

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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended March 31, 2020
or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission File No. 001-34063



LendingTree, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

26-2414818

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

11115 Rushmore Drive, Charlotte, North Carolina 28277

(Address of principal executive offices)(Zip Code)

(704) 541-5351

(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

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

As of April 29, 2020, there were 13,063,927 shares of the registrant's common stock, par value \$.01 per share, outstanding, excluding treasury shares.

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PART I—FINANCIAL INFORMATION**Item 1. Financial Statements**

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

	Three Months Ended March 31,	
	2020	2019
	(in thousands, except per share amounts)	
Revenue	\$ 283,084	\$ 262,390
Costs and expenses:		
Cost of revenue (<i>exclusive of depreciation and amortization shown separately below</i>)	14,252	17,670
Selling and marketing expense	195,538	174,891
General and administrative expense	32,082	31,117
Product development	10,963	10,166
Depreciation	3,378	2,482
Amortization of intangibles	13,757	13,427
Change in fair value of contingent consideration	(8,122)	14,592
Severance	158	54
Litigation settlements and contingencies	329	(207)
Total costs and expenses	262,335	264,192
Operating income (loss)	20,749	(1,802)
Other (expense) income, net:		
Interest expense, net	(4,834)	(5,468)
Other income	—	68
Income (loss) before income taxes	15,915	(7,202)
Income tax benefit	3,061	7,752
Net income from continuing operations	18,976	550
Loss from discontinued operations, net of tax	(4,575)	(1,062)
Net income (loss) and comprehensive income (loss)	\$ 14,401	\$ (512)
Weighted average shares outstanding:		
Basic	12,957	12,718
Diluted	14,158	14,186
Income per share from continuing operations:		
Basic	\$ 1.46	\$ 0.04
Diluted	\$ 1.34	\$ 0.04
Loss per share from discontinued operations:		
Basic	\$ (0.35)	\$ (0.08)
Diluted	\$ (0.32)	\$ (0.07)
Net income (loss) per share:		
Basic	\$ 1.11	\$ (0.04)
Diluted	\$ 1.02	\$ (0.04)

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

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2020	December 31, 2019
	<i>(in thousands, except par value and share amounts)</i>	
ASSETS:		
Cash and cash equivalents	\$ 51,208	\$ 60,243
Restricted cash and cash equivalents	93	96
Accounts receivable (net of allowance of \$2,021 and \$1,466, respectively)	119,559	113,487
Prepaid and other current assets	17,375	15,516
Current assets of discontinued operations	84	84
Total current assets	188,319	189,426
Property and equipment (net of accumulated depreciation of \$19,294 and \$17,979, respectively)	31,473	31,363
Goodwill	420,139	420,139
Intangible assets, net	167,823	181,580
Deferred income tax assets	90,725	87,664
Equity investment (Note 7)	80,000	—
Other non-current assets	28,665	29,849
Non-current assets of discontinued operations	9,476	7,948
Total assets	\$ 1,016,620	\$ 947,969
LIABILITIES:		
Revolving credit facility	\$ 130,000	\$ 75,000
Accounts payable, trade	6,056	2,873
Accrued expenses and other current liabilities	105,647	112,755
Current contingent consideration	14,183	9,028
Current liabilities of discontinued operations	36,400	31,050
Total current liabilities	292,286	230,706
Long-term debt	267,870	264,391
Non-current contingent consideration	8,159	24,436
Other non-current liabilities	24,748	26,110
Total liabilities	593,063	545,643
Commitments and contingencies (Note 14)		
SHAREHOLDERS' EQUITY:		
Preferred stock \$.01 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock \$.01 par value; 50,000,000 shares authorized; 15,704,064 and 15,676,819 shares issued, respectively, and 13,062,746 and 13,035,501 shares outstanding, respectively	157	157
Additional paid-in capital	1,184,813	1,177,984
Accumulated deficit	(578,252)	(592,654)
Treasury stock; 2,641,318 shares	(183,161)	(183,161)
Total shareholders' equity	423,557	402,326
Total liabilities and shareholders' equity	\$ 1,016,620	\$ 947,969

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

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

	Common Stock				Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	
	Total	Number of Shares	Amount				Number of Shares	Amount
(in thousands)								
Balance as of December 31, 2019	\$ 402,326	15,677	\$ 157	\$ 1,177,984	\$ (592,654)	2,641	\$ (183,161)	
Net income and comprehensive income	14,401	—	—	—	14,401	—	—	—
Non-cash compensation	11,917	—	—	11,917	—	—	—	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(5,087)	27	—	(5,087)	—	—	—	—
Other	—	—	—	(1)	1	—	—	—
Balance as of March 31, 2020	\$ 423,557	15,704	\$ 157	\$ 1,184,813	\$ (578,252)	2,641	\$ (183,161)	

	Common Stock				Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	
	Total	Number of Shares	Amount	Number of Shares			Number of Shares	Amount
(in thousands)								
Balance as of December 31, 2018	\$ 346,208	15,428	\$ 154	\$ 1,134,227	\$ (610,482)	2,618	\$ (177,691)	
Net loss and comprehensive loss	(512)	—	—	—	(512)	—	—	—
Non-cash compensation	14,053	—	—	14,053	—	—	—	—
Purchase of treasury stock	(3,976)	—	—	—	—	—	18	(3,976)
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(3,585)	87	1	(3,586)	—	—	—	—
Balance as of March 31, 2019	\$ 352,188	15,515	\$ 155	\$ 1,144,694	\$ (610,994)	2,636	\$ (181,667)	

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

LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Cash flows from operating activities attributable to continuing operations:		
Net income (loss) and comprehensive income (loss)	\$ 14,401	\$ (512)
Less: Loss from discontinued operations, net of tax	4,575	1,062
Income from continuing operations	18,976	550
Adjustments to reconcile income from continuing operations to net cash provided by operating activities attributable to continuing operations:		
Loss on impairments and disposal of assets	530	468
Amortization of intangibles	13,757	13,427
Depreciation	3,378	2,482
Non-cash compensation expense	11,917	14,053
Deferred income taxes	(3,061)	(7,752)
Change in fair value of contingent consideration	(8,122)	14,592
Bad debt expense	880	510
Amortization of debt issuance costs	582	483
Amortization of convertible debt discount	3,111	2,951
Reduction in carrying amount of ROU asset, offset by change in operating lease liabilities	(196)	35
Changes in current assets and liabilities:		
Accounts receivable	(6,952)	(27,534)
Prepaid and other current assets	(1,430)	(207)
Accounts payable, accrued expenses and other current liabilities	(3,271)	5,653
Current contingent consideration	—	(1,000)
Income taxes receivable	65	4,288
Other, net	(862)	270
Net cash provided by operating activities attributable to continuing operations	29,302	23,269
Cash flows from investing activities attributable to continuing operations:		
Capital expenditures	(4,189)	(4,960)
Equity investment	(80,000)	—
Acquisition of ValuePenguin, net of cash acquired	—	(105,445)
Net cash used in investing activities attributable to continuing operations	(84,189)	(110,405)
Cash flows from financing activities attributable to continuing operations:		
Payments related to net-share settlement of stock-based compensation, net of proceeds from exercise of stock options	(5,087)	(3,585)
Contingent consideration payments	(3,000)	(3,000)
Net proceeds from revolving credit facility	55,000	60,000
Payment of debt issuance costs	(306)	(31)
Purchase of treasury stock	—	(3,976)
Other financing activities	(6)	—
Net cash provided by financing activities attributable to continuing operations	46,601	49,408
Total cash used in continuing operations	(8,286)	(37,728)
Discontinued operations:		
Net cash used in operating activities attributable to discontinued operations	(752)	(2,827)
Total cash used in discontinued operations	(752)	(2,827)
Net decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(9,038)	(40,555)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	60,339	105,158
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 51,301	\$ 64,603
Non-cash investing activities:		
Capital additions from tenant improvement allowance	\$ —	\$ 852

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

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—ORGANIZATION

Company Overview

LendingTree, Inc. is currently the parent of LendingTree, LLC and several companies owned by LendingTree, LLC (collectively, "LendingTree" or the "Company").

