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

FORM 8-K

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

Date of Report (Date of earliest event reported): August 5, 2019

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

Delaware	**001-34063**	**26-2414818**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

11115 Rushmore Drive	**Charlotte**	**NC**	**28277**
(Address of principal executive offices)			(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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	TREE	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

On October 31, 2018, LendingTree, LLC ("Buyer"), a wholly-owned subsidiary of LendingTree, Inc. (the "Company"), completed the acquisition (the "QuoteWizard Acquisition") of QuoteWizard.com, LLC, a Delaware limited liability company ("QuoteWizard").

In connection with the consummation of the QuoteWizard Acquisition, on January 11, 2019, the Company amended its Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on October 31, 2018, to provide, among other things, QuoteWizard's (i) audited financial statements as of and for the years ended December 31, 2017 and 2016, and (ii) unaudited consolidated balance sheet as of June 30, 2018 and the unaudited consolidated statements of income, changes in members' equity and cash flows for the six months ended June 30, 2018 and 2017.

This Current Report on Form 8-K is being filed by the Company solely to provide additional disclosures pursuant to Rule 3-05 and Article 11 of Regulation S-X.

Item 8.01. Other Events.

The unaudited consolidated balance sheet of QuoteWizard as of September 30, 2018 and the unaudited consolidated statements of income, changes in members' equity and cash flows for the nine months ended September 30, 2018 and 2017 are filed as Exhibit 99.1 to this report and incorporated herein by reference.

Pro forma financial information is attached hereto as Exhibit 99.2 to this report and incorporated herein by reference.

Item 9.01. Financial Statement and Exhibits.

(d) Exhibits.

Exhibit No.	Exhibit Description
99.1	Unaudited interim financial statements of QuoteWizard.
99.2	Unaudited pro forma condensed combined financial statements.

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: August 5, 2019

LENDINGTREE, INC.

By: /s/ J.D. Moriarty
J.D. Moriarty
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Exhibit Description
99.1	Unaudited interim financial statements of QuoteWizard.
99.2	Unaudited pro forma condensed combined financial statements.

Exhibit 99.1

Unaudited Interim Financial Statements of QuoteWizard

QuoteWizard.com, LLC and Subsidiary

Consolidated Balance Sheets
September 30, 2018 and December 31, 2017

		(Unaudited) September 30, 2018		December 31, 2017
Assets				
Current assets:				
Cash and cash equivalents	$	1,079,979	$	144,074
Accounts receivable, net		18,608,471		10,791,535
Prepaid expenses		816,152		980,862
Other assets		574,944		-
Total current assets		21,079,546		11,916,471
Fixed assets:				
Office equipment		2,238,524		1,975,503
Software purchases		218,251		208,210
Leasehold improvements		854,378		809,204
Software development		1,660,764		535,628
Total cost		4,971,917		3,528,545
Less accumulated depreciation and amortization		3,055,162		2,346,702
Fixed assets, net		1,916,755		1,181,843
Intangible assets, net		3,316,757		-
Goodwill		1,271,000		-
Total assets	$	27,584,058	$	13,098,314
Liabilities and Members' Equity				
Current liabilities:				
Line of credit	$	9,333,961	$	-
Accounts payable		10,303,626		2,465,155
Accrued liabilities		1,055,125		1,020,487
Customer deposits		925,128		771,054
Current portion of deferred rent		25,369		7,364
Accrued litigation settlement		-		1,600,000
Notes payable to members		3,238,152		3,013,151
Total current liabilities		24,881,361		8,877,211
Long-term liabilities:				
Deferred rent, net of current portion		14,714		47,038
Total liabilities		24,896,075		8,924,249
Commitments and contingencies (Note 8)				
Members' equity (Class A, 85,000,000 authorized units, 83,333,333 outstanding 2018 and 2017; Class B, 60,000,000 authorized units, 51,713,466 outstanding 2018 and 50,000,000 outstanding 2017)		2,687,983		4,174,065
Total members' equity		2,687,983		4,174,065
Total liabilities and members' equity	$	27,584,058	$	13,098,314

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Income
Nine Months Ended September 30, 2018 and 2017

	2018	2017
Net revenue	$ 119,108,805	$ 56,831,149
Cost of services	12,346,860	6,889,071
Gross profit	106,761,945	49,942,078
Selling, general and administrative expenses	87,934,307	44,613,305
Settlement expense (Note 8)	-	1,600,000
Stock compensation for Quote Wizard EIP, LLC	3,992,668	3,059,576
Operating income	14,834,970	669,197
Interest expense	(402,250)	(65,986)
Total other expense	(402,250)	(65,986)
Net income	$ 14,432,720	$ 603,211

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Changes in Members' Equity
Nine Months Ended September 30, 2018 and 2017

Balance, January 1, 2017	$	1,496,800
Distributions		(3,391,654)
Stock compensation for Quote Wizard EIP, LLC		3,059,576
Stock compensation for options		51,015
Net income		603,211
Balance, September 30, 2017	$	1,818,948
Balance, January 1, 2018	$	4,174,065
Distributions		(22,843,844)
Noncash contributions issued in acquisition		2,474,000
Stock compensation for Quote Wizard EIP, LLC		3,992,668
Stock compensation for options		458,374
Net income		14,432,720
Balance, September 30, 2018	$	2,687,983

See notes to consolidated financial statements.

