

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

**FORM 8-K/A
(Amendment No. 1)**

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 16, 2016

LendingTree, Inc.
(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34063
(Commission
File Number)

26-2414818
(IRS Employer
Identification No.)

11115 Rushmore Drive, Charlotte, NC
(Address of principal executive offices)

28277
(Zip Code)

Registrant's telephone number, including area code: **(704) 541-5351**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

On November 22, 2016, LendingTree, Inc. (the “Company”), filed a Current Report on Form 8-K (the “Form 8-K”) to report the acquisition by LendingTree, LLC (“Buyer”), a wholly-owned subsidiary of the Company, of the membership interests of Iron Horse Holdings, LLC, a Delaware limited liability company, which does business under the name CompareCards.com (“CompareCards”). This Amendment No. 1 to the Form 8-K amends and supplements Item 9.01 to include the financial information described in Item 9.01 below. Except as stated in this Explanatory Note, no other information contained in the Form 8-K is changed.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited financial statements of CompareCards.com as of and for the year ended December 31, 2015 are filed as Exhibit 99.2 to this report and incorporated herein by reference.

The unaudited interim financial statements of CompareCards.com as of and for the nine months ended September 30, 2016 and 2015 are filed as Exhibit 99.3 to this report and incorporated herein by reference.

(b) Pro forma financial information.

The pro forma financial information required by Item 9.01(b) of Form 8-K is attached hereto as Exhibit 99.4 to this report and incorporated herein by reference.

(d) Exhibits.

Exhibit No.	Exhibit Description
2.1	Membership Interest Purchase Agreement, dated as of November 16, 2016, by and among LendingTree, LLC, Iron Horse Holdings, LLC, all of the members of Iron Horse Holdings, LLC, and Christopher J. Mettler.*†
23.1	Consent of Kimble, Certified Public Accountants
99.1	Press Release issued on November 16, 2016 †
99.2	Audited financial statements of Iron Horse Holdings, LLC as of and for the year ended December 31, 2015.
99.3	Unaudited interim financial statements of Iron Horse Holdings, LLC as of and for the nine months ended September 30, 2016 and 2015.
99.4	Unaudited pro forma condensed combined financial statements.

* The schedules (and similar attachments) to this exhibit have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The registrant agrees to furnish a supplemental copy of any omitted schedule (or similar attachment) to the Securities and Exchange Commission upon request.

† Previously filed.

SIGNATURE

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

Date: February 1, 2017

LENDINGTREE, INC.

By: /s/ Katharine F. Pierce

Katharine F. Pierce

Senior Vice President, General Counsel & Corporate Secretary

CONSENT OF INDEPENDENT AUDITOR

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-207718) and on Form S-8 (No. 333-197952 and No. 333-182670) of LendingTree, Inc. of our report, dated November 11, 2016, relating to the financial statements of Iron Horse Holdings, LLC, which comprise the balance sheet as of December 31, 2015, and the related statements of operations and members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

/s/ Kimble, Certified Public Accountants

Richmond, Virginia

February 1, 2017

Iron Horse Holdings, LLC

Report on Financial Statements

For the year ended December 31, 2015

Iron Horse Holdings, LLC**Contents**

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Independent Auditor's Report

To the Members
Iron Horse Holdings, LLC
Charleston, South Carolina

We have audited the accompanying financial statements of Iron Horse Holdings, LLC (the "Company") which comprise the balance sheet as of December 31, 2015, and the related statements of operations and members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

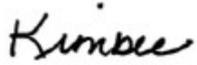
Kimble
Certified Public Accountants

6806 Paragon Place
Suite 250
Richmond, VA 23230

P 804.612.4380
F 804.612.2861
KimbleCPA.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iron Horse Holdings as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Kimbee".

Richmond, Virginia
November 11, 2016

Iron Horse Holdings, LLC**Balance Sheet****As of December 31, 2015**

	<u>2015</u>
Assets	
Current assets	
Cash	\$ 72,059
Accounts receivable	6,286,720
Note receivable	-
Total current assets	<u>6,358,779</u>
Property and equipment, net	<u>42,825</u>
Other assets	
Investment	23,484
Intangible assets, net	14,408
Total other assets	<u>37,892</u>
 Total assets	 <u>\$ 6,439,496</u>
 Liabilities And Members' Deficit	
Current liabilities	
Accounts payable	\$ 7,733,142
Payroll liabilities	63,565
Credit cards payable	889,071
Lines of credit	2,925,000
Note payable	2,500,000
Total current liabilities	<u>14,110,778</u>
Members' deficit	<u>(7,671,282)</u>
 Total liabilities and members' deficit	 <u>\$ 6,439,496</u>

See Notes to Financial Statements

Iron Horse Holdings, LLC
Statement of Operations and Members' Deficit
For the year ended December 31, 2015

	<u>2015</u>
Sales	\$ 54,430,789
Selling and marketing expenses	53,482,651
Operating expenses	
Salaries	1,019,011
Professional fees	907,635
Commissions	131,701
Rent	86,130
Payroll taxes	85,834
Website maintenance and related costs	45,366
Office supplies and postage	31,210
Employee benefits and insurance	25,758
Charitable contributions and scholarship	28,482
Travel	28,392
Dues and subscriptions	26,901
Miscellaneous	19,645
Depreciation and amortization	7,001
State license and filing fees	4,856
Storage	4,519
Utilities	4,172
Entertainment and meals	1,673
Automobile	339
Profit sharing	9,790
Total operating expenses	<u>2,468,415</u>
Operating income (loss)	<u>(1,520,277)</u>
Other income (expense)	
Guaranteed payments	(260,000)
Interest expense	(105,878)
Other income, net	31,441
Total other income (expense)	<u>(334,437)</u>
Net income (loss)	(1,854,714)
Beginning members' equity (deficit)	(1,701,881)
Member distributions	(4,114,687)
Ending members' deficit	<u>\$ (7,671,282)</u>

See Notes to Financial Statements

Iron Horse Holdings, LLC
Statement of Cash Flows
For the year ended December 31, 2015