LendingTree operates what it believes to be the leading online consumer platform that connects consumers with the choices they need to be confident in their financial decisions. The Company offers consumers tools and resources, including free credit scores, that facilitate comparison-shopping for mortgage loans, home equity loans and lines of credit, reverse mortgage loans, auto loans, credit cards, deposit accounts, personal loans, student loans, small business loans, insurance quotes and other related offerings. The Company primarily seeks to match in-market consumers with multiple providers on its marketplace who can provide them with competing quotes for loans, deposit products, insurance or other related offerings they are seeking. The Company also serves as a valued partner to lenders and other providers seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries it generates with these providers.

The consolidated financial statements include the accounts of LendingTree and all its wholly-owned entities, except Home Loan Center, Inc. ("HLC") subsequent to its bankruptcy filing on July 21, 2019 which resulted in the Company's loss of a controlling interest in HLC under applicable accounting standards. Intercompany transactions and accounts have been eliminated.

Discontinued Operations

The LendingTree Loans business, which consisted of originating various consumer mortgage loans through HLC (the "LendingTree Loans Business"), is presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. The notes accompanying these consolidated financial statements reflect the Company's continuing operations and, unless otherwise noted, exclude information related to the discontinued operations. See Note 17—Discontinued Operations for additional information.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2020 and 2019, respectively, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). In the opinion of management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the Company's financial position for the periods presented. The results for the three months ended March 31, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020, or any other period. The accompanying consolidated balance sheet as of December 31, 2019 was derived from audited financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2019 (the "2019 Annual Report"). The accompanying consolidated financial statements do not include all of the information and footnotes required by GAAP for annual financial statements. Accordingly, they should be read in conjunction with the audited financial statements and notes thereto included in the 2019 Annual Report.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

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

Significant estimates underlying the accompanying consolidated financial statements, including discontinued operations, include: loan loss obligations; the recoverability of long-lived assets, goodwill and intangible assets; the determination of income taxes payable and deferred income taxes, including related valuation allowances; fair value of assets acquired in a business

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

combination; contingent consideration related to business combinations; litigation accruals; HLC ownership related claims; contract assets; various other allowances, reserves and accruals; and assumptions related to the determination of stock-based compensation.

The Company considered the impact of COVID-19 on the assumptions and estimates used when preparing its quarterly financial statements including, but not limited to, our allowance for doubtful accounts, valuation allowances, contract asset and contingent consideration. These assumptions and estimates may change as new events occur and additional information is obtained. If economic conditions caused by COVID-19 do not recover as currently estimated by management, such future changes may have an adverse impact on the Company's results of operations, financial position and liquidity.

Certain Risks and Concentrations

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

Financial instruments, which potentially subject the Company to concentration of credit risk at March 31, 2020, consist primarily of cash and cash equivalents and accounts receivable, as disclosed in the consolidated balance sheet. Cash and cash equivalents are in excess of Federal Deposit Insurance Corporation insurance limits, but are maintained with quality financial institutions of high credit. The Company requires certain Network Partners to maintain security deposits with the Company, which in the event of non-payment, would be applied against any accounts receivable outstanding.

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

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

Other than a support services office in India, the Company's operations are geographically limited to and dependent upon the economic condition of the United States.

Litigation Settlements and Contingencies

Litigation settlements and contingencies consists of expenses related to actual or anticipated litigation settlements.

Recently Adopted Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-15, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This ASU is effective for annual and interim reporting periods beginning after December 15, 2019. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company adopted ASU 2018-15 in the first quarter of 2020 using the prospective approach. Subsequent to the adoption of this ASU, capitalizable implementation costs incurred in a hosting arrangement that is a service contract are recorded within prepaid and other current assets and other non-current assets on the consolidated balance sheet. The expense related to these capitalized implementation costs are included within general and administrative expense on the consolidated statement of operations and comprehensive income. The adoption of ASU 2018-15 did not have a material impact on the consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2020.

In August 2018, the FASB issued ASU 2018-13, which removes, modifies and adds certain disclosure requirements in Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurement. This ASU is effective for annual and interim reporting periods beginning after December 15, 2019. Certain amendments must be applied prospectively while others are to be applied on a retrospective basis to all periods presented. The Company adopted ASU 2018-13 in the first quarter of 2020. See Note 15—Fair Value Measurements.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In January 2017, the FASB issued ASU 2017-04, which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge (Step 2 of the goodwill impairment test). Instead, an impairment charge will be based on the excess of the carrying amount over the fair value. This ASU is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. The Company adopted ASU 2017-04 in the first quarter of 2020.

In June 2016, the FASB issued ASU 2016-13, which requires entities to measure expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU introduces ASC Topic 326, Financial Instruments—Credit Losses, which replaces the existing incurred loss model and is applicable to financial assets measured at amortized cost, including trade receivables and certain other financial assets that have the contractual right to receive cash. ASC Topic 326 is effective for annual and interim reporting periods beginning after December 15, 2019. The guidance must be adopted using a modified retrospective transition. The Company adopted ASC Topic 326 as of January 1, 2020, which did not result in any cumulative effect adjustment to the opening balance of accumulated deficit in the period of adoption.

Recently Issued Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC Topic 740, Income Taxes, and clarifies certain aspects of the current guidance to improve consistency among reporting entities. This ASU is effective for annual and interim reporting periods beginning after December 15, 2020. Early adoption is permitted, including adoption in interim periods. Entities electing early adoption must adopt all amendments in the same period. Most amendments must be applied prospectively while others are to be applied on a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The Company is evaluating the impact this ASU will have on its consolidated financial statements and whether to early adopt.

NOTE 3—REVENUE

Revenue is as follows (*in thousands*):

	Three Months Ended March 31,	
	2020	2019
Home	\$ 79,174	\$ 63,437
Credit cards	51,586	54,506
Personal loans	31,509	32,531
Other Consumer	36,829	33,692
Total Consumer	119,924	120,729
Insurance	82,737	67,092
Other	1,249	11,132
Total revenue	\$ 283,084	\$ 262,390

The Company derives its revenue primarily from match fees and closing fees. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied and promised services have transferred to the customer. The Company's services are generally transferred to the customer at a point in time.

Revenue from Home products is primarily generated from upfront match fees paid by mortgage Network Partners that receive a loan request, and in some cases upfront fees for clicks or call transfers. Match fees and upfront fees for clicks and call transfers are earned through the delivery of loan requests that originated through the Company's websites or affiliates. The Company recognizes revenue at the time a loan request is delivered to the customer, provided that no significant obligations remain. The Company's contractual right to the match fee consideration is contemporaneous with the satisfaction of the performance obligation to deliver a loan request to the customer.

Revenue from Consumer products is generated by match and other upfront fees for clicks or call transfers, as well as from closing fees, approval fees and upfront service and subscription fees. Closing fees are derived from lenders on certain auto loans, business loans, personal loans and student loans when the lender funds a loan with the consumer. Approval fees are derived from credit card issuers when the credit card consumer receives card approval from the credit card issuer. Upfront service fees and

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

subscription fees are derived from consumers in the Company's credit services product. Upfront fees paid by consumers are recognized as revenue over the estimated time the consumer will remain a customer and receive services. Subscription fees are recognized over the period a consumer is receiving services.

The Company recognizes revenue on closing fees and approval fees at the point when a loan request or a credit card consumer is delivered to the customer. The Company's contractual right to closing fees and approval fees is not contemporaneous with the satisfaction of the performance obligation to deliver a loan request or a credit card consumer to the customer. As such, the Company records a contract asset at each reporting period-end related to the estimated variable consideration on closing fees and approval fees for which the Company has satisfied the related performance obligation, but are still pending the loan closing or credit card approval before the Company has a contractual right to payment. This estimate is based on the Company's historical closing rates and historical time between when a consumer request for a loan or credit card is delivered to the lender or card issuer and when the loan is closed by the lender or approved by the card issuer.

Revenue from the Company's Insurance products is primarily generated from upfront match fees, and upfront fees for website clicks or fees for calls. Match fees and upfront fees for clicks and call transfers are earned through the delivery of consumer requests that originated through the Company's websites or affiliates. The Company recognizes revenue at the time a consumer request is delivered to the customer, provided that no significant obligations remain. The Company's contractual right to the match fee consideration is contemporaneous with the satisfaction of the performance obligation to deliver a consumer request to the customer.