QuoteWizard.com, LLC and Subsidiary

Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net income	$ 14,432,720	$ 603,211
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash interest on members' loans	225,001	-
Reversal of loyalty accrual	(696,000)	-
Depreciation and amortization	994,703	573,308
Bad debt expense	159,871	-
Stock compensation for Quote Wizard EIP, LLC	3,992,668	3,059,576
Stock compensation for options	458,374	51,015
Changes in operating assets and liabilities:		
Accounts receivable, net	(7,976,807)	(6,533,296)
Prepaid expenses and other assets	(410,234)	62,540
Accounts payable	7,838,471	169,694
Accrued liabilities and other current liabilities	(869,362)	2,687,748
Customer deposits	154,074	327,305
Deferred rent	(14,319)	(11,719)
Net cash provided by operating activities	18,289,160	989,382
Cash flows from investing activities:		
Purchases of fixed assets	(843,372)	(14,760)
Acquisition of Bantam Connect, LLC	(3,000,000)	-
Net cash used in investing activities	(3,843,372)	(14,760)
Cash flows from financing activities:		
Distributions	(22,843,844)	(3,391,654)
Checks in excess of bank balance	-	(321,512)
Net borrowings on line of credit	9,333,961	2,738,544
Net cash used in financing activities	(13,509,883)	(974,622)
Net increase in cash and cash equivalents	935,905	-
Cash and cash equivalents:		
Beginning of period	144,074	-
End of period	$ 1,079,979	$ -
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ (177,249)	$ (65,986)
Shares issued as consideration for Bantam Connect, LLC	$ 2,474,000	$ -

See notes to consolidated financial statements.

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: QuoteWizard.com, LLC (the Company) is an online marketing/advertising and lead generation company with operations in Seattle, Washington, and Denver, Colorado. The Company was organized June 5, 2007, as a Delaware limited liability company, upon the filing of its articles of organization with the Secretary of State of the state of Delaware. The Company sells leads, online clicks and call transfers to independent insurance agents, corporate insurance customers, as well as competitors within the industry. Leads are primarily self-generated through the Company's Search Engine Marketing/Search Engine Optimization initiatives, which generate high-intent, high-converting leads, online marketing channels as well as leads purchased through data mining companies or other competitors. In December 2017, the Company formed a wholly owned subsidiary, Wizard Enterprises, LLC, for the purpose of acquiring a business (as disclosed in Note 2).

Ownership: As of September 30, 2018, the respective ownership percentages were as follows:

	Class A Ownership (Voting)	Class B Ownership (Nonvoting)
Quote Wizard EIP, LLC	40.60%	0.00%
Scott Peyree	14.85%	27.65%
John Anderson	14.85%	17.91%
Rob Peyree	14.85%	17.91%
Tom Peyree	14.85%	4.37%
Scott and Michelle Peyree Children's Irrevocable Trust	0.00%	12.24%
Michelle Peyree	0.00%	3.06%
Dechomai Asset Trust	0.00%	13.54%
Brad Cooper	0.00%	1.10%
Ken Caraska	0.00%	0.96%
Patricia Winkler	0.00%	0.63%
Jason Krevitsky	0.00%	0.39%
Mike Pannell	0.00%	0.16%
Mark Francis	0.00%	0.08%
	100.00%	100.00%

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Variable interest entities: The Company evaluates loans it guarantees for certain legal entities in which equity investors do not have (1) sufficient equity at risk for the legal entity to finance its activities without additional subordinated financial support, (2) as a group, the power, through voting or similar rights, to direct the activities of the legal entity that most significantly impact the entity's economic performance, or (3) the obligation to absorb the expected losses of the legal entity or the right to receive expected residual returns of the legal entity. Such legal entities are referred to as variable interest entities (VIE).

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

The Company would consolidate the results of any such entity in which it determined that it had a controlling financial interest, which would exist if the Company had both the power to direct the activities that most significantly affect the VIE's economic performance and the obligation to absorb the losses of, or right to receive benefits from, the VIE that could be potentially significant to the VIE. Annually, the Company reassesses whether it has a controlling financial interest in any of these legal entities.