	<u>2015</u>
Operating activities	
Net income (loss)	\$ (1,854,714)
Adjustments to reconcile net income (loss) to net cash used for operating activities:	
Depreciation and amortization	7,001
Loss on investment	6,181
Changes in operating assets and liabilities:	
Accounts receivable	(1,376,607)
Accounts payable	2,375,948
Payroll liabilities	(189,739)
Credit cards payable	321,389
Net cash used for operating activities	<u>(710,541)</u>
Investing activities	
Purchases of equipment	(21,268)
Payment from (issuance of) note receivable	232,502
Net cash provided by investing activities	<u>211,234</u>
Financing activities	
Borrowings on lines of credit	2,500,000
Repayments on lines of credit	(565,000)
Proceeds from note payable	2,500,000
Member distributions	(4,114,687)
Net cash provided by financing activities	<u>320,313</u>
 Net decrease in cash	 (178,994)
 Cash, at beginning of year	 <u>251,053</u>
Cash, at end of year	<u>\$ 72,059</u>
 Cash paid for interest	 <u>\$ 105,878</u>

See Notes to Financial Statements

Iron Horse Holdings, LLC

Notes to Financial Statements

December 31, 2015

Note 1. Summary of Significant Accounting Policies

Business activity:

Iron Horse Holdings, LLC (the "Company"), a Delaware limited liability company, was formed on February 28, 2011. The Company operates a website (comparecards.com) to help people make smarter, more informed, healthier financial decisions based on a deeper knowledge of financial offers. The Company provides easy-to-use, objective tools and educational resources that help consumers do everything from making side-by-side credit card comparisons and managing their credit health to helping children in primary, middle, and high school learn how to make wise financial decisions.

Basis of accounting and presentation:

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statements reflect all adjustments that are necessary for presentation of the financial position, results of operations, and cash flows for the year presented.

Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2015. The Company's cash balances are maintained with high quality financial institutions. At times, deposits may exceed Federal Deposit Insurance Corporation insurance limits.

Accounts receivable and allowance for doubtful accounts:

Accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability based on management's assessment of the status of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms an account receivable is not collectible, such amount is charged off against the allowance for doubtful accounts. As of December 31, 2015, the Company does not have an allowance for doubtful accounts.

Revenue recognition:

The Company derives sales from commissions which are earned upon approval of credit card applications from consumers which were referred to the financial institutions through the Company's websites. The Company recognizes sales 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 that the financial institution generates the consumer's credit card approval.

Iron Horse Holdings, LLC

Notes to Financial Statements

December 31, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Property and equipment:

Property and equipment are stated at original cost less accumulated depreciation. Major renewals and betterments are capitalized while routine maintenance and repair costs which do not extend the original useful lives of the assets are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are generally as follows:

Computers	5 years
Furniture and fixtures	5 to 10 years

Investment:

The Company accounts for its 30% investment in DVDs.com, LLC using the equity method. The Company's initial interest is recognized at cost, adjusted for the Company's proportionate share of undistributed earnings or losses.

Intangible assets:

Intangible assets are comprised of expenses paid for the Company's domain name. The domain name is amortized over a period of 15 years. Amortization expense for the year ending December 31, 2015 was \$1,731.

Advertising:

The Company expenses advertising costs as they are incurred, and reports them as selling and marketing expenses. The Company had advertising costs of \$53,482,651 for the year ended December 31, 2015.

Income taxes:

The Company is a limited liability company and with the consent of its members has elected to be taxed as a partnership for federal and state income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements because the respective members are taxed on their proportionate share of the Company's taxable income.

Management evaluates the Company's tax positions on a periodic basis and has concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements. When incurred, interest and penalties associated with unresolved income tax positions are included in other income and expense. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for all years prior to 2012.

Concentrations and credit risk:

For the year ended December 31, 2015, four financial institutions individually accounted for approximately 43%, 20%, 16% and 14% of total sales, respectively.

Iron Horse Holdings, LLC

Notes to Financial Statements

December 31, 2015

Note 1. Summary of Significant Accounting Policies, Continued

Concentrations and credit risk, continued:

Substantially all of the sales from these financial institutions pass through three clearing houses. Given the timeliness of past payments and the absence of historical problems, management believes that accounts receivable from these clearing houses are fully collectible in the normal course of business.

Substantially all of the Company's selling and marketing expenses consist of pay-per-click advertising costs incurred with three parties who are leaders in web search industry. Management believes that the Company's relationship with these parties is good and that the availability of their services will continue in the normal course of business.

Note 2. Property and Equipment, net

Property and equipment consists of the following as of December 31:

	<u>2015</u>
Computers	\$ 20,485
Furniture and fixtures	<u>37,057</u>
	57,542
Less accumulated depreciation	<u>14,717</u>
	<u>\$ 42,825</u>

Depreciation expense totaled \$5,270 for the year ended December 31, 2015.

Note 3. Intangible Assets, net

Intangible assets consist of the following as of December 31:

	<u>2015</u>
Domain name	\$ 29,705
Less accumulated amortization	<u>15,297</u>
	<u>\$ 14,408</u>

Amortization expense totaled \$1,731 for the year ended December 31, 2015.

Note 4. Debt

Note payable:

On October 14, 2015, the Company entered into a \$2,500,000 term loan agreement with a financial institution. The loan carries interest at the U.S. Prime Rate (3.25% as of December 31, 2015). The loan is payable in three consecutive monthly principal installments of \$625,000, beginning on January 14, 2016, with a final payment of principal and interest due at maturity on April 14, 2016. As of December 31, 2015, the outstanding balance is \$2,500,000. The loan is secured by certain assets of the Company.

Iron Horse Holdings, LLC

Notes to Financial Statements

December 31, 2015

Note 4. Debt, Continued

Lines of credit:

On September 29, 2014, the Company opened a line of credit with a financial institution. The maximum amount the Company can draw on this line of credit is \$1,000,000. The line of credit matured on September 29, 2015 and was renewed on November 17, 2015, with an extended maturity date of November 16, 2016. The line of credit incurs interest at an annual rate of 3.25%. The balance on the line of credit was \$925,000 as of December 31, 2015. The line of credit is guaranteed by a member of the Company.