The contract asset recorded within prepaid and other current assets on the consolidated balance sheets related to estimated variable consideration was \$6.8 million and \$6.5 million on March 31, 2020 and December 31, 2019, respectively.

The contract liability recorded within accrued expenses and other current liabilities on the consolidated balance sheets related to upfront fees paid by consumers in the Company's Consumer business was \$0.7 million and \$0.6 million at March 31, 2020 and December 31, 2019, respectively. During the first quarter of 2020, the Company recognized revenue of \$0.5 million that was included in the contract liability balance at December 31, 2019. During the first quarter of 2019, the Company recognized revenue of \$0.3 million that was included in the contract liability balance at December 31, 2018.

Revenue recognized in any reporting period includes estimated variable consideration for which the Company has satisfied the related performance obligations, but are still pending the occurrence or non-occurrence of a future event outside the Company's control (such as lenders providing loans to consumers or credit card approvals of consumers) before the Company has a contractual right to payment. The Company recognized increases to such revenue from prior periods of \$0.1 million and \$0.9 million, respectively, in the first quarters of 2020 and 2019.

NOTE 4—CASH AND RESTRICTED CASH

Total cash, cash equivalents, restricted cash and restricted cash equivalents consist of the following (*in thousands*):

	March 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 51,208	\$ 60,243
Restricted cash and cash equivalents	93	96
Total cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 51,301	\$ 60,339

NOTE 5—ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

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

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Three Months Ended March 31,	
	2020	2019
Balance, beginning of the period	\$ 1,466	\$ 1,143
Charges to earnings	880	510
Write-off of uncollectible accounts receivable	(332)	(288)
Recoveries collected	7	5
Balance, end of the period	\$ 2,021	\$ 1,370

NOTE 6—GOODWILL AND INTANGIBLE ASSETS

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

	March 31, 2020	December 31, 2019
Goodwill	\$ 903,227	\$ 903,227
Accumulated impairment losses	(483,088)	(483,088)
Net goodwill	\$ 420,139	\$ 420,139
Intangible assets with indefinite lives	\$ 10,142	\$ 10,142
Intangible assets with definite lives, net	157,681	171,438
Total intangible assets, net	\$ 167,823	\$ 181,580

Goodwill and Indefinite-Lived Intangible Assets

The Company's goodwill at each of March 31, 2020 and December 31, 2019 consists of \$59.3 million associated with the Home segment, \$166.1 million associated with the Consumer segment, and \$194.7 million associated with the Insurance segment.

Intangible assets with indefinite lives relate to the Company's trademarks.

Intangible Assets with Definite Lives

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

	Cost	Accumulated Amortization	Net
Technology	\$ 116,200	\$ (56,032)	\$ 60,168
Customer lists	77,300	(13,979)	63,321
Trademarks and tradenames	17,200	(7,292)	9,908
Website content	51,000	(26,717)	24,283
Other	5	(4)	1
Balance at March 31, 2020	\$ 261,705	\$ (104,024)	\$ 157,681

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Cost	Accumulated Amortization	Net
Technology	\$ 116,200	\$ (48,938)	\$ 67,262
Customer lists	77,300	(12,452)	64,848
Trademarks and tradenames	17,200	(6,407)	10,793
Website content	51,000	(22,467)	28,533
Other	5	(3)	2
Balance at December 31, 2019	\$ 261,705	\$ (90,267)	\$ 171,438

Amortization of intangible assets with definite lives is computed on a straight-line basis and, based on balances as of March 31, 2020, future amortization is estimated to be as follows (*in thousands*):

	Amortization Expense
Remainder of current year	\$ 39,322
Year ending December 31, 2021	42,738
Year ending December 31, 2022	25,256
Year ending December 31, 2023	8,602
Year ending December 31, 2024	6,747
Thereafter	35,016
Total intangible assets with definite lives, net	\$ 157,681

NOTE 7—EQUITY INVESTMENT

On February 28, 2020, the Company acquired an equity interest in Stash Financial, Inc. (“Stash”) for \$80.0 million. Stash is a consumer investing and banking platform. Stash brings together banking, investing, and education into one seamless experience offering a full-suite of personal investment accounts, Traditional and Roth IRAs, custodial investment accounts, and banking services, including checking accounts and debit cards with a Stock-Back® rewards program.

The Stash equity securities do not have a readily determinable fair value and, upon acquisition, the Company elected the measurement alternative to value its securities. The Stash equity securities will be carried at cost and subsequently marked to market upon observable market events with any gains or losses recorded in operating income in the consolidated statement of operations. As of March 31, 2020, there have been no observable market events that would result in upward or downward adjustments in the fair value and there have been no impairments to the original cost of \$80.0 million.

NOTE 8—BUSINESS ACQUISITIONS

Changes in Contingent Consideration

In 2018, the Company acquired all of the outstanding equity interests of QuoteWizard.com, LLC (“QuoteWizard”) and Ovation Credit Services, Inc. (“Ovation”).

In 2017, the Company acquired certain assets of Snap Capital LLC, which does business under the name SnapCap (“SnapCap”) and all of the assets of Deposits Online, LLC, which does business under the name DepositAccounts.com (“DepositAccounts”).

The Company will make an earnout payment ranging from zero to \$1.0 million based on the achievement of defined milestone targets for DepositAccounts, a payment of \$3.0 million based on the achievement of certain defined earnings targets for SnapCap, payments ranging from zero to \$4.4 million based on the achievement of certain defined operating metrics for Ovation, and payments ranging from zero to \$46.8 million based on the achievement of certain defined performance targets for QuoteWizard.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Changes in the fair value of contingent consideration is summarized as follows (*in thousands*):

	Three Months Ended March 31,	
	2020	2019
QuoteWizard	\$ (8,262)	\$ 14,359
Ovation	141	(648)
SnapCap	(1)	1,592
DepositAccounts	—	(711)
Total changes in fair value of contingent consideration	\$ (8,122)	\$ 14,592

As of March 31, 2020, the estimated fair value of the contingent consideration for the QuoteWizard acquisition totaled \$16.2 million, of which \$8.0 million is included in current contingent consideration and \$8.2 million is included in non-current contingent consideration in the accompanying consolidated balance sheet. The estimated fair value of the contingent consideration payments is determined using an option pricing model. The estimated value of the contingent consideration is based upon available information and certain assumptions, known at the time of this report, which management believes are reasonable.

As of March 31, 2020, the estimated fair value of the contingent consideration for the Ovation acquisition totaled \$3.2 million, which is included in current contingent consideration in the accompanying consolidated balance sheet. The estimated fair value of the contingent consideration payments is determined using an option pricing model. The estimated value of the contingent consideration is based upon available information and certain assumptions, known at the time of this report, which management believes are reasonable.

As of March 31, 2020, the estimated fair value of the contingent consideration for the SnapCap acquisition totaled \$2.9 million, which is included in current contingent consideration in the accompanying consolidated balance sheet. The estimated fair value of the contingent consideration payments is based on the \$3.0 million achieved target discounted from the payment due date to March 31, 2020.

As of March 31, 2020, no liability has been recorded for the DepositAccounts acquisition in the accompanying consolidated balance sheet for the remaining contingent consideration payment based on Federal Funds interest rates. The estimated fair value of the portion of the contingent consideration payments based on increases in interest rates is determined using a scenario approach based on the interest rate forecasts of Federal Open Market Committee participants. The estimated value of the contingent consideration is based upon available information and certain assumptions, known at the time of this report, which management believes are reasonable.

Any differences in the actual contingent consideration payments will be recorded in operating income in the consolidated statements of operations and comprehensive income.

NOTE 9—ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	March 31, 2020	December 31, 2019
Accrued advertising expense	\$ 58,165	\$ 65,836
Accrued compensation and benefits	9,265	10,540
Accrued professional fees	3,315	1,560
Customer deposits and escrows	9,616	6,920
Contribution to LendingTree Foundation	3,333	3,333
Current lease liabilities	6,470	6,885
Other	15,483	17,681
Total accrued expenses and other current liabilities	\$ 105,647	\$ 112,755

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10—SHAREHOLDERS' EQUITY

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

	Three Months Ended March 31,	
	2020	2019
Weighted average basic common shares	12,957	12,718
Effect of stock options	628	686
Effect of dilutive share awards	104	161
Effect of Convertible Senior Notes and warrants	469	621
Weighted average diluted common shares	14,158	14,186

For the first quarter of 2020, the weighted average shares that were anti-dilutive, and therefore excluded from the calculation of diluted income per share, included options to purchase 0.1 million shares of common stock. For the first quarter of 2019, the weighted average shares that were anti-dilutive included options to purchase 0.4 million shares of common stock.