The Company guaranteed two loans for QuoteWizard Holdings, LLC (Holdings), a related party with a bank. Due to these guarantees and structure of the related party, the Company determined the related party is a VIE. Since the Company does not participate in the rights and obligations of this VIE, the Company determined that it is not the primary beneficiary and therefore has disclosed the Company's guarantee of the loan agreements.

Financial statement presentation: The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Cash and cash equivalents: The Company considers all cash investment instruments with an original maturity of three months or less to be cash equivalents for purposes of consolidated balance sheets classification and the consolidated statements of cash flows. The Company maintains bank balances, which, at times, may exceed federally insured limits. Balances are monitored regularly, and no losses have been experienced in such accounts.

Accounts receivable and allowance for doubtful accounts: Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts at period-end. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience with customers to determine which specific accounts need to be allowed for. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Accounts receivable are considered past due when outstanding longer than the contractual payment terms, which are generally between 30 and 75 days. On September 30, 2018, the allowance for doubtful accounts totaled $159,871.

Concentration of credit risk related to accounts receivable is limited to major customers, which are those that individually represent 10 percent or more of revenue. For the nine months ended September 30, 2018 and 2017, two customers accounted for 42 percent and 39 percent, respectively, of total revenue in the aggregate. Accounts receivable from these customers totaled approximately $7,724,000 as of September 30, 2018.

Prepaid expenses: Prepaid expenses consist of insurance, licensing fees, subscriptions and various service agreements. The prepaid balances are expensed on the straight-line basis over the expense's related service period.

Fixed assets: Fixed assets are stated at historical cost less accumulated depreciation and amortization. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization are computed utilizing the straight-line method over the assets' estimated useful lives, which range from three to seven years. Leasehold improvements are amortized over the shorter of their lease terms or estimated useful lives. Software development includes internal and external costs capitalized after the preliminary project stage and during the application development stage of the software. Depreciation and amortization are recorded as selling, general and administrative expenses and totaled approximately $708,000 and $573,000 for the nine months ended September 30, 2018 and 2017, respectively.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Goodwill: Goodwill represents the excess of the purchase price of an acquired entity over the fair value of the net assets acquired. Goodwill is not amortized but is tested for impairment annually, or when an event occurs or circumstances change that could likely reduce the fair value of a reporting unit below its carrying value. Specifically, goodwill is determined using a two-step process. The first of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The determination of the fair value of a reporting unit is generally based on either market approach values or discounted estimated future cash flows. These approaches require one to make various judgmental assumptions, including the assumptions about future cash flows, growth rates and discount rates. The assumptions about future cash flows and growth rates are based on the Company's budget and long-term plans. Discount rate assumptions are based on an assessment of the risk inherent in the respective reporting unit. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, 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 the goodwill. 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 the excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The Company has determined it has a single reporting unit.

Intangible assets: Long-lived assets and identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount to the estimated future net cash flows. If estimated future, undiscounted, net cash flows are less than the carrying amount, the asset is considered impaired, and an impairment expense is recorded at an amount required to reduce the carrying amount to fair value. Intangible assets with finite lives are amortized using the straight-line method over their estimated economic useful lives of three to 13 years.

Revenue recognition: The Company generally recognizes revenue from product sales, net of any promotional and loyalty discounts, when leads are delivered to the customer. Discounts totaled approximately $940,000 and $834,000 for the nine months ended September 30, 2018 and 2017, respectively.

Customer deposits: The Company instituted a policy requiring deposits for a new independent insurance agent to be used for future lead purchases. Deposits are recorded as a customer deposit liability when received and credited to revenue when leads are delivered to the customer.

Loyalty program: The Company provides independent agents with a loyalty program. The Company records loyalty expense and a corresponding liability as points are awarded to the independent agents. On July 3, 2018, the Company communicated to its customers that it would be discontinuing the loyalty program on August 1, 2018, and the rewards from that program would be redeemable through the end of July 2018. As of September 30, 2018, the estimated liability of approximately $696,000 related to the loyalty program was eliminated and reversed into the consolidated statement of income for the nine months ended September 30, 2018.

Cost of services: The Company currently records all outside third-party costs related to delivering revenue as cost of services.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Selling, general and administrative expenses: All internal costs as well as all outside third-party costs not directly related to delivering revenue are recorded as selling, general and administrative expenses. For the nine months ended September 30, 2018 and 2017, one vendor provided 64 percent and 53 percent of the services to the Company, respectively. Those services relate to online marketing costs, and the Company believes substantially the same services could be provided by other vendors with no disruption to the Company's operations.

Online marketing and advertising costs: The Company charges advertising costs to expense as incurred. Advertising costs were approximately $63,870,000 and $28,606,000 for the nine months ended September 30, 2018 and 2017, respectively. Advertising costs consist primarily of list purchasing services, online marketing costs, industry-specific conferences, and promotional items to attract and obtain new agents.