On February 27, 2015, the Company opened an additional line of credit with a different financial institution. The maximum amount the Company can draw is \$2,000,000. This line of credit matures on February 27, 2016 and incurs interest at the U.S. Prime Rate (3.25% as of December 31, 2015). As of December 31, 2015, the outstanding balance was \$2,000,000. This line of credit is secured by certain assets of the Company.

Note 5. Leases

The Company leases office space in Illinois under an operating lease that expires on November 30, 2016 and office space in Charleston under an operating lease that expires on March 31, 2017. Rent expense totaled \$86,130 for the year ended December 31, 2015.

Future minimum lease payments under operating leases as of December 31, 2015 are as follows:

2016	\$ 78,052
2017	<u>12,731</u>
Total minimum lease payments	<u>\$ 90,783</u>

Note 6. Related Parties

Beginning January 1, 2013, the Company had a consulting agreement which provided the consultant with a 12.5% return on the taxable income of the Company (corresponding to a 12.5% membership interest in the Company), as further defined in the respective consulting agreement. Distributions paid to the consultant relating to the year ended December 31, 2015 are included in guaranteed payments as taxable income was not sufficient to generate a return on the membership interests. The relationship with the consultant ceased in 2016 and remaining obligations were paid in a settlement in October 2016, the details of which are subject to a confidentiality agreement. Such payments, however, had no significant impact on the overall financial position of the Company.

As of December 31, 2014, the Company had an outstanding note receivable of \$232,502 from a limited liability company that is partially owned by a member of the Company. This note was paid in full during 2015.

The Company subleases space in its Charleston office on a month-to-month basis to a limited liability company that is partially owned by a member of the Company. Rental income related to this lease totaled \$15,000 for the year ended December 31, 2015.

Iron Horse Holdings, LLC

Notes to Financial Statements

December 31, 2015

Note 7. Profit Sharing Plan

The Company has a profit sharing plan that covers substantially all employees, with the exception of union, nonresident aliens, and leased employees, who meet certain age and length of service requirements. Eligible employees may make salary deferral contributions to the plan. The Company's contribution was equal to up to three percent of the participants' eligible compensation for the plan year ended December 31, 2015. The Company may also make discretionary profit sharing contributions. The Company's contribution expense totaled approximately \$9,790 for the year ended December 31, 2015.

Note 8. Subsequent Events

Management has evaluated events and transactions for potential recognition and/or disclosure through November 11, 2016, which is the date these financial statements were available to be issued.

All outstanding lines of credit and the note payable outstanding at of December 31, 2015 were paid in full in 2016. In March 2016, the Company entered into a new promissory note with a principal amount of \$3,775,000, bearing interest at an annual interest rate of 4.5%. The new promissory note was scheduled to mature in March 2020, but was paid in full in October 2016.

The Company has received a letter of intent in connection with the potential sale of all of the business. Assuming approval by all parties, the sale is scheduled to occur by the end of 2016.

Iron Horse Holdings, LLC

Report on Financial Statements

For the nine months ended September 30, 2016 and 2015

Iron Horse Holdings, LLC

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Iron Horse Holdings, LLC**Balance Sheets****As of September 30, 2016 and December 31, 2015**

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Assets		
Current assets		
Cash	\$ 3,596,462	\$ 72,059
Accounts receivable	6,311,669	6,286,720
Other receivables	95,606	-
Prepaid expenses	141,000	-
Total current assets	<u>10,144,737</u>	<u>6,358,779</u>
Property and equipment, net	<u>34,797</u>	<u>42,825</u>
Other assets		
Investment	23,566	23,484
Deposit	310,000	-
Intangible assets, net	552,112	14,408
Total other assets	<u>885,678</u>	<u>37,892</u>
Total assets	<u>\$ 11,065,212</u>	<u>\$ 6,439,496</u>
Liabilities And Members' Equity (Deficit)		
Current liabilities		
Accounts payable	\$ 5,395,495	\$ 7,733,142
Payroll liabilities	223,987	63,565
Credit cards payable	641,659	889,071
Lines of credit	-	2,925,000
Note payable	-	2,500,000
Total current liabilities	<u>6,261,141</u>	<u>14,110,778</u>
Noncurrent liabilities		
Note payable	<u>1,510,233</u>	<u>-</u>
Total liabilities	7,771,374	14,110,778
Members' equity (deficit)	<u>3,293,838</u>	<u>(7,671,282)</u>
Total liabilities and members' equity (deficit)	<u>\$ 11,065,212</u>	<u>\$ 6,439,496</u>

See Notes to Financial Statements

Iron Horse Holdings, LLC**Statements of Operations and Members' Equity (Deficit)****For the nine months ended September 30, 2016 and 2015**

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Sales	\$ 54,070,789	\$ 40,262,078
Selling and marketing expenses	40,241,276	38,117,300
Operating expenses		
Salaries	1,140,933	697,433
Commissions	613,333	103,021
Professional fees	357,598	634,230
Dues and subscriptions	225,532	17,476
Rent	58,130	62,620
Employee benefits and insurance	36,225	14,288
Website maintenance and related costs	45,580	33,053
Payroll taxes	42,046	37,976
Travel	22,089	23,291
Office supplies and postage	19,380	14,633
Profit sharing	17,631	3,296
Charitable contributions and scholarship	14,000	3,482
Miscellaneous	12,488	38,400
Depreciation and amortization	9,324	5,916
Entertainment and meals	3,503	1,284
Utilities	2,618	3,311
Automobile	748	143
State license and filing fees	164	555
Storage	-	2,822
Total operating expenses	<u>2,621,322</u>	<u>1,697,230</u>
Operating income	<u>11,208,191</u>	<u>447,548</u>
Other income (expense)		
Guaranteed payments	-	(208,000)
Interest expense	(155,387)	(65,771)
Other income, net	108,309	21,478
Total other income (expense)	<u>(47,078)</u>	<u>(252,293)</u>
Net income	11,161,113	195,255
Beginning members' deficit	(7,671,282)	(1,701,881)
Member distributions	(523,493)	(3,279,488)
Member contributions	327,500	-
Ending members' equity (deficit)	<u>\$ 3,293,838</u>	<u>\$ (4,786,114)</u>

