer's counsel, depositions, and/or appearances before courts or administrative agencies upon Employer's reasonable request. Executive agrees that if Executive is contacted by any government agency with reference to Employer's business, or by any person contemplating or maintaining any claim or legal action against Employer, or by any agent or attorney of such person, Executive will, to the extent permitted by law, promptly notify Employer of the substance of Executive's communications with such person. Employer agrees to reimburse any reasonable expenses (and, after any Severance Period, reasonable compensation for lost income) incurred by Executive in connection with this Section 12, provided that such expenses shall have been preapproved in writing by Employer.

13. Section 280G Limitation. Notwithstanding anything in this Agreement to the contrary, in the event that any payment or benefit received or to be received by Executive (all such payments and benefits being hereinafter referred to as the "Total Payments") would not be deductible (in whole or part) by Employer or any affiliates making such payment or providing such benefit as a result of Section 280G of the U.S. Internal Revenue Code of 1986, as amended (the "Code") then, to the extent necessary to make such portion of the Total Payments deductible (and after taking into account any reduction in the Total Payments required by any similar reduction or elimination provision contained in such other plan, arrangement or agreement), the portion of the Total Payments that does not constitute "nonqualified deferred compensation" under Section 409A of the Code shall first be reduced (if necessary, to zero), and all other Total Payments shall thereafter be reduced (if necessary, to zero) with, in each case, cash payments being reduced before non-cash payments (and, within each category, payments to be paid last being reduced first); provided, however, that such reduction shall only be made if the amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to the amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of the excise tax imposed under Section 4999 of the Code on such unreduced Total Payments). Any determination required to be made under this paragraph shall be made by independent tax counsel reasonably acceptable to both Executive and Employer, and shall be paid for by Employer ("Tax Counsel").

It is possible that, after the determinations and selections made pursuant to the foregoing paragraph, Executive will receive payments and/or benefits that are, in the aggregate, either more or less than the amount determined under such paragraph (hereafter referred to as an "Excess Payment" or "Underpayment", as applicable). If Tax Counsel determines that an Excess Payment has been made, then Executive shall promptly repay the Excess Payment to Employer, together with interest on the Excess Payment at the applicable federal rate (as defined in section 1274(d) of the Code) from the date of Executive's receipt of such Excess Payment until the date of such repayment. If Tax Counsel determines that an Underpayment has occurred, Employer shall promptly (but in any event within ten (10) days of such determination) pay to Executive an amount equal to the Underpayment, together with interest on such amount at the applicable federal rate from the date such amount would have been paid to Executive had the provisions of the foregoing paragraph not been applied until the date of payment.

14. Section 409A. The parties intend that any amounts payable hereunder shall comply with or be exempt from Section 409A of the Code ("Section 409A") (including under Treasury Regulation §§ 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exceptions under subparagraph (iii) and subparagraph (v)(D)) and other applicable provisions of Treasury Regulation §§ 1.409A-1 through A-6). For purposes of Section 409A, each of the payments that may be made under this Agreement shall be deemed to be a separate payment. Executive and Employer agree to negotiate in good faith to make amendments to the Agreement, as the parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A. Neither Executive nor Employer shall have the right to accelerate or defer the delivery of any such payments or benefits except (i) where payment may be made within a certain period of time, the timing of payment within such period will be in the sole discretion of Employer, and (ii) to the extent specifically permitted or required by Section 409A. With respect to the time of payments of any amounts under the Agreement that are "deferred compensation" subject to Section 409A, references in the Agreement to "termination of employment" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A. Notwithstanding anything in this Agreement to the contrary, if Executive is considered a "specified employee" under Section 409A upon his separation from service and if payment of any amounts on account of Executive's separation from service under this Agreement is required to be delayed for a period of six months after separation from service in order to avoid taxation under Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated amounts shall be paid in a lump sum payment within five business days after the end of the six-month delay period. If Executive dies during the six-month delay period prior to the payment of benefits, the amounts withheld on account of Section 409A shall be paid to the personal representative of Executive's estate within 60 days after the date of Executive's death. For the avoidance of doubt, it is intended that any expense reimbursement made to Executive hereunder shall be exempt from Section 409A. Notwithstanding the foregoing, if any expense reimbursement made hereunder shall be determined to be "deferred compensation" within the meaning of Section 409A, then (i) the amount of the expense reimbursement during one taxable year shall not affect the amount of the expense reimbursement during any other taxable year, (ii) the expense reimbursement shall be made on or before the last day of Executive's taxable year following the year in which the expense was incurred and (iii)

the right to expense reimbursement hereunder shall not be subject to liquidation or exchange for another benefit. While it is intended that all payments and benefits provided to Executive under this Agreement will be exempt from or comply with Section 409A, Employer makes no representation or covenant to ensure that such payments and benefits are exempt from or compliant with Section 409A. Employer will have no liability to Executive or any other party if a payment or benefit under this Agreement or otherwise is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. Executive further understands and agrees that Executive will be entirely responsible for any and all taxes imposed on Executive as a result of this Agreement.

15. Assignment. Employer may assign this Agreement to any other entity acquiring all or substantially all of the assets or stock of Employer or to any other entity into which or with which Employer may be merged or consolidated. Upon such assignment, merger, or consolidation, the rights of Employer under this Agreement, as well as the obligations and liabilities of Employer hereunder, shall inure to the benefit of and be binding upon the assignee, successor-in-interest, or transferee of Employer and Employer shall have no further obligations or liabilities hereunder. This Agreement is not assignable in any respect by Executive.