Share-based compensation: The majority owner, Quote Wizard EIP, LLC (EIP), offers compensation, in the form of EIP shares, to employees of the Company. As the awards vest, compensation expense is recognized in the Company's consolidated financial statements. The vested unit value is accounted for as compensation expense and as a contribution from parent in the Company's consolidated financial statements.

The Company has granted unit options to employees under its equity incentive plan. These options are accounted for as equity, and compensation expense is recorded as the options vest based on the fair value at date of grant.

Income taxes: The Company is a nontaxable entity, which provides that its members separately account for their shares of the Company's income, deductions, losses and credits. Accordingly, no federal or state income tax expense or provision has been recognized in the accompanying consolidated financial statements. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The Company is no longer subject to tax examinations by the U.S. federal, state or local tax authorities for years before 2015.

Use of estimates: Preparation of consolidated financial statements in accordance with U.S. 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management, included in the consolidated financial statements, include share-based compensation expense and fair value allocation of net assets acquired.

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), and subsequently updated it with ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20. This standard and the related updates outline a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards as it is considered in current guidance. The Company will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients, as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09, recognized at the date of initial application and providing certain additional disclosures, as defined in ASU 2014-09. The Company has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition on the consolidated statements of income. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early application permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Company is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 provides clarity when there are changes to the terms or conditions of a share-based payment award. The term modification is further defined by set criteria and the ASU provides guidance on how a modification should be accounted for if all the criteria are met. This guidance is effective for annual reporting periods beginning after December 15, 2017, and should be applied prospectively to an award modified on or after the adoption date. The Company has adopted the pronouncement for the period ended September 30, 2018, with no material impact on the consolidated financial statements, as there has been no modifications to awards.

Note 2. Acquisition

On January 5, 2018, the Company acquired all of the assets of Bantam Connect, LLC (Bantam), a Nevada limited liability company for $3,000,000 cash and 1,713,466 Class B units issued to sellers, which approximated $2,474,000 based upon a third-party valuation and option pricing model. There were no significant working capital assets acquired or liabilities assumed. The purchase price exceeded the net assets acquired, resulting in goodwill. The primary factor giving rise to goodwill in the purchase price allocation was an anticipated increase in future cash flows from operations and synergies expected from the business. Approximately 66.7 percent of the goodwill is estimated to be deductible to the Company's members for tax purposes. Acquisition costs of approximately $31,000 were incurred and expensed by the Company during 2017.

Note 2. Acquisition (Continued)

Fair value of consideration transferred:		
Cash	$	3,000,000
Class B units		2,474,000
Total consideration	$	5,474,000

Favorable lease asset	$	103,000
Developed technology		600,000
Customer relationships		3,500,000
Goodwill		1,271,000
Total net assets acquired	$	5,474,000

Note 3. Intangibles

Intangible assets consist of the following at September 30, 2018:

Customer relationships	$	3,500,000
Less accumulated amortization		(201,923)
Customer relationships, net		3,298,077
Favorable lease		103,000
Less accumulated amortization		(84,320)
Favorable lease, net		18,680
Total intangibles, net	$	3,316,757

Aggregate amortization expenses for amortizing intangible assets were approximately $286,000 and $0 for the nine months ended September 30, 2018 and 2017, respectively. The remaining weighted-average amortization period for customer relationships is approximately 13 years. The favorable lease is amortized over the lesser of the remaining useful life or the lease term. As of September 30, 2018, the lease and useful life of the favorable lease asset have two months remaining. Future amortization for the definite-lived intangible assets is as follows:

For each of the 12-month periods ending September 30:		
2019	$	287,911
2020		269,231
2021		269,231
2022		269,231
2023		269,231
Thereafter		1,951,922
	$	3,316,757

Note 4. Operating Lease Agreements

The Company leases office space under noncancelable lease agreements, with amendments, expiring in February 2021. Rent expense for operating leases totaled approximately $949,000 and $807,000 for the nine months ended September 30, 2018 and 2017, respectively.

Future minimum rental payments under noncancelable operating lease agreements are as follows:

For each of the 12-month periods ending September 30:	
2019	$ 1,167,284
2020	572,493
2021	56,950
	$ 1,796,727

Note 5. Retirement and Compensation Plans

The Company sponsors a 401(k) plan that covers all eligible employees. Employees are eligible to participate in the Company's 401(k) plan on the first day of the month following their first 30 days of employment. Total compensation is eligible for deferral up to the Internal Revenue Service mandated maximum allowable limits. The plan allows for a Company match at a maximum rate of 4 percent of an employee's compensation up to $265,000. Employer contributions to the plan totaled approximately $443,000 and $287,000 for the nine months ended September 30, 2018 and 2017, respectively.