See Notes to Financial Statements

Iron Horse Holdings, LLC**Statements of Cash Flows****For the nine months ended September 30, 2016 and 2015**

	<u>Nine Months Ended September 30, 2016</u>	<u>Nine Months Ended September 30, 2015</u>
Operating activities		
Net income	\$ 11,161,113	\$ 195,255
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,324	5,916
Recorded gain on investment	(82)	-
Changes in operating assets and liabilities:		
Accounts receivable	(24,949)	(3,805,773)
Other receivables	(95,606)	-
Prepaid expenses	(141,000)	-
Accounts payable	(2,337,647)	4,616,646
Payroll liabilities	160,422	(222,527)
Credit cards payable	(247,412)	423,466
Net cash provided by operating activities	<u>8,484,163</u>	<u>1,212,983</u>
Investing activities		
Purchases of equipment	-	(5,143)
Deposit	(310,000)	-
Payment for non-compete agreement	(539,000)	-
Payment received from note receivable	-	232,502
Net cash provided by (used for) investing activities	<u>(849,000)</u>	<u>227,359</u>
Financing activities		
Borrowings on lines of credit	65,000	2,000,000
Repayments on lines of credit	(2,990,000)	(13,965)
Borrowings under note payable	3,775,000	-
Repayments on notes payable	(4,764,767)	-
Member distributions	(523,493)	(3,279,488)
Member contributions	327,500	-
Net cash used for financing activities	<u>(4,110,760)</u>	<u>(1,293,453)</u>
Net increase in cash	3,524,403	146,889
Cash, at beginning of period	72,059	251,053
Cash, at end of period	<u>\$ 3,596,462</u>	<u>\$ 397,942</u>
Cash paid for interest	<u>\$ 155,387</u>	<u>\$ 65,771</u>

See Notes to Financial Statements

Iron Horse Holdings, LLC

Notes to Financial Statements

September 30, 2016 and 2015

Note 1. Summary of Significant Accounting Policies

Business activity:

Iron Horse Holdings, LLC (the "Company"), a Delaware limited liability company, was formed on February 28, 2011. The Company operates a website (comparecards.com) to help people make smarter, more informed, healthier financial decisions based on a deeper knowledge of financial offers. The Company provides easy-to-use, objective tools and educational resources that help consumers do everything from making side-by-side credit card comparisons and managing their credit health to helping children in primary, middle, and high school learn how to make wise financial decisions.

Basis of accounting and presentation:

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statements reflect all adjustments that are necessary for presentation of the financial position, results of operations, and cash flows for the years presented.

Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of September 30, 2016 or December 31, 2015. The Company's cash balances are maintained with high quality financial institutions. At times, deposits may exceed Federal Deposit Insurance Corporation insurance limits.

Accounts receivable and allowance for doubtful accounts:

Trade receivables are carried at their estimated collectible amounts and are periodically evaluated for collectability based on management's assessment of the status of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms an account receivable is not collectible, such amount is charged off against the allowance for doubtful accounts. As of September 30, 2016 and December 31, 2015, the Company believes all accounts are collectible and as such has not recorded an allowance for doubtful accounts.

Revenue recognition:

The Company derives sales from commissions which are earned upon the approval of credit card applications from consumers which were referred to the financial institutions through the Company's websites. The Company recognizes sales 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 that the financial institution generates the consumer's credit card approval.

Iron Horse Holdings, LLC

Notes to Financial Statements

September 30, 2016 and 2015

Note 1. Summary of Significant Accounting Policies, Continued

Property and equipment:

Property and equipment are stated at original cost less accumulated depreciation. Major renewals and betterments are capitalized while routine maintenance and repair costs which do not extend the original useful lives of the assets are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are generally as follows:

Computers	5 years
Furniture and fixtures	5 to 10 years

Investment:

The Company accounts for its 30% investment in DVDs.com, LLC using the equity method. The Company's initial interest is recognized at cost, adjusted for the Company's proportionate share of undistributed earnings or losses at each period end.

Other assets:

In 2016, the Company began participating in a new captive insurance program. The captive membership required an initial deposit of \$310,000. The deposit is carried at cost because of the restrictions on transfer and lack of marketability.

In September 2016, the Company entered into a non-compete agreement with an employee in exchange for a one-time payment of \$539,000. The cost of the non-compete agreement will be amortized over a period of eighteen months beginning in October 2016. The amount is included in intangible assets in the accompanying Balance Sheets.

Other intangible assets are comprised of expenses paid for the Company's domain name. The domain name is amortized over a period of 15 years. Amortization expense for the nine months ending September 30, 2016 and 2015 was \$1,296.

Advertising:

The Company expenses advertising costs as they are incurred, and reports them as selling and marketing expenses. The Company had advertising costs of \$40,241,276 and \$38,117,300 for the nine months ended September 30, 2016 and 2015, respectively.

Iron Horse Holdings, LLC

Notes to Financial Statements

September 30, 2016 and 2015

Note 1. Summary of Significant Accounting Policies, Continued

Income taxes:

The Company is a limited liability company and with the consent of its members has elected to be taxed as a partnership for federal and state income tax purposes. Accordingly, no provision for income taxes has been made in the accompanying financial statements because the respective members are taxed on their proportionate share of the Company's taxable income.

Management evaluates the Company's tax positions on a periodic basis and has concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements. When incurred, interest and penalties associated with unresolved income tax positions are included in other income and expense.

Concentrations and credit risk:

For the nine months ended September 30, 2016, four financial institutions individually accounted for approximately 40%, 19%, 15% and 13% of total sales, respectively. For the nine months ended September 30, 2015, four financial institutions individually accounted for approximately 47%, 19%, 15% and 13% of total sales, respectively.

Substantially all of the sales from these financial institutions pass through three clearing houses. Given the timeliness of past payments and the absence of historical problems, management believes that accounts receivable from these clearing houses are fully collectible in the normal course of business.

Substantially all of the Company's selling and marketing expenses consist of pay-per-click advertising costs incurred with three parties who are leaders in the web search industry. Management believes that the Company's relationship with these parties is good and that the availability of their services will continue in the normal course of business.