16. Notices. All notices and other communications under this Agreement shall be in writing and shall be given by first-class mail, certified or registered with return receipt requested or by hand delivery, or by overnight delivery by a national recognized carrier, in each case to the applicable address set forth below, and any such notice is deemed effectively given which received by recipient (or if receipt is refused by recipient, when so refused):

If to Employer: LendingTree, Inc.
11115 Rushmore Dr.
Charlotte, NC 28277
Attn: General Counsel

If to Executive: At the most recent address for Executive on file with Employer.

Either party may change such party's address for notices by notice duly given pursuant hereto.

17. Invalid Provisions. It is not the intention of either Party to violate any public policy, or any statutory or common law. If any sentence, paragraph, clause or combination of the same in this Agreement is in violation of the law of any State where applicable, such sentence, paragraph, clause or combination of the same shall be void in the jurisdictions where it is unlawful, and the remainder of the Agreement shall remain binding on the Parties. However, the Parties agree, and it is their desire that a court should substitute for each such illegal, invalid or unenforceable covenant a reasonable and judicially-enforceable limitation in its place, and that as so modified the covenant shall be as fully enforceable as if set forth herein by the Parties themselves in the modified form.

18. Entire Agreement; Amendments. This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, relating to the subject matter hereof, including, but not limited to (i) that certain Letter Agreement dated as of September 9, 2012 by and between Employer and Executive; (ii) that certain Letter Agreement dated April 11, 2011 by and between Executive and Employer; and (iii) the Prior Employment Agreement. For the avoidance of doubt, entry into this Agreement superseding the Prior Employment Agreement does not constitute a "Qualifying Termination" under the Prior Agreement. This Agreement may be amended in whole or in part only by an instrument in writing setting forth the particulars of such amendment and duly executed by both Parties.

19. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument.

20. Governing Law; Jurisdiction. The validity, construction, interpretation and enforceability of this Agreement and the capacity of the parties shall be determined and governed by the laws of the State of North Carolina, without regard to the conflict of law rules contained therein. Any litigation under this Agreement shall be brought by either Party exclusively in Mecklenburg County, North Carolina. As such, the Parties irrevocably consent to the jurisdiction of the courts in Mecklenburg County, North Carolina (whether federal or state) for all disputes related to this Agreement and irrevocably consent to service via nationally recognized overnight carrier, without limiting other service methods allowed by applicable law. In addition, the Parties irrevocably waive any right to a trial by jury in any action related to this Agreement.

21. Taxes. All payments made under this Agreement shall be subject to Employer's withholding of all required foreign, federal, state and local income and employment/payroll taxes, and all payments shall be net of such tax withholding.

22. Recoupment. Notwithstanding anything to the contrary in this Agreement, any payments made or granted pursuant to this Agreement shall be subject to any recoupment or clawback policy that may be adopted by the Company from time to time

and to any requirement of applicable law, regulation or listing standard that requires the company to recoup or clawback compensation paid.

23. Non-Disparagement . From and after a Qualifying Termination, Executive agrees not to disparage Employer or any officers, directors, employees, shareholders, parent companies, affiliates or agents of Employer (each an “Employer Party”). For purposes of this Section, “disparage” means to make a negative statement in any manner likely to be harmful to an Employer Party, its business or business reputation or personal reputation; provided that Executive may respond accurately and fully to any question, inquiry or request for information when required by legal process. This Agreement shall cover all forms of disparagement, direct or indirect, through any medium or in any venue.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

Employer

By: /s/ E. Claudette Parham

E. Claudette Parham

Senior Vice President, Human Resources & Administration

LendingTree, Inc.

Executive

/s/ Gabriel Dalporto

Gabriel Dalporto

SUBSIDIARIES OF LENDINGTREE, INC.

Name	Jurisdiction of Formation
LendingTree, LLC	DE
Tree BU Holding Company, Inc.	DE
DegreeTree, Inc. f/k/a Tree Insurance Agency, Inc.	DE
Tree Home Services, Inc.	DE
Home Loan Center, Inc.	CA
HLC Escrow, Inc.	CA
Realestate.com, Inc.	DE
LT Real Estate, Inc.	DE
Robin Acquisition Corp.	DE

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-182670 and 333-197952) and on Form S-3 (No. 333-152700) of LendingTree, Inc. (formerly known as Tree.com, Inc.) of our report dated March 16, 2015 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the Annual Report on Form 10-K for the year ended December 31, 2014.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 16, 2015

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Douglas R. Lebda, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2014 of LendingTree, 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 officer(s) 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer(s) 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.

Dated: March 16, 2015

/s/ DOUGLAS R. LEBDA

Douglas R. Lebda
Chairman and Chief Executive Officer
(principal executive officer)

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alexander Mandel, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2014 of LendingTree, 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 officer(s) 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer(s) 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.

Dated: March 16, 2015

/s/ **ALEXANDER MANDEL**

Alexander Mandel
Chief Financial Officer
(principal financial officer)

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

I, Douglas R. Lebda, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 of LendingTree, Inc. (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 LendingTree, Inc.

Dated: March 16, 2015

/s/ DOUGLAS R. LEBDA

Douglas R. Lebda
Chairman and Chief Executive Officer
(principal executive officer)

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

I, Alexander Mandel, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 of LendingTree, Inc. (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 LendingTree, Inc.

Dated: March 16, 2015

/s/ ALEXANDER MANDEL

Alexander Mandel
Chief Financial Officer
(principal financial officer)