The Company is self-insured for dental. The expense related to the dental insurance was approximately $53,000 for the nine months ended September 30, 2018 and 2017.

On January 11, 2017, the Company granted 4,511,246 Class B member shares to an employee which were immediately fully vested. These shares are classified as equity units and will participate in distributions as defined in the LLC operating agreement only when the fair value of the Company is over $60 million. At the date of grant, the fair market value was insignificant, and, as a result, there was no compensation expense recorded for the nine months ended September 30, 2017.

Under the Company's option plan, there are 2,030,451 Class B options to grant and the Company granted 2,030,451 options on various dates during 2017, all of which are outstanding as of September 30, 2018. No options have been forfeited, exercised or expired during 2018. Options vest over four years, with 25 percent vested upon the one-year anniversary of the vesting commencement date and thereafter vest monthly. The options have a ten-year maturity, with an average remaining life of 8.9 years as of September 30, 2018. Total units vested during the nine months ended September 30, 2018 and 2017, was 380,710 and 59,222, respectively. Total vested units are approximately 554,144 at September 30, 2018.The weighted-average grant date fair value is $1.20 and the weighted-average exercise price is $0.44. The fair value was determined based on an option pricing model prepared by a valuation expert. Total compensation expense related to vesting recorded for the nine months ended September 30, 2018 and 2017, was approximately $458,000 and $51,000, respectively, and is included in selling, general and administrative expenses on the consolidated statements of income.

Note 5. Retirement and Compensation Plans (Continued)

As noted in Note 9, the Company was acquired by LendingTree, LLC on October 31, 2018, and the Company accelerated the unvested options and recorded an additional expense of approximately $2.2 million as a result of the acceleration.

One of the members of the Company, EIP, has issued EIP units to certain employees of the Company which are considered profit interest units. EIP has authorized 225,000 Class A EIP units and 250,000 Class B EIP units. The Board of Managers of EIP has the power and discretion to issue units and to determine the terms of the award, subject to the terms of the EIP's amended and restated limited liability company agreement.

The EIP Class A voting and Class B nonvoting units vest over a period of either 10 years or four years. A summary of the nonvested EIP employee units are as follows:

	Class A Units	Fair Value	Class B Units	Fair Value
Outstanding at January 1, 2017	68,292	$ 5.42	168,009	$ 0.56
Granted	-	-	2,000	0.56
Vested	(12,888)	127.90	(21,161)	13.11
Forfeited	(2,322)	127.90	(10,256)	13.11
Outstanding at September 30, 2017	53,082	127.90	138,592	13.11
Outstanding at January 1, 2018	50,862	$ 188.25	134,081	$ 19.30
Granted	500	276.84	-	-
Vested	(8,940)	276.84	(20,764)	28.38
Forfeited	-	-	(952)	28.28
Outstanding at September 30, 2018	42,422	276.84	112,365	28.38

As of September 30, 2018, approximately $14,933,000 of unrecognized compensation expense related to the EIP employee unit grants are expected to be recognized over a weighted-average period of 5.2 years. The compensation expense recorded for vested units was recorded at either an average fair value or the fair value as of September 30, 2018 and 2017, depending on whether the units vested were accounted for as equity or liabilities and totaled approximately $3,992,000 and $3,060,000 for the nine months ended September 30, 2018 and 2017, respectively, which was recognized on the consolidated statements of income. As noted in Note 9, the Company was acquired by LendingTree, LLC on October 31, 2018, and the Company accelerated the unvested EIP units and recorded an additional expense of approximately $14,683,000 as a result of the acceleration. The EIP units vested by employees at September 30, 2018, were valued at approximately $19,301,000 and is made up of 70,651 Class A EIP vested units and 108,691 Class B EIP vested units. The fair value of the units is based on an estimate of the enterprise value of the Company at September 30, 2018, and unit holders will participate in distributions in a change in control only when the fair value of the Company is over $20,000,000.

Note 6. Credit Facilities With Banks

The Company has a revolving line of credit agreement with a bank. The agreement was amended in April 2017 to increase the maximum revolving balance from $1,000,000 to $6,000,000 and amended again in December 2017 to raise the maximum revolving balance to $8,000,000. In March 2018, the agreement was amended to increase the maximum revolving balance to $15,000,000. The Company amended the agreement in May 2018 to extend the termination date to October 31, 2018, and amended again in September 2018 to extend the termination date to January 31, 2019. The outstanding balance of the line of credit at September 30, 2018, is approximately $9,300,000. Interest is due monthly on the outstanding balance at the one-month LIBOR plus 1.85 percent (effective interest rate was 4.16 percent at September 30, 2018). As collateral, the Company has granted the bank a first lien security interest in all of its personal property assets and is guaranteed by the members. The line of credit agreement is set to expire on January 31, 2019.