Note 2. Property and Equipment, net

Property and equipment consists of the following as of:

	<u>Sept 30, 2016</u>	<u>Dec 31, 2015</u>
Computers	\$ 20,485	\$ 20,485
Furniture and fixtures	<u>37,057</u>	<u>37,057</u>
	57,542	57,542
Less accumulated depreciation	<u>22,745</u>	<u>14,717</u>
	<u>\$ 34,797</u>	<u>\$ 42,825</u>

Depreciation expense totaled \$8,028 and \$4,620 for the nine months ended September 30, 2016 and 2015, respectively.

Iron Horse Holdings, LLC**Notes to Financial Statements****September 30, 2016 and 2015**

Note 3. Intangible Assets, net

Intangible assets consist of the following as of:

	<u>Sept 30, 2016</u>	<u>Dec 31, 2015</u>
Domain name	\$ 29,705	\$ 29,705
Non-compete agreement	539,000	-
	568,705	29,705
Less accumulated amortization	16,593	15,297
	<u>\$ 552,112</u>	<u>\$ 14,408</u>

Amortization expense totaled \$1,296 for the nine months ended September 30, 2016 and 2015.

Note 4. DebtNote payable:

On March 23, 2016, the Company entered into a promissory note agreement for \$3,775,000 with a financial institution. The loan carries interest at 4.5%. Principal payments of \$86,200 were due beginning April 23, 2016, with the final payment due on March 23, 2020. The balance on the note as of September 30, 2016 was \$1,510,233. Due to pre-payments on the note, there is no current portion due as of September 30, 2016.

Lines of credit:

On September 29, 2014, the Company opened a line of credit with a financial institution. The maximum amount the Company can draw on this line of credit is \$1,000,000. The line of credit matured on September 29, 2015 and was renewed on November 17, 2015, with an extended maturity date of November 16, 2016. The line of credit incurs interest at an annual rate of 3.25%. The balance on the line of credit was \$925,000 as of December 31, 2015. The line of credit was paid in full during 2016.

On February 27, 2015, the Company opened an additional line of credit with a different financial institution. The maximum amount the Company can draw is \$2,000,000. The line of credit incurs interest at the U.S. Prime Rate (3.25% as of December 31, 2015). As of December 31, 2015, the outstanding balance was \$2,000,000. The revolver matured on February 27, 2016 and was paid in full.

Note 5. Leases

The Company leases office space in Illinois under an operating lease that expires on November 30, 2016 and office space in Charleston under an operating lease that expires on March 31, 2017. Rent expense totaled \$58,130 and \$62,620 for the nine months ended September 30, 2016 and 2015, respectively.

Future minimum lease payments under operating leases as of September 30, 2016 are as follows:

2016	\$ 17,731
2017	12,731
Total minimum lease payments	<u>\$ 30,462</u>

Iron Horse Holdings, LLC

Notes to Financial Statements

September 30, 2016 and 2015

Note 6. Related Parties

Beginning January 1, 2013, the Company had a consulting agreement which provided the consultant with a 12.5% return on the taxable income of the Company (corresponding to a 12.5% membership interest in the Company), as further defined in the respective consulting agreement. Distributions paid to the consultant relating to the period ended September 30, 2015 are included in guaranteed payments as taxable income was not sufficient to generate a return on the membership interests. The relationship with the consultant ceased in April 2016 and remaining obligations were paid in a settlement in October 2016, the details of which are subject to a confidentiality agreement. Such payments, however, had no significant impact on the overall financial position of the Company.

The Company subleases space in its Charleston office on a month-to-month basis to a limited liability company that is partially owned by a member of the Company. Rental income related to this lease totaled \$3,325 and \$2,600 for the nine months ended September 30, 2016 and 2015.

Note 7. Profit Sharing Plan

The Company has a profit sharing plan that covers substantially all employees, with the exception of union, nonresident aliens, and leased employees, who meet certain age and length of service requirements. Eligible employees may make salary deferral contributions to the plan. The Company's contribution was equal to up to three percent of the participants' eligible compensation for the plan year. The Company may also make discretionary profit sharing contributions. The Company's contribution expense totaled approximately \$17,631 and \$3,296 for the nine months ended September 30, 2016 and 2015, respectively.

Note 8. Subsequent Events

Management has evaluated events and transactions for potential recognition and/or disclosure through November 14, 2016, which is the date these financial statements were available to be issued.

All outstanding lines of credit and notes payable were paid in full in October 2016.

The Company has received a letter of intent in connection with the potential sale of all of the business. Assuming approval by all parties, the sale is scheduled to occur by the end of 2016.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On November 16, 2016 (the "Closing Date"), LendingTree, LLC ("Buyer"), a wholly-owned subsidiary of LendingTree, Inc. (the "Company"), acquired all of the membership interests of Iron Horse Holdings, LLC, a Delaware limited liability company (the "Acquisition"), which does business under the name CompareCards.com ("CompareCards"), pursuant to a Membership Interest Purchase Agreement (the "Purchase Agreement") by and among Buyer, CompareCards, all of the members of CompareCards (collectively, the "Sellers"), and Christopher J. Mettler, as the Member Representative. CompareCards operates a leading online credit card comparison shopping, credit health and credit education platform.

Pursuant to the terms of the Purchase Agreement, Buyer was required to make an upfront cash payment to Sellers of \$85.0 million, subject to adjustments for working capital, transaction expenses of Sellers, CompareCards indebtedness as of the Closing Date, and CompareCards cash on hand as of the Closing Date. As a result of these adjustments, Buyer paid \$80.5 million of cash to Sellers for the membership interests of CompareCards as of the Closing Date. The final cash payment amount owed to Sellers is subject to a final adjustment for working capital and transaction expenses of the Sellers. Buyer deposited \$8 million of such purchase price into an escrow account to secure the Sellers' indemnification obligations pursuant to the Purchase Agreement.

Additionally, Sellers are eligible to receive two earnout payments from Buyer based on the EBITDA generated by CompareCards during the periods of January 1, 2017 through December 31, 2017 and January 1, 2018 through December 31, 2018 (the "Earnout Payments"). The Sellers are eligible to receive up to \$45 million in aggregate Earnout Payments which are payable in cash unless the parties agree to payment in a form other than cash.