The 0.625% Convertible Senior Notes due June 1, 2022 and the warrants issued by the Company in 2017 could be converted into the Company's common stock, subject to certain contingencies. See Note 13—Debt for additional information.

Common Stock Repurchases

In each of February 2018 and February 2019, the board of directors authorized and the Company announced the repurchase of up to \$100.0 million and \$150.0 million, respectively, of LendingTree's common stock. During the first quarter of 2019, the Company purchased 17,501 shares of its common stock for aggregate consideration of \$4.0 million. At March 31, 2020, approximately \$179.7 million of the previous authorizations to repurchase common stock remain available.

NOTE 11—STOCK-BASED COMPENSATION

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

	Three Months Ended March 31,	
	2020	2019
Cost of revenue	\$ 242	\$ 153
Selling and marketing expense	1,156	1,749
General and administrative expense	9,123	10,221
Product development	1,396	1,930
Total non-cash compensation	\$ 11,917	\$ 14,053

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock Options

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

	Number of Options	Weighted Average Exercise Price (per option)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ^(a)
				(in thousands)
Options outstanding at January 1, 2020	777,871	\$ 69.87		
Granted ^(b)	69,319	275.82		
Exercised	(2,462)	67.05		
Forfeited	(193)	332.65		
Expired	(1,974)	352.10		
Options outstanding at March 31, 2020	842,561	86.11	4.54	\$ 99,017
Options exercisable at March 31, 2020	677,829	\$ 43.56	3.49	\$ 98,896

- (a) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price of \$183.39 on the last trading day of the quarter ended March 31, 2020 and the exercise price, multiplied by the number of shares covered by in-the-money options) that would have been received by the option holder had the option holder exercised these options on March 31, 2020. The intrinsic value changes based on the market value of the Company's common stock.
- (b) During the three months ended March 31, 2020, the Company granted stock options to certain employees with a weighted average grant date fair value per share of \$138.29, calculated using the Black-Scholes option pricing model, which vesting periods include (a) three years from grant date and (b) four years from grant date.

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

Expected term ⁽¹⁾	6.00 - 6.25 years
Expected dividend ⁽²⁾	—
Expected volatility ⁽³⁾	52 - 53%
Risk-free interest rate ⁽⁴⁾	0.96%

- (1) The expected term of stock options granted was calculated using the "Simplified Method," which utilizes the midpoint between the weighted average time of vesting and the end of the contractual term. This method was utilized for the stock options due to a lack of historical exercise behavior by the Company's employees.
- (2) For all stock options granted in 2020, no dividends are expected to be paid over the contractual term of the stock options, resulting in a zero expected dividend rate.
- (3) The expected volatility rate is based on the historical volatility of the Company's common stock.
- (4) The risk-free interest rate is specific to the date of grant. The risk-free interest rate is based on U.S. Treasury yields for notes with comparable expected terms as the awards, in effect at the grant date.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock Options with Market Conditions

A summary of changes in outstanding stock options with market conditions at target is as follows:

	Number of Options with Market Conditions	Weighted Average Exercise Price <i>(per option)</i>	Weighted Average Remaining Contractual Term <i>(in years)</i>	Aggregate Intrinsic Value ^(a)
				<i>(in thousands)</i>
Options outstanding at January 1, 2020	463,440	\$ 204.31		
Granted ^(b)	19,126	275.82		
Exercised	—	—		
Forfeited	—	—		
Expired	—	—		
Options outstanding at March 31, 2020	482,566	207.14	7.52	\$ —
Options exercisable at March 31, 2020	—	\$ —	—	0.00 \$ —

- (a) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price of \$183.39 on the last trading day of the quarter ended March 31, 2020 and the exercise price, multiplied by the number of shares covered by in-the-money options) that would have been received by the option holder had the option holder exercised these options on March 31, 2020. The intrinsic value changes based on the market value of the Company's common stock.
- (b) During the three months ended March 31, 2020, the Company granted stock options with a grant date fair value per share of \$196.07, calculated using the Monte Carlo simulation model, which has a vesting date of March 31, 2024.

For purposes of determining stock-based compensation expense, the grant date fair value per share of the stock options was estimated using the Monte Carlo simulation model, which requires the use of various key assumptions. The assumptions used are as follows:

Expected term ⁽¹⁾	7.00 years
Expected dividend ⁽²⁾	—
Expected volatility ⁽³⁾	51%
Risk-free interest rate ⁽⁴⁾	1.03%

- (1) The expected term of stock options with a market condition granted was calculated using the midpoint between the time of vesting and the end of the contractual term.
- (2) For all stock options with a market condition granted in 2020, no dividends are expected to be paid over the contractual term of the stock options, resulting in a zero expected dividend rate.
- (3) The expected volatility rate is based on the historical volatility of the Company's common stock.
- (4) The risk-free interest rate is specific to the date of grant. The risk-free interest rate is based on U.S. Treasury yields for notes with comparable expected terms as the awards, in effect at the grant date.

A maximum of 805,885 shares may be earned for achieving superior performance up to 167% of the target number of shares. As of March 31, 2020, performance-based nonqualified stock options with a market condition of 481,669 had been earned, which have a vest date of September 30, 2022.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted Stock Units

A summary of changes in outstanding nonvested restricted stock units ("RSUs") is as follows:

	RSUs	Weighted Average Grant Date Fair Value (per unit)
	Number of Units	Number of Units
Nonvested at January 1, 2020	144,939	\$ 267.85
Granted	97,375	276.84
Vested	(40,676)	243.25
Forfeited	(4,181)	265.80
Nonvested at March 31, 2020	197,457	\$ 277.42

Restricted Stock Units with Performance Conditions

A summary of changes in outstanding nonvested RSUs with performance conditions is as follows:

	RSUs with Performance Conditions	Weighted Average Grant Date Fair Value (per unit)
	Number of Units	Number of Units
Nonvested at January 1, 2020	14,647	\$ 210.55
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at March 31, 2020	14,647	\$ 210.55

Restricted Stock Awards with Performance Conditions

A summary of changes in outstanding nonvested restricted stock awards ("RSAs") with performance conditions is as follows:

	RSAs with Performance Conditions	Weighted Average Grant Date Fair Value (per unit)
	Number of Awards	Number of Awards
Nonvested at January 1, 2020	47,608	\$ 340.25
Granted	—	—
Vested	(5,951)	340.25
Forfeited	—	—
Nonvested at March 31, 2020	41,657	\$ 340.25

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted Stock Awards with Market Conditions

A summary of changes in outstanding nonvested RSAs with market conditions at target is as follows:

	RSAs with Market Conditions	
	Number of Awards	Weighted Average Grant Date Fair Value (per unit)
Nonvested at January 1, 2020	26,674	\$ 340.25
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at March 31, 2020	26,674	\$ 340.25

A maximum of 44,545 shares may be earned for achieving superior performance up to 167% of the target number of shares. As of March 31, 2020, performance-based restricted stock awards with a market condition of 29,601 had been earned, which have a vest date of September 30, 2022.

NOTE 12—INCOME TAXES

	Three Months Ended March 31,	
	2020	2019
	(in thousands, except percentages)	
Income tax benefit	\$ 3,061	\$ 7,752
<i>Effective tax rate</i>	(19.2)%	107.6%

For the first quarter of 2020, the effective tax rate varied from the federal statutory rate of 21% in part due to a tax benefit of \$1.1 million recognized for excess tax benefits resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes, as well as a tax benefit of \$6.1 million for the impact of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, as described below.

On March 27, 2020, President Trump signed into law the CARES Act. This legislation is an economic relief package in response to the public health and economic impacts of COVID-19 and includes various provisions that impact the Company, including, but not limited to, modifications for net operating losses, accelerated timeframe for refunds associated with prior minimum taxes and modifications of the limitation on business interest.