In association with the credit agreement, the Company has agreed to certain loan covenants. Requirements include the maintenance of a minimum asset coverage ratio and fixed charge coverage ratio as well as placing restrictions on the use of proceeds and the assumption of additional debt, among other things.

Note 7. Notes Payable to Members

In December 2017, the Company entered into unsecured subordinated notes payable with its partners totaling $3,000,000 with principal and interest of 10 percent compounded annually due upon maturity. The maturity date of the notes is December 1, 2019, and the notes contain prepayment penalties of 5 percent of the outstanding balances and acceleration of maturity date provisions in the event 15 percent or more of the Company's assets or shares are sold to another company. The outstanding balances at September 30, 2018, including principal and interest were approximately $3,238,000, and it is the intent of the Company that the notes be repaid in 2018.

Note 8. Commitments and Contingencies

In March 2015, Holdings obtained a loan for the purpose of funding the purchase of the vested EIP units as described in Note 5. The loan was for $3,150,000, has a 36-month term, an interest rate of 3.26 percent and monthly payments of principal and interest of $91,949. The loan matured in February 2018, and there was no outstanding balance at September 30, 2018. The loan was secured by all assets of the Company and personally guaranteed by all of the individual members of the Company.

In April 2016, Holdings obtained a loan for the purpose of funding the purchase of the vested EIP units as described in Note 5. The loan was for $1,040,000, has a 36-month term, an interest rate of 3.65 percent and monthly payments of principal and interest of $30,554. The loan was set to mature in April 2019; however, the balance was paid off in full in July 2018. The loan was secured by all assets of the Company and personally guaranteed by all of the individual members of the Company.

In 2017, a trade secret and breach of contract lawsuit was filed against the Company. The parties agreed in 2018 to a cash settlement of $1,600,000, plus business guarantees that would entitle plaintiff to a 20 percent penalty on any revenue shortfall over the course of a three-year period (maximum penalty of $1,600,000). The cash settlement was recorded as of September 30, 2017, and ultimately paid in 2018. The Company has not met the criteria to trigger the 20 percent penalty as of September 30, 2018.

Note 9. Sale of Company and Subsequent Events

Events that occurred subsequent to September 30, 2018, have been evaluated by the Company's management through August 5, 2019, which is the date the consolidated financial statements were available to be issued.

In October 2018, the Company completely paid off the line of credit and terminated the agreement in place. The line of credit originally had a termination date of January 2019.

On October 31, 2018, QuoteWizard.com, LLC was acquired by LendingTree, LLC, an unrelated party. The sale was for 100 percent of ownership units in QuoteWizard.com, LLC for a base purchase price of $300 million with a potential earn-out of approximately $70 million. The Company's liabilities and notes payable will be settled with funds from the sale of the Company.

As referenced in Note 5, the accelerated stock option and EIP compensation expense was recorded in October 2018.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

On October 31, 2018 (the "Closing Date"), LendingTree, LLC ("Buyer"), a wholly-owned subsidiary of LendingTree, Inc. (the "Company"), acquired all of the membership interests of QuoteWizard.com LLC, a Delaware limited liability company (the "Acquisition"), which does business under the name QuoteWizard.com ("QuoteWizard"), pursuant to a Unit Purchase Agreement (the "Purchase Agreement") by and among Buyer, QuoteWizard, all of the members of QuoteWizard (collectively, the "Sellers"), and Scott Peyree, as the Securityholder Representative. QuoteWizard operates a leading online insurance marketplace offering a full suite of consumer acquisition solutions to top tier carriers and agents in the U.S.

The acquisition was funded through $174.5 million of cash on hand and by $125.0 million drawn on the Company's amended and restated revolving credit facility. Prior to the acquisition date, on October 26, 2018, the Company amended its revolving credit facility maturing on November 21, 2022 to increase its borrowing capacity by $100.0 million to $350.0 million.

Pursuant to the terms of the Security Holder Agreement, Buyer was required to make an upfront cash payment to Sellers of $300.0 million, subject to adjustments for working capital. As a result of these adjustments, Buyer paid $299.9 million of cash to Sellers for the membership interests of QuoteWizard as of the Closing Date. The final settlement for working capital of $0.4 million was received from the Sellers in the second quarter of 2019.

Additionally, Sellers are eligible to receive three earnout payments from Buyer based on certain defined operating results during the periods of November 1, 2018 through October 31, 2019, November 1, 2019 through October 31, 2020, and November 1, 2020 through October 31, 2021 (the "Earnout Payments"). The Sellers are eligible to receive up to $70.2 million in aggregate Earnout Payments which are payable in cash.