The Unaudited Pro Forma Condensed Combined Statements of Operations presented below (the "pro forma statements of operations") for the nine months ended September 30, 2016 and the year ended December 31, 2015 combine the historical results of operations of the Company and CompareCards giving effect to the Acquisition as if it was consummated on January 1, 2015. The Unaudited Pro Forma Condensed Combined Balance Sheet presented below (the "pro forma balance sheet") is based on the historical balance sheet of the Company and CompareCards and has been prepared to reflect the effects of the Acquisition as if the Acquisition was consummated on September 30, 2016. The Unaudited Pro Forma Condensed Combined Statements of Operations and Unaudited Pro Forma Condensed Combined Balance Sheet are collectively referred to as the "Statements". The historical consolidated financial information has been adjusted in the Statements to give effect to pro forma events that are (1) directly attributable to the Acquisition (2) factually supportable and (3) with respect to the statements of operations, expected to have a continuing impact on the results of operations.

The accompanying Statements and related notes are being provided for illustrative purposes only in accordance with Article 11 of Regulation S-X and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of the Company would have been had the Acquisition occurred on the dates assumed, nor are they necessarily indicative of the Company's future consolidated results of operations or consolidated statement of financial position.

As of the date of this filing, the upfront cash payment has not been finalized for the adjustments noted above and the Company has not fully completed the valuation procedures necessary to arrive at the final estimate of the fair value of the assets acquired and liabilities assumed. The Statements are based upon currently available information and estimates and assumptions that the Company's management believes are reasonable as of the date hereof. Any of the factors underlying these estimates and assumptions may change or prove to be materially different upon finalization of the Company's valuation procedures.

The Statements should be read in conjunction with:

- the accompanying notes to the Statements;
- the Company's audited financial statements and related notes for the year ended December 31, 2015, contained within the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2016;
- the Company's historical unaudited condensed consolidated interim financial statements and related notes as of and for the nine months ended September 30, 2016, included in the Company's Quarterly Report on Form 10-Q filed with the SEC on October 28, 2016;
- the historical financial statements of CompareCards as of and for the year ended December 31, 2015 included as Exhibit 99.2 to the Company's Amendment No. 1 to Current Report on Form 8-K/A filed herewith; and
- the historical unaudited financial statements of CompareCards as of and for the nine months ended September 30, 2016, included as Exhibit 99.3 to the Company's Amendment No. 1 to Current Report on Form 8-K/A filed herewith.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the nine months ended September 30, 2016

	LendingTree, Inc.	CompareCards	Pro Forma Adjustments (Note 3)	Pro Forma Combined
<i>(in thousands, except per share amounts)</i>				
Revenue	\$ 283,561	\$ 54,071	\$ —	\$ 337,632
Costs and expenses:				
Cost of revenue <i>(exclusive of depreciation and amortization shown separately below)</i>	10,329	613	—	10,942
Selling and marketing expense	192,416	40,241	—	232,657
General and administrative expense	26,820	2,000	—	28,820
Product development	11,384	—	—	11,384
Depreciation	3,458	8	(8) (a)	3,458
Amortization of intangibles	263	1	7,214 (b)	7,478
Restructuring and severance	72	—	—	72
Litigation settlements and contingencies	109	—	—	109
Total costs and expenses	244,851	42,863	7,206	294,920
Operating income	38,710	11,208	(7,206)	42,712
Other income (expense), net:				
Interest expense	(424)	(155)	—	(579)
Other income, net	—	108	—	108
Income before income taxes	38,286	11,161	(7,206)	42,241
Income tax expense	(15,099)	—	(1,599) (c)	(16,698)
Net income from continuing operations	23,187	11,161	(8,805)	25,543
Loss from discontinued operations, net of tax	(3,017)	—	—	(3,017)
Net income	\$ 20,170	\$ 11,161	\$ (8,805)	\$ 22,526
Weighted average shares outstanding:				
Basic	11,827			11,827
Diluted	12,782			12,782
Income per share from continuing operations:				
Basic	\$ 1.96			\$ 2.16
Diluted	\$ 1.81			\$ 2.00
Loss per share from discontinued operations:				
Basic	\$ (0.26)			\$ (0.26)
Diluted	\$ (0.24)			\$ (0.24)
Net income per share:				
Basic	\$ 1.71			\$ 1.90
Diluted	\$ 1.58			\$ 1.76

The accompanying notes are an integral part of these statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
For the year ended December 31, 2015

	LendingTree, Inc.	CompareCards	Pro Forma Adjustments (Note 3)	Pro Forma Combined
<i>(in thousands, except per share amounts)</i>				
Revenue	\$ 254,216	\$ 54,431	\$ —	\$ 308,647
Costs and expenses:				
Cost of revenue <i>(exclusive of depreciation and amortization shown separately below)</i>	9,370	131	—	9,501
Selling and marketing expense	172,849	53,483	—	226,332
General and administrative expense	30,030	2,330	—	32,360
Product development	10,485	—	—	10,485
Depreciation	3,008	5	(5) (a)	3,008
Amortization of intangibles	149	2	9,618 (b)	9,769
Restructuring and severance	422	—	—	422
Litigation settlements and contingencies	(611)	—	—	(611)
Total costs and expenses	225,702	55,951	9,613	291,266
Operating income (loss)	28,514	(1,520)	(9,613)	17,381
Other income (expense), net:				
Guaranteed payments	—	(260)	—	(260)
Interest expense	(171)	(106)	—	(277)
Other income, net	—	31	—	31
Income (loss) before income taxes	28,343	(1,855)	(9,613)	16,875
Income tax benefit	22,973	—	4,637 (c)	27,610
Net income (loss) from continuing operations	51,316	(1,855)	(4,976)	44,485
Loss from discontinued operations, net of tax	(3,269)	—	—	(3,269)
Net income (loss)	\$ 48,047	\$ (1,855)	\$ (4,976)	\$ 41,216
Weighted average shares outstanding:				
Basic	11,516			11,516
Diluted	12,541			12,541
Income per share from continuing operations:				
Basic	\$ 4.46			\$ 3.86
Diluted	\$ 4.09			\$ 3.55
Loss per share from discontinued operations:				
Basic	\$ (0.28)			\$ (0.28)
Diluted	\$ (0.26)			\$ (0.26)
Net income per share:				
Basic	\$ 4.17			\$ 3.58
Diluted	\$ 3.83			\$ 3.29