The Company revalued deferred tax assets related to net operating losses in light of the changes in the CARES Act, and recorded a net tax benefit of \$6.1 million during the first quarter of 2020. These deferred tax assets are being revalued, as they will be carried back to 2016 and 2017, which are tax periods prior to the Tax Cuts and Jobs Act ("TCJA") when the federal statutory tax rate was 35% versus the 21% federal statutory tax rate in effect after the enactment of the TCJA.

For the first quarter of 2019, the effective tax rate varied from the federal statutory rate of 21% primarily due to a tax benefit of \$6.0 million recognized for excess tax benefits resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Income tax (expense) benefit - excluding excess tax benefit on stock compensation and CARES Act	\$ (4,097)	\$ 1,749
Excess tax benefit on stock compensation	1,054	6,003
Income tax benefit from CARES Act	6,104	—
Income tax benefit	\$ 3,061	\$ 7,752

NOTE 13—DEBT**Convertible Senior Notes**

On May 31, 2017, the Company issued \$300.0 million aggregate principal amount of its 0.625% Convertible Senior Notes due June 1, 2022 (the “Notes”) in a private placement. The Notes bear interest at a rate of 0.625% per year, payable semi-annually on June 1 and December 1 of each year, beginning on December 1, 2017. The Notes will mature on June 1, 2022, unless earlier repurchased or converted.

The initial conversion rate of the Notes is 4.8163 shares of Common Stock per \$1,000 principal amount of Notes (which is equivalent to an initial conversion price of approximately \$207.63 per share). The conversion rate will be subject to adjustment upon the occurrence of certain specified events but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a fundamental change prior to the maturity of the Notes, the Company will, in certain circumstances, increase the conversion rate by a specified number of additional shares for a holder that elects to convert the Notes in connection with such fundamental change. Upon conversion, the Notes will settle for cash, shares of the Company’s stock, or a combination thereof, at the Company’s option. It is the intent of the Company to settle the principal amount of the Notes in cash and any conversion premium in shares of its common stock.

The Notes are the Company’s senior unsecured obligations and will rank senior in right of payment to any of the Company’s indebtedness that is expressly subordinated in right of payment to the Notes; equal in right of payment to any of the Company’s unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness, including borrowings under the senior secured revolving credit facility, described below, to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company’s subsidiaries.

Prior to the close of business on the business day immediately preceding February 1, 2022, the Notes will be convertible at the option of the holders thereof only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on September 30, 2017 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on, and including the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which, for each trading day of that period, the trading price (as defined in the Notes) per \$1,000 principal amount of Notes for such trading day was less than 98% of the product of the last reported sale price of the Common Stock and the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events including but not limited to a fundamental change.

Holders of the Notes were entitled to convert the Notes during the calendar quarter ended March 31, 2020, based on the last reported sales price of the Company’s common stock, for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on December 31, 2019, being greater than or equal to 130% of the conversion price of the Notes on each applicable trading day. Holders of the Notes are not entitled to convert the Notes during the calendar quarter ended June 30, 2020 as the last reported sales price of the Company’s common stock, for at least 20 trading days (whether or not

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

consecutive) during the period of 30 consecutive trading days ending on March 31, 2020, was not greater than or equal to 130% of the conversion price of the Notes on each applicable trading day.

On or after February 1, 2022, until the close of business on the second scheduled trading day immediately preceding the maturity date of the Notes, holders of the Notes may convert all or a portion of their Notes regardless of the foregoing conditions.

The Company may not redeem the Notes prior to the maturity date and no sinking fund is provided for the Notes. Upon the occurrence of a fundamental change prior to the maturity date of the Notes, holders of the Notes may require the Company to repurchase all or a portion of the Notes for cash at a price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

If the market price per share of the Common Stock, as measured under the terms of the Notes, exceeds the conversion price of the Notes, the Notes could have a dilutive effect, unless the Company elects, subject to certain conditions, to settle the principal amount of the Notes and any conversion premium in cash.

The initial measurement of convertible debt instruments that may be settled in cash is separated into a debt and an equity component whereby the debt component is based on the fair value of a similar instrument that does not contain an equity conversion option. The separate components of debt and equity of the Company's Notes were determined using an interest rate of 5.36%, which reflects the nonconvertible debt borrowing rate of the Company at the date of issuance. As a result, the initial components of debt and equity were \$238.4 million and \$61.6 million, respectively.

Financing costs related to the issuance of the Notes were approximately \$9.3 million of which \$7.4 million were allocated to the liability component and are being amortized to interest expense over the term of the debt and \$1.9 million were allocated to the equity component.

In the first three months of 2020, the Company recorded interest expense on the Notes of \$4.0 million which consisted of \$0.5 million associated with the 0.625% coupon rate, \$3.1 million associated with the accretion of the debt discount, and \$0.4 million associated with the amortization of the debt issuance costs. In the first three months of 2019, the Company recorded interest expense on the Notes of \$3.8 million which consisted of \$0.5 million associated with the 0.625% coupon rate, \$3.0 million associated with the accretion of the debt discount, and \$0.3 million associated with the amortization of the debt issuance costs. The debt discount is being amortized over the term of the debt.

As of March 31, 2020, the fair value of the Notes is estimated to be approximately \$337.1 million using the Level 1 observable input of the last quoted market price on March 31, 2020.

A summary of the gross carrying amount, unamortized debt cost, debt issuance costs and net carrying value of the liability component of the Notes are as follows (*in thousands*):

	March 31, 2020	December 31, 2019
Gross carrying amount	\$ 299,985	\$ 299,991
Unamortized debt discount	28,677	31,789
Debt issuance costs	3,438	3,811
Net carrying amount	\$ 267,870	\$ 264,391

Convertible Note Hedge and Warrant Transactions

On May 31, 2017, in connection with the issuance of the Notes, the Company entered into Convertible Note Hedge (the "Hedge") and Warrant transactions with respect to the Company's common stock. The Company used approximately \$18.1 million of the net proceeds from the Notes to pay for the cost of the Hedge, after such cost was partially offset by the proceeds from the Warrant transactions.

On May 31, 2017, the Company paid \$61.5 million to the counterparties for the Hedge transactions. The Hedge transactions cover approximately 1.4 million shares of the Company's common stock, the same number of shares initially underlying the Notes, and are exercisable upon any conversion of the Notes. The Hedge Transactions are expected generally to reduce the potential dilution to the Common Stock upon conversion of the Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of the converted Notes, as the case may be, in the event that the market price per share of Common

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock, as measured under the terms of the Hedge transactions, is greater than the strike price of the Hedge transactions, which initially corresponds to the initial conversion price of the Notes, or approximately \$207.63 per share of Common Stock. The Hedge transactions will expire upon the maturity of the Notes.

On May 31, 2017, the Company sold to the counterparties, warrants (the "Warrants") to acquire 1.4 million shares of Common Stock at an initial strike price of \$266.39 per share, which represents a premium of 70% over the reported sale price of the Common Stock of \$156.70 on May 24, 2017. On May 31, 2017, the Company received aggregate proceeds of approximately \$43.4 million from the sale of the Warrants.

If the market price per share of the Common Stock, as measured under the terms of the Warrants, exceeds the strike price of the Warrants, the Warrants could have a dilutive effect, unless the Company elects, subject to certain conditions, to settle the Warrants in cash.

The Hedge and Warrant transactions are indexed to, and potentially settled in, the Company's common stock and the net cost of \$18.1 million has been recorded as a reduction to additional paid-in capital in the consolidated statement of shareholders' equity.

Senior Secured Revolving Credit Facility

On December 10, 2019, the Company's wholly-owned subsidiary, LendingTree, LLC, entered into an amended and restated \$500.0 million five-year senior secured revolving credit facility (the "Amended Revolving Credit Facility") which amended and restated the Company's previous \$350.0 million five-year senior secured revolving credit facility (the "2017 Revolving Credit Facility"). The Amended Revolving Credit Facility matures on December 10, 2024. Borrowings under the Amended Revolving Credit Facility can be used to finance working capital needs, capital expenditures and general corporate purposes, including to finance permitted acquisitions. As of March 31, 2020, the Company had a \$130.0 million, 28-day borrowing outstanding under the Amended Revolving Credit Facility bearing interest at the LIBO rate option of 2.21%. As of December 31, 2019, the Company had \$75.0 million in borrowings outstanding under the Amended Revolving Credit Facility at the LIBO rate option with a weighted average interest rate of 3.01%, consisting of a \$50.0 million 31-day borrowing and a \$25.0 million 31-day borrowing.