The Unaudited Pro Forma Condensed Combined Statement of Operations presented below (the “pro forma statement of operations”) for the year ended December 31, 2018 combine the historical results of operations of the Company and QuoteWizard giving effect to the Acquisition as if it had occurred on January 1, 2017. The Unaudited Pro Forma Condensed Combined Statement of Operations is referred to as the "Statement". The historical consolidated financial information has been adjusted in the Statement to give effect to pro forma events that are (1) directly attributable to the Acquisition (2) factually supportable and (3) are expected to have a continuing impact on the results of operations.

The accompanying Statement 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 of the Company would have been had the Acquisition occurred on the date assumed, nor are they necessarily indicative of the Company's future consolidated results of operations. An unaudited pro forma condensed combined balance sheet as of December 31, 2018 is not included in this Form 8-K as QuoteWizard is already included in the Company's consolidated balance sheet as of December 31, 2018.

As of the date of this filing, the Company has not completed its determination of the final allocation of the purchase price to the assets and liabilities of the acquisition. The final allocation of the purchase price is expected to be finalized in the third quarter of 2019. The Statement is 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 Statement should be read in conjunction with:

- the accompanying notes to the Statement;
- the Company's audited financial statements and related notes for the year ended December 31, 2018, contained within the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2019;
- the historical unaudited financial statements of QuoteWizard as of and for the nine months ended September 30, 2018, included as Exhibit 99.1 to the Company's Current Report on Form 8-K filed herewith.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the year ended December 31, 2018

(in thousands, except per share amounts)	LendingTree, Inc. Year ended December 31, 2018	QuoteWizard Nine months ended September 30, 2018 (Note 1)	QuoteWizard Month ended October 31, 2018	Pro Forma Adjustments (Note 3)		Pro Forma Combined
Revenue	**$ 764,865**	**$ 119,109**	**$ 17,004**	**$ —**		**$ 900,978**
Costs and expenses:						
Cost of revenue *(exclusive of depreciation and amortization shown separately below)*	36,399	3,093	220	—		39,712
Selling and marketing expense	500,291	86,268	23,669	(11,814)	(a)	598,414
General and administrative expense	101,219	9,364	4,044	(8,516)	(a)(b)	106,111
Product development	26,958	4,547	2,830	(2,381)	(a)	31,954
Depreciation	7,385	558	71	(425)	(c)	7,589
Amortization of intangibles	23,468	436	48	17,954	(d)	41,906
Change in fair value of contingent consideration	10,788	—	—	—		10,788
Severance	2,352	8	—	—		2,360
Litigation settlements and contingencies	(186)	—	—	—		(186)
Total costs and expenses	**708,674**	**104,274**	**30,882**	**(5,182)**		**838,648**
Operating income	**56,191**	**14,835**	**(13,878)**	**5,182**		**62,330**
Other expense, net:						
Interest expense, net	(12,437)	(402)	(70)	(3,538)	(e)	(16,447)
Other expense, net	(10)	—	—	—		(10)
Income before income taxes	**43,744**	**14,433**	**(13,948)**	**1,644**		**45,873**
Income tax benefit	65,575	—	—	(596)	(f)	64,979
Net income from continuing operations	**109,319**	**14,433**	**(13,948)**	**1,048**		**110,852**
Weighted average shares outstanding:						
Basic	12,504					12,504
Diluted	14,097					14,097
Income per share from continuing operations:						
Basic	$ 8.74					$ 8.87
Diluted	$ 7.75					$ 7.86

See accompanying notes.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
(in thousands)

NOTE 1—BASIS OF PRESENTATION

The Statement was 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 statement of operations of the Company based upon historical information after giving effect to the Acquisition and the adjustments described in these footnotes. The Statement is presented as if the Acquisition had occurred on January 1, 2017.

The Statement has been derived from the historical consolidated financial statements of the Company for the year ended December 31, 2018 and the historical consolidated financial statements of QuoteWizard for the ten months ended October 31, 2018, which is unaudited financial information.

Certain financial statement line items included in QuoteWizard's 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 presented on a net basis for the following:

- Cost of revenue reclassified from selling, general and administrative expenses;
- Selling and marketing expense reclassified from cost of services, selling, general and administrative expenses and stock compensation for Quote Wizard EIP, LLC and shown separately;
- General and administrative expense reclassified from selling, general and administrative expenses and stock compensation for Quote Wizard EIP, LLC and shown separately;
- Product development expense reclassified from selling, general and administrative expenses and stock compensation for Quote Wizard EIP, LLC and shown separately; and
- Depreciation, amortization and severance reclassified from selling, general and administrative expenses and shown separately.