The accompanying notes are an integral part of these statements.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of September 30, 2016

<i>(in thousands)</i>	LendingTree, Inc.	CompareCards	Pro Forma Adjustments (Note 3)	Pro Forma Combined
ASSETS:				
Cash and cash equivalents	\$ 176,925	\$ 3,596	\$ (84,492) (d)	\$ 96,029
Restricted cash and cash equivalents	4,091	—	—	4,091
Accounts receivable, net	38,185	6,312	(126) (e)	44,371
Prepaid and other current assets	3,925	237	—	4,162
Total current assets	223,126	10,145	(84,618)	148,653
Property and equipment, net	13,399	34	(34) (f)	13,399
Goodwill	4,007	—	47,689 (g)	51,696
Intangible assets, net	15,229	552	54,848 (h)	70,629
Deferred income tax assets	16,341	—	176 (m)	16,517
Other non-current assets	855	334	(24) (i)	1,165
Non-current assets of discontinued operations	4,142	—	—	4,142
Total assets	\$ 277,099	\$ 11,065	\$ 18,037	\$ 306,201
LIABILITIES:				
Accounts payable, trade	\$ 2,815	\$ 5,395	\$ —	\$ 8,210
Accrued expenses and other current liabilities	37,719	866	—	38,585
Current liabilities of discontinued operations	11,978	—	—	11,978
Total current liabilities	52,512	6,261	—	58,773
Contingent consideration	—	—	23,100 (j)	23,100
Other non-current liabilities	1,753	1,510	(1,510) (k)	1,753
Non-current liabilities of discontinued operations	27	—	—	27
Total liabilities	54,292	7,771	21,590	83,653
SHAREHOLDERS' EQUITY:				
Common stock	140	—	—	140
Additional paid-in capital	1,016,706	3,294	(3,294) (l)	1,016,706
Accumulated deficit	(729,954)	—	(259) (m)	(730,213)
Treasury stock	(64,085)	—	—	(64,085)
Total shareholders' equity	222,807	3,294	(3,553)	222,548
Total liabilities and shareholders' equity	\$ 277,099	\$ 11,065	\$ 18,037	\$ 306,201

The accompanying notes are an integral part of these statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands)

NOTE 1—BASIS OF PRESENTATION

The Statements were prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and pursuant to Article 11 of Regulation S-X, and present the pro forma balance sheet and statements of operations of the Company based upon historical information after giving effect to the Acquisition and the adjustments described in these footnotes. The unaudited pro forma balance sheet is presented as if the Acquisition had occurred on September 30, 2016; and the unaudited pro forma statements of operations for the year ended December 31, 2015 and the nine months ended September 30, 2016 are presented as if the Acquisition had occurred on January 1, 2015.

The Statements have been derived from the historical consolidated financial statements of the Company and CompareCards for the year ended December 31, 2015. The historical results of the Company and CompareCards as of and for the nine months ended September 30, 2016 have been derived from unaudited financial information.

Certain financial statement line items included in CompareCards historical presentation have been reclassified and condensed to conform to corresponding financial statement line items included in the Company's historical financial statement presentation. These include adjustments for the following:

- Commissions expense reclassified to cost of revenue; remaining operating expenses condensed within general and administrative expense with the exception of depreciation and amortization which have been disaggregated and shown separately;
- Other receivables and prepaid expenses, which have been condensed into prepaid and other current assets;
- Investment and deposit, which have been condensed into other non-current assets;
- Payroll liabilities and credit cards payable, which have been condensed into accrued expense and other current liabilities; and
- Notes payable which has been condensed into other non-current liabilities.

These reclassifications did not impact the historical earnings from continuing operations and had no impact on the historical total assets, total liabilities, members' equity or net income of CompareCards.

NOTE 2—CONSIDERATION TRANSFERRED AND PRELIMINARY PURCHASE PRICE ALLOCATION

The accompanying Statements and related notes were prepared using the acquisition method of accounting, in accordance with ASC 805, Business Combinations (“ASC 805”), with the Company considered the acquirer of CompareCards. In accordance with ASC 805, the assets acquired and the liabilities assumed have been measured at fair value based on various preliminary estimates.

For purposes of measuring the estimated fair value, where applicable, of the assets acquired and the liabilities assumed as reflected in the Statements, the guidance in ASC 820, Fair Value Measurements and Disclosures (“ASC 820”) has been applied, which establishes a framework for measuring fair value. In accordance with ASC 820, fair value is an exit price and is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Under ASC 805, acquisition-related transaction costs and acquisition-related restructuring charges are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred.

The pro forma adjustments are preliminary and are based upon available information and certain assumptions which management believes are reasonable under the circumstances and which are described in the accompanying notes to the Statements. Actual results may differ materially from the assumptions utilized within the Statements. Management believes the fair values recognized for the assets to be acquired and liabilities to be assumed are based on reasonable estimates and assumptions. Preliminary fair value estimates may change as additional information becomes available and such changes could be material.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands)

The purchase price for the acquisition is \$103.6 million comprised of an upfront cash payment of \$80.5 million on November 16, 2016 and \$23.1 million for the estimated fair value of the Earnout Payments.

Cash transferred	\$	80,461
Estimated fair value of the Earnout Payments		23,100
Estimated fair value of consideration transferred	\$	<u>103,561</u>

The estimated fair value of the Earnout Payments is determined using an option pricing model for each of the earnout periods, January 1, 2017 through December 31, 2017 and January 1, 2018 through December 31, 2018. For each of the earnout periods, the members of CompareCards are, generally, eligible to receive up to \$22.5 million, or up to \$45.0 million in aggregate Earnout Payments.