Up to \$10.0 million of the Amended Revolving Credit Facility will be available for short-term loans, referred to as swingline loans. Under certain conditions, the Company will be permitted to add one or more term loans and/or increase revolving commitments under the Amended Revolving Credit Facility by an additional amount equal to the greater of \$185.0 million or 100% of Consolidated EBITDA as defined, or a greater amount provided that a total consolidated senior secured debt to EBITDA ratio does not exceed 2.50 to 1.00. Additionally, up to \$10.0 million of the Amended Revolving Credit Facility will be available for the issuance of letters of credit. At each of March 31, 2020 and December 31, 2019, the Company had outstanding one letter of credit issued in the amount of \$0.2 million.

The Company's borrowings under the Amended Revolving Credit Facility bear interest at annual rates that, at the Company's option, will be either:

- a base rate generally defined as the sum of (i) the greater of (a) the prime rate of Truist Bank, (b) the federal funds effective rate plus 0.5% and (c) the LIBO rate (defined below) on a daily basis applicable for an interest period of one month plus 1.0% and (ii) an applicable percentage of 0.25% to 1.0% based on a total consolidated debt to EBITDA ratio; or
- a LIBO rate generally defined as the sum of (i) the rate for Eurodollar deposits in the applicable currency and (ii) an applicable percentage of 1.25% to 2.0% based on a total consolidated debt to EBITDA ratio.

All swingline loans bear interest at the base rate defined above. Interest on the Company's borrowings are payable quarterly in arrears for base rate loans and on the last day of each interest rate period (but not less often than three months) for LIBO rate loans.

The Amended Revolving Credit Facility contains a restrictive financial covenant, which initially limits the total consolidated debt to EBITDA ratio to 4.5, with step downs to 4.0 over time, except that this may increase by 0.5 for the four fiscal quarters following a material acquisition. In addition, the Amended Revolving Credit Facility contains customary affirmative and negative covenants in addition to events of default for a transaction of this type that, among other things, restrict additional indebtedness, liens, mergers or certain fundamental changes, asset dispositions, dividends, stock repurchases and other restricted payments, transactions with affiliates, sale-leaseback transactions, hedging transactions, loans and investments and other matters customarily restricted in such agreements. The Company was in compliance with all covenants at March 31, 2020.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Amended Revolving Credit Facility requires LendingTree, LLC to pledge as collateral, subject to certain customary exclusions, substantially all of its assets, including 100% of its equity in all of its domestic subsidiaries and 66% of the voting equity, and 100% of the non-voting equity, in all of its material foreign subsidiaries (of which there are currently none). The obligations under this facility are unconditionally guaranteed on a senior basis by LendingTree, Inc. and material domestic subsidiaries of LendingTree, LLC, which guaranties are secured by a pledge as collateral, subject to certain customary exclusions, of 100% of each such guarantor's assets, including 100% of each such guarantor's equity in all of its domestic subsidiaries and 66% of the voting equity, and 100% of the non-voting equity, in all of its material foreign subsidiaries (of which there are currently none).

The Company is required to pay an unused commitment fee quarterly in arrears on the difference between committed amounts and amounts actually borrowed under the Amended Revolving Credit Facility equal to an applicable percentage of 0.25% to 0.45% per annum based on a total consolidated debt to EBITDA ratio. The Company is required to pay a letter of credit participation fee and a letter of credit fronting fee quarterly in arrears. The letter of credit participation fee is based upon the aggregate face amount of outstanding letters of credit at an applicable percentage of 1.25% to 2.0% based on a total consolidated debt to EBITDA ratio. The letter of credit fronting fee is 0.125% per annum on the face amount of each letter of credit.

In addition to the remaining unamortized debt issuance costs associated with the original revolving credit facility and the Revolving Credit Facility, debt issuance costs of \$2.8 million related to the Amended Revolving Credit Facility entered into on December 10, 2019 are being amortized to interest expense over the life of the Amended Revolving Credit Facility, and are included in prepaid and other current assets and other non-current assets in the Company's consolidated balance sheet.

In the first three months of 2020, the Company recorded interest expense related to the Amended Revolving Credit Facility of \$1.1 million which consisted of \$0.6 million associated with borrowings bearing interest at the LIBO rate, \$0.3 million in unused commitment fees, and \$0.2 million associated with the amortization of the debt issuance costs. In the first three months of 2019, the Company recorded interest expense related to the revolving credit facility of \$2.1 million which consisted of \$1.9 million associated with borrowing bearing interest at the LIBO rate, \$0.1 million in unused commitment fees, and \$0.1 million associated with the amortization of the debt issuance costs.

NOTE 14—CONTINGENCIES

Overview

LendingTree is involved in legal proceedings on an ongoing basis. In assessing the materiality of a legal proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require it to change its business practices in a manner that could have a material and adverse impact on the Company's business. With respect to the matters disclosed in this Note 14, unless otherwise indicated, the Company is unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

As of March 31, 2020, the Company had litigation settlement accruals of \$0.6 million and \$36.0 million in continuing operations and discontinued operations, respectively. As of December 31, 2019, the Company had litigation settlement accruals of \$0.2 million and \$31.0 million in continuing operations and discontinued operations, respectively. The litigation settlement accruals relate to litigation matters that were either settled or a firm offer for settlement was extended, thereby establishing an accrual amount that is both probable and reasonably estimable. See Note 17—Discontinued Operations for additional information.

NOTE 15—FAIR VALUE MEASUREMENTS

Other than the 0.625% Convertible Senior Notes and the Warrants, as well as the equity interest in Stash, the carrying amounts of the Company's financial instruments are equal to fair value at March 31, 2020. See Note 13—Debt for additional information on the 0.625% Convertible Senior Notes and the Warrants, and see Note 7—Equity Investment for additional information on the equity interest in Stash.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contingent consideration payments related to acquisitions are measured at fair value each reporting period using Level 3 unobservable inputs. The changes in the fair value of the Company's Level 3 liabilities during the first quarters of 2020 and 2019 are as follows (*in thousands*):

	Three Months Ended March 31,	
	2020	2019
Contingent consideration, beginning of period	\$ 33,464	\$ 38,837
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Total net losses (gains) included in earnings (realized and unrealized)	(8,122)	14,592
Purchases, sales and settlements:		
Additions	—	—
Payments	(3,000)	(4,000)
Contingent consideration, end of period	\$ 22,342	\$ 49,429

The contingent consideration liability at March 31, 2020 is the estimated fair value of the earnout payments of the DepositAccounts, SnapCap, Ovation and QuoteWizard acquisitions.

The Company will make earnout payments ranging from zero to \$1.0 million based on the achievement of defined milestone targets for DepositAccounts, a payment of \$3.0 million based on the achievement of certain defined earnings targets for SnapCap, payments ranging from zero to \$4.4 million based on the achievement of certain defined operating metrics for Ovation, and payments ranging from zero to \$46.8 million based on the achievement of certain defined performance targets for QuoteWizard. See Note 8—Business Acquisitions for additional information on the contingent consideration for each of these respective acquisitions.

The significant unobservable inputs used to calculate the fair value of the contingent consideration are estimated future cash flows for the acquisitions, estimated customer growth rates, estimated date and likelihood of an increase in interest rates and the discount rate. Actual results will differ from the projected results and could have a significant impact on the estimated fair value of the contingent considerations. Additionally, as the liability is stated at present value, the passage of time alone will increase the estimated fair value of the liability each reporting period. Any changes in fair value will be recorded in operating income in the consolidated statements of operations and comprehensive income.

The following table provides quantitative information about Level 3 fair value measurements.