	For the nine months ended September 30, 2018		
	QuoteWizard historical presentation	Reclassifications	QuoteWizard proforma historical presentation
Cost of revenue	$ 12,347	$ (9,254)	$ 3,093
Selling, general and administrative expenses	87,934	(87,934)	—
Selling and marketing expense	—	86,268	86,268
General and administrative expense	—	9,364	9,364
Product development	—	4,547	4,547
Stock compensation for Quote Wizard EIP, LLC	3,993	(3,993)	—
Depreciation	—	558	558
Amortization of intangibles	—	436	436
Severance	—	8	8

These reclassifications did not impact the historical earnings from continuing operations and had no impact on the historical net income of QuoteWizard.

NOTE 2—CONSIDERATION TRANSFERRED AND PRELIMINARY PURCHASE PRICE ALLOCATION

The accompanying Statement 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 QuoteWizard. In accordance with ASC 805, the assets acquired and the liabilities assumed have been measured at fair value based on various preliminary estimates.

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 Statement. Actual results may differ materially from the assumptions utilized within the Statement. 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.

(in thousands)

The purchase price for the acquisition is $313.4 million comprised of an upfront cash payment of $299.9 million on October 31, 2018, $13.9 million for the estimated fair value of the Earnout Payments, and a $0.4 million post-closing receipt for working capital.

Net cash transferred	$	299,455
Estimated fair value of the Earnout Payments		13,900
Fair value of consideration transferred	$	313,355

The estimated fair value of the Earnout Payments is determined using an option pricing model for each of the earnout periods; November 1, 2018 through October 31, 2019, November 1, 2019 through October 31, 2020, and November 1, 2020 through October 31, 2021. For each of the earnout periods, the members of QuoteWizard are, generally, eligible to receive up to $23.4 million, or up to $70.2 million in aggregate Earnout Payments.

The estimated value of the Earnout Payments is based upon available information and certain assumptions, known at the acquisition date, which management believes are reasonable. Any differences in the actual Earnout Payments will be recorded in operating income (expense) in the consolidated statements of operations.

The preliminary allocation of purchase price to the assets acquired and liabilities assumed on the acquisition date of October 31, 2018 is as follows:

Current assets	$	21,870
Property and equipment		1,509
Intangible assets with definite lives		120,400
Goodwill		183,036
Other noncurrent assets		29
Total assets acquired		326,844
Current liabilities		13,489
Fair value of consideration transferred	$	313,355

This preliminary allocation is based on the information known to management as of the date of this report. The final allocation of the purchase price is expected to be finalized in the third quarter of 2019.

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. 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.

The goodwill represents the ability of the Company to earn a higher return on the collection of assets and business of QuoteWizard than if those assets and business were to be acquired and managed separately. The benefit of access to the workforce is an additional element of goodwill. For income tax purposes, the acquisition was an asset purchase and the goodwill will be tax deductible.

(in thousands)

NOTE 3—ADJUSTMENTS TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

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

(a) The adjustments reflect the removal of QuoteWizard's stock compensation expense that was accelerated during the ten months ended October 31, 2018 associated with grants outstanding and unvested at the time of the Acquisition:

Selling and marketing expense		11,814
General and administrative expense		2,650
Product development		2,381
	$	16,845

(b) The adjustment reflects the removal of $4,827 in transaction expenses incurred during the year ended 2018 by the Company and $1,039 in transaction expenses incurred during the ten months ended October 31, 2018 by QuoteWizard, that are directly attributable to the Acquisition and will not have an ongoing impact on the Company.

(c) The adjustment represents the change in depreciation expense for the ten months ended October 31, 2018 associated with the change in fair value of the property, plant and equipment recorded in relation to the Acquisition.

(d)The adjustment represents the change in amortization expense for the ten months ended October 31, 2018 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 ten months ended October 31, 2018
Trademarks and tradenames	$	7,800	5.0	$	1,300
Technology		68,900	4.0		14,354
Content		1,000	3.0		278
Customer lists		42,700	14.7		2,506
Total	$	120,400		$	18,438
Less: QuoteWizard historical amortization expense				$	(484)
Pro forma adjustments				$	17,954

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 $2,213.

(e) The adjustment reflects a $477 elimination of interest expense associated with QuoteWizard's revolving credit facility and notes payable to members that were not assumed with the Acquisition, as well as a $4,015 estimate of interest expense associated with debt issued to finance the Acquisition and related deferred financing costs. A 1/8% variance in interest rates would impact annual interest expense by $156.

(f) The adjustment reflects the tax effects of the results of operations of QuoteWizard and the preliminary pro forma adjustments made to the pro forma statements of operations using the Company's statutory blended tax rate of 27.99%. QuoteWizard did not pay taxes at the entity level as it is a limited liability corporation classified as a partnership for tax purposes.