The estimated fair value of the Earnout Payments is preliminary and are based upon available information and certain assumptions, known at the time of this report, which management believes are reasonable. This preliminary fair value estimate for the Earnout Payments may change as additional information becomes available and such changes could be material. Upon final determination of the fair value of the Earnout Payments, any differences in the actual Earnout Payments will be recorded in operating income (expense) in the consolidated statements of operations.

The following is a summary of the preliminary estimated fair values of the assets acquired and liabilities assumed as if the Acquisition closed on September 30, 2016:

Current assets	\$	6,423
Total intangible assets with definite lives, net		55,400
Goodwill		47,689
Other assets		310
Total assets acquired		<u>109,822</u>
Accounts payable and accrued liabilities		6,261
Estimated fair value of consideration transferred	\$	<u>103,561</u>

This preliminary allocation is based on the information known to management as of the date of this report. The final determination of the accounting for the Acquisition is anticipated to be completed as soon as practicable. The Company expects the final determination of the purchase price allocation to include, but will not be limited to, valuations with respect to developed technology, customer relationships, trade names and other potential intangible assets. The valuations will consist of discounted cash flow analyses and other appropriate valuation techniques to determine the fair value of the assets acquired and liabilities assumed.

The final determination of the amounts allocated to the assets acquired and liabilities assumed in the Acquisition will be based on the fair value of the net assets acquired at the Acquisition date and could differ materially from the preliminary amounts presented in these pro forma statements as of September 30, 2016. A decrease in the fair value of assets acquired, or an increase in the fair value of liabilities assumed, from those preliminary valuations presented in these pro forma financial statements would result in a dollar-for-dollar corresponding increase in the amount of goodwill that will result from the Acquisition. In addition, if the value of the acquired assets is higher than the preliminary values above, it may result in higher amortization expense than is presented in these pro forma financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands)

NOTE 3—ADJUSTMENTS TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma adjustments included in the pro forma financial statements are as follows:

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

- (a) The adjustments represent the change in depreciation expense for the nine months ended September 30, 2016 and the year ended December 31, 2015 associated with the change in fair value of the property, plant and equipment recorded in relation to the Acquisition.
- (b) The adjustments represent the change in amortization expense for the nine months ended September 30, 2016 and the year ended December 31, 2015 associated with the change in fair value of the intangible assets recorded in relation to the Acquisition. The preliminary amortization of intangibles is as follows:

	Preliminary fair value	Estimated weighted average life	Amortization expense for the nine months ended September 30, 2016	Amortization expense for the year ended December 31, 2015
Technology	\$ 27,900	4.0	\$ 5,232	\$ 6,975
Customer lists	23,200	13.0	1,338	1,785
Trade Name and Trademarks	4,300	5.0	645	860
Total	<u>\$ 55,400</u>		<u>\$ 7,215</u>	<u>\$ 9,620</u>
Less: CompareCards historical amortization expense			<u>\$ (1)</u>	<u>\$ (2)</u>
Pro forma adjustments			<u>\$ 7,214</u>	<u>\$ 9,618</u>

The estimated fair value of amortizable intangible assets is expected to be amortized on a straight-line basis over the estimated useful lives, which represent the periods over which the assets are expected to provide material economic benefit. With other assumptions held constant, a 10% increase in the fair value adjustment for amortizable intangible assets would increase annual pro forma amortization expense by \$964.

- (c) The adjustments reflect the tax effects of the results of operations of CompareCards and the preliminary pro forma adjustments made to the pro forma statements of operations using the Company's statutory tax rates for the year ended December 31, 2015 and the nine months ended September 30, 2016 of 40.43% and 40.44%, respectively. CompareCards did not pay taxes at the entity level as it was a limited liability corporation.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

- (d) Adjustments to cash and cash equivalents reflects the preliminary net adjustment to cash in connection with the Acquisition, subject to final working capital adjustments, on a cash-free, debt-free basis.

Cash portion of consideration	\$	(80,461)
Less: CompareCards cash balance		(3,596)
Less: Estimated transaction expenses		(435)
Total cash and cash equivalents adjustment	<u>\$</u>	<u>(84,492)</u>

- (e) The adjustment to accounts receivable reflects the preliminary estimated fair value adjustment of \$126.
- (f) The adjustment to property, plant and equipment reflects the preliminary estimated fair value adjustment of \$34.
- (g) The adjustment to goodwill reflects the preliminary estimate of the excess of the fair value of the consideration transferred over the estimated fair value of CompareCard's identifiable assets acquired and liabilities assumed in the Acquisition. The estimate of the fair value of the consideration transferred over the estimated fair value of the identifiable net assets acquired is calculated as follows:

Estimated fair value of consideration transferred	\$	103,561
Less: fair value of net assets acquired		(55,872)
Total goodwill adjustment	<u>\$</u>	<u>47,689</u>

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(in thousands)

- (h) The adjustment to intangible assets, net reflects the preliminary estimate of fair value for the acquired intangible assets in the Acquisition. See pro forma footnote 3 (b) above for information related to the estimated fair value and related amortization expense of the intangible assets. The preliminary adjustment to intangible assets, net is calculated as follows:

Estimated fair value	\$	55,400
Less: CompareCards book value of intangible assets, net		(552)
Total intangibles, net adjustment	\$	54,848

- (i) The adjustment to other noncurrent assets reflects the removal of a cost method investment in the amount of \$24 that was not acquired by Buyer in connection with the Acquisition and therefore has been removed from the pro forma balance sheet.
- (j) The adjustment to contingent consideration reflects the preliminary estimated fair value of the Earnout Payments of \$23.1 million. The contingent consideration is included in the preliminary estimated fair value of the consideration transferred in the Acquisition.
- (k) The adjustment to other noncurrent liabilities reflects the removal of a note payable in the amount of \$1.5 million that was not assumed with the Acquisition and therefore has been removed from the pro forma balance sheet.
- (l) The adjustment to additional paid in capital reflects the elimination of CompareCard's historical equity balances.
- (m) The adjustment to deferred income tax assets and accumulated deficit reflects the estimated transaction expenses of \$435 that were cash settled, or are expected to be cash settled, subsequent to September 30, 2016. These estimated costs have been excluded from the pro forma statements of operations as they reflect charges directly attributable to the Acquisition that will not have an ongoing impact on the Company.