	Fair Value at March 31, 2020 <i>(in thousands)</i>	Valuation Technique(s)	Unobservable Input	Range (Weighted Average) ^(a)	
				Operating results growth rate	8.7% - 37.1% (22.9%)
Contingent consideration	\$ 22,342	Option pricing model	Operating results growth rate	8.7% - 37.1% (22.9%)	
			Customer growth rate	0.7%	
			Discount rate	10.3% - 10.5% (10.4%)	
		Scenario approach based on interest rate forecasts ^(b)	Date and likelihood of an increase in interest rates	—	
			Discount rate	—%	

(a) Discount rates were weighted by the relative undiscounted value of expected earnout payments. Other unobservable inputs were weighted by the relative maximum potential earnout payments.

(b) See discussion over DepositAccounts within Note 8—Business Acquisitions—Changes in Contingent Consideration.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 16—SEGMENT INFORMATION

The Company manages its business and reports its financial results through the following three operating and reportable segments: Home, Consumer and Insurance. Characteristics which were relied upon in making the determination of the reportable segments include the nature of the products, the organization's internal structure, and the information that is regularly reviewed by the chief operating decision maker for the purpose of assessing performance and allocating resources. The Company changed its reportable segments in the fourth quarter of 2019 and previously reported segment results have been revised to conform to the Company's reportable segments at March 31, 2020.

The Home segment includes the following products: purchase mortgage, refinance mortgage, home equity loans and lines of credit, reverse mortgage loans, and real estate. The Consumer segment includes the following products: credit cards, personal loans, small business loans, student loans, auto loans, deposit accounts, and other credit products such as credit repair and debt settlement. The Insurance segment consists of insurance quote products. Revenue from the resale of online advertising space to third parties and revenue from home improvement referrals, and the related variable marketing and advertising expenses, are included within the Other category.

The following tables are a reconciliation of segment profit, which is the Company's primary segment profitability measure, to income before income taxes and discontinued operations. Segment cost of revenue and marketing expense represents the portion of selling and marketing expense attributable to variable costs paid for advertising, direct marketing and related expenses, that are directly attributable to the segments' products. This measure excludes overhead, fixed costs and personnel-related expenses. For the Other category, segment cost of revenue and marketing expense also includes the portion of cost of revenue attributable to costs paid for advertising re-sold to third parties.

	Three Months Ended March 31, 2020				
	Home	Consumer	Insurance	Other	Total
	(in thousands)				
Revenue	\$ 79,174	\$ 119,924	\$ 82,737	\$ 1,249	\$ 283,084
Segment cost of revenue and marketing expense	43,263	76,825	52,204	1,577	173,869
Segment profit	35,911	43,099	30,533	(328)	109,215
Cost of revenue (exclusive of cost of advertising re-sold to third parties included above)					13,166
Brand and other marketing expense					22,755
General and administrative expense					32,082
Product development					10,963
Depreciation					3,378
Amortization of intangibles					13,757
Change in fair value of contingent consideration					(8,122)
Severance					158
Litigation settlements and contingencies					329
Operating income					20,749
Interest expense, net					(4,834)
Other income					—
Income before income taxes and discontinued operations					\$ 15,915

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Three Months Ended March 31, 2019					
	Home	Consumer	Insurance	Other	Total	
	(in thousands)					
Revenue	\$ 63,437	\$ 120,729	\$ 67,092	\$ 11,132	\$ 262,390	
Segment cost of revenue and marketing expense	39,516	66,755	39,228	10,373	155,872	
Segment profit	23,921	53,974	27,864	759	106,518	
Cost of revenue (exclusive of cost of advertising re-sold to third parties included above)					10,334	
Brand and other marketing expense					26,355	
General and administrative expense					31,117	
Product development					10,166	
Depreciation					2,482	
Amortization of intangibles					13,427	
Change in fair value of contingent consideration					14,592	
Severance					54	
Litigation settlements and contingencies					(207)	
Operating loss					(1,802)	
Interest expense, net					(5,468)	
Other income					68	
Loss before income taxes and discontinued operations					\$ (7,202)	

NOTE 17—DISCONTINUED OPERATIONS

The LendingTree Loans Business is presented as discontinued operations in the accompanying financial statements. The LendingTree Loans Business originated various consumer mortgage loans through HLC. On June 6, 2012, the Company sold substantially all of the operating assets of HLC, including the LendingTree Loans Business, for \$55.9 million in cash to a wholly-owned subsidiary of Discover Financial Services ("Discover"). Discover generally did not assume liabilities of HLC that arose before the closing date, except for certain liabilities directly related to assets Discover acquired. Of the purchase price received, a portion was deposited in escrow in accordance with the purchase agreement with Discover for certain loan loss obligations that remained with HLC following the sale. During 2018, the remaining funds in escrow were released to HLC in accordance with the terms of the purchase agreement with Discover.

Upon closing of the sale of substantially all of the operating assets of HLC on June 6, 2012, HLC ceased to originate consumer loans. Certain liability for losses on previously sold loans remains with HLC.

Litigation settlements and contingencies and legal fees associated with ongoing related bankruptcy and legal proceedings against the Company are included in discontinued operations in the accompanying financial statements.

Home Loan Center, Inc. Bankruptcy Filing

On June 21, 2019, the U.S. District Court of Minnesota entered judgment in *ResCap Liquidating Trust v. Home Loan Center, Inc.*, against HLC for \$68.5 million, see Litigation Related to Discontinued Operations below. The judgment against HLC exceeded the assets of HLC, which were \$11.2 million at July 21, 2019, including cash of \$5.9 million. On July 19, 2019, HLC appealed the judgment to the United States Court of Appeals for the Eighth Circuit.

On July 21, 2019, at the direction of the sole independent director of HLC, HLC voluntarily filed a petition under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") with the U.S. Bankruptcy Court in the Northern District of California in San Jose, California (the "Bankruptcy Court") in order to preserve assets for the benefit of all creditors of HLC. On September 16, 2019, the Bankruptcy Court converted the bankruptcy to Chapter 7 of the Bankruptcy Code and appointed a Trustee to liquidate HLC's assets.

HLC's filing under the Bankruptcy Code creates an automatic stay of enforcement of the judgment entered against HLC by the Minnesota court in *ResCap Liquidating Trust v. Home Loan Center, Inc.* described above and in Litigation Related to Discontinued Operations below. As a result of the voluntary petition, LendingTree, LLC was, as of the initial July 21, 2019

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

bankruptcy petition filing date, no longer deemed to have a controlling interest in HLC under applicable accounting standards. As a result, HLC and its consolidated subsidiary were deconsolidated from the Company's consolidated financial statements as of July 21, 2019. The effect of such deconsolidation was the elimination of the consolidated assets and liabilities of HLC (and its consolidated subsidiary) from the Company's consolidated balance sheets. Upon deconsolidation, in the third quarter of 2019 the Company recognized a loss of \$5.5 million which includes a net gain of \$4.5 million related to the removal of HLC's (and its consolidated subsidiary's) assets and liabilities and the recognition of a liability of \$10.0 million related to LendingTree LLC's ownership in HLC. No consideration was received by the Company as a result of the deconsolidation.

HLC has indicated that it believes that it has claims against HLC's sole shareholder, LendingTree, LLC, and certain of its officers and directors, relating to the declaration of a dividend by HLC in January 2016 of \$40.0 million. The Company is obligated to advance any expenses to the officers and directors related to these claims and to indemnify them to the maximum extent permitted by law. LendingTree, LLC believes the declaration of the dividend was proper, that the amounts paid to LendingTree, LLC following such declaration are not subject to recovery by HLC and that any claims by HLC relating to such dividend declaration are without merit. During the second quarter of 2020, LendingTree, LLC and HLC reached a verbal settlement agreement in the amount of \$36.0 million for the release of any and all claims against the Company defendants by HLC, including the dividend claim. LendingTree estimates the range of potential losses related to the dividend matter to be \$0.0 million to \$40.0 million plus a potential award of prejudgment interest. An estimated liability of \$36.0 million is included in the accompanying consolidated balance sheet as of March 31, 2020 related to LendingTree LLC's ownership in HLC. HLC's voluntary petition under the Bankruptcy Code does not represent an event of default under LendingTree, LLC's Second Amended and Restated Credit Agreement dated as of December 10, 2019 or the Company's indenture dated May 31, 2017 with respect to the Company's 0.625% Convertible Senior Notes due 2022.

Litigation Related to Discontinued Operations

Residential Funding Company

ResCap Liquidating Trust v. Home Loan Center, Inc., Case No. 14-cv-1716 (U.S. Dist. Ct., Minn.), successor to Residential Funding Company, LLC v Home Loan Center, Inc., No. 13-cv-3451 (U.S. Dist. Ct., Minn.). On or about December 16, 2013, Home Loan Center, Inc. was served in the original captioned matter, which involves claims of Residential Funding Company, LLC ("RFC") for damages for breach of contract and indemnification for certain residential mortgage loans as well as residential mortgage-backed securitizations ("RMBS") containing mortgage loans. RFC asserted that, beginning in 2008, RFC faced massive repurchase demands and lawsuits from purchasers or insurers of the loans and RMBS that RFC had sold. RFC filed for bankruptcy protection in May 2012. Plaintiff alleged that, after RFC filed for Chapter 11 protection, hundreds of proofs of claim were filed, many of which mirrored the litigation filed against RFC prior to its bankruptcy.

In December 2013, the United States Bankruptcy Court for the Southern District of New York entered an Order confirming the Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors. Plaintiff then began filing substantially similar complaints against approximately 80 of the loan originators from whom RFC had purchased loans, including HLC, in federal and state courts in Minnesota and New York. In each case, plaintiff claimed that the defendant is liable for a portion of the global settlement in RFC's bankruptcy.

Plaintiff asserted two claims against HLC: (1) breach of contract based on HLC's alleged breach of representations and warranties concerning the quality and characteristics of the mortgage loans it sold to RFC; and (2) contractual indemnification for alleged liabilities, losses, and damages incurred by RFC arising out of purported defects in loans that RFC purchased from HLC and sold to third parties. Plaintiff alleged that the "types of defects" contained in the loans it purchased from HLC included "income misrepresentation, employment misrepresentation, appraisal misrepresentations or inaccuracies, undisclosed debt, and missing or inaccurate documents." Plaintiff sought damages of up to \$61.0 million plus attorney's fees and prejudgment interest.

HLC denied the material allegations of the complaint and asserted numerous defenses thereto. The matter went to trial in the fourth quarter of 2018 and the jury returned a verdict of \$28.7 million in favor of plaintiff. On June 21, 2019, the U.S. District Court in Minnesota entered judgment against HLC for \$68.5 million. The judgment is comprised of: (i) \$28.7 million in damages awarded by the jury; (ii) \$14.1 million in pre-verdict interest; (iii) \$23.1 million in attorneys' fees and costs, and (iv) \$2.6 million in post-verdict, prejudgment interest.

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

HLC's filing under the Bankruptcy Code discussed above in Home Loan Center, Inc. Bankruptcy Filing creates an automatic stay of enforcement of the judgment entered against HLC by the U.S. District Court in Minnesota. On August 27, 2019, plaintiff filed a lawsuit captioned *ResCap Liquidating Trust v. LendingTree, LCC, et al., Case No. 19-cv-2360 (U.S. Dist. Ct., Minn.)*, seeking to hold the Company liable for the judgment against HLC, under assumption of liability, agency and alter ego theories. The Company believes that these claims lack merit and intends to defend this action vigorously. On October 17, 2019, the Company filed a motion to dismiss the liability and agency claims, and oral arguments with respect to such motion were held on January 10, 2020. On March 20, 2020, the court denied the Company's motion to dismiss, or in the alternative, to compel arbitration, and on April 3, 2020, the Company appealed the court's findings with respect to the Company's request to compel arbitration of the first count of the lawsuit.

Lehman Brothers Holdings, Inc.

Lehman Brothers Holdings Inc. v. 1st Advantage Mortgage, LLC et al., Case No. 08-13555 (SCC), Adversary Proceeding No. 16-01342 (SCC) (Bankr. S.D.N.Y.). In February 2016, Lehman Brothers Holdings, Inc. ("LBHI") filed an Adversary Complaint against HLC and approximately 149 other defendants (the "Complaint"). In December 2018, LBHI amended its complaint against HLC. The amended complaint references approximately 370 allegedly defective mortgage loans sold by HLC with purported "Claim Amounts" totaling \$40.2 million. LBHI alleges it settled all such claims and is seeking indemnification from HLC for LBHI's purported losses and liabilities associated with such settlements, plus prejudgment interest, attorneys' fees, litigation costs and other expenses. The amended complaint does not specify the amount of LBHI's purported damages. On December 4, 2019, LBHI filed a \$44.7 million proof of claim in HLC's bankruptcy seeking recovery for the claims asserted in the lawsuit. The Company believes that these claims lack merit and understands that HLC intends to defend this action vigorously. HLC's filing under the Bankruptcy Code discussed above in Home Loan Center, Inc. Bankruptcy Filing creates an automatic stay of this proceeding.

Financial Information of Discontinued Operations

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

	Three Months Ended March 31,	
	2020	2019
Revenue	\$ —	\$ —
Loss before income taxes	(6,102)	(1,344)
Income tax benefit	1,527	282
Net loss	\$ (4,575)	\$ (1,062)

Losses from discontinued operations included all activity of HLC prior to bankruptcy, including litigation settlements, contingencies and legal fees associated with legal proceedings.

The results of discontinued operations also include litigation settlements and contingencies and legal fees associated with ongoing legal proceedings against LendingTree Inc. or LendingTree LLC that arose due to the LendingTree Loans Business or the HLC bankruptcy filing.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**Cautionary Statement Regarding Forward-Looking Information**

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

Actual results could differ materially from those contained in the forward-looking statements. Factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include those matters discussed or referenced in Part II, Item 1A. *Risk Factors* included elsewhere in this quarterly report and Part I, Item 1A. *Risk Factors* of the 2019 Annual Report.

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

Company Overview

LendingTree, Inc. is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC.

We operate what we believe to be the leading online consumer platform that connects consumers with the choices they need to be confident in their financial decisions. Our online consumer platform provides consumers with access to product offerings from our Network Partners, including mortgage loans, home equity loans and lines of credit, reverse mortgage loans, auto loans, credit cards, deposit accounts, personal loans, student loans, small business loans, insurance quotes and other related offerings. In addition, we offer tools and resources, including free credit scores, that facilitate comparison shopping for loans, deposit products, insurance and other offerings. We seek to match consumers with multiple providers, who can offer them competing quotes for the product, or products, they are seeking. We also serve as a valued partner to lenders and other providers seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries we generate with these Network Partners.

Our My LendingTree platform offers a personalized comparison-shopping experience by providing free credit scores and credit score analysis. This platform enables us to observe consumers' credit profiles and then identify and alert them to loans and other offerings on our marketplace that may be more favorable than the terms they may have at a given point in time. This is designed to provide consumers with measurable savings opportunities over their lifetimes.

We are focused on developing new product offerings and enhancements to improve the experiences that consumers and Network Partners have as they interact with us. By expanding our portfolio of financial services offerings, we are growing and diversifying our business and sources of revenue. We intend to capitalize on our expertise in performance marketing, product development and technology, and to leverage the widespread recognition of the LendingTree brand to effect this strategy.

We believe the consumer and small business financial services industry is still in the early stages of a fundamental shift to online product offerings, similar to the shift that started in retail and travel many years ago and is now well established. We believe that like retail and travel, as consumers continue to move towards online shopping and transactions for financial services, suppliers will increasingly shift their product offerings and advertising budgets toward the online channel. We believe the strength of our brands and of our partner network place us in a strong position to continue to benefit from this market shift.

The LendingTree Loans business is presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. Except for the discussion under the heading "Discontinued Operations," the analysis within Management's Discussion and Analysis of Financial Condition and Results of Operations reflects our continuing operations.

Economic Conditions

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus ("COVID-19"). The pandemic has significantly impacted the economic conditions in the U.S., as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The downstream impact of social distancing and related economic pullback are affecting our business and marketplace participants to varying degrees. We are continuously monitoring the impacts of the current economic conditions related to the COVID-19 pandemic and the effect on our business, financial condition and results of operations. Of our three reportable segments, the Consumer segment has been and is expected to be most impacted as unsecured credit and the flow of capital in certain areas of the market have contracted. Within our Consumer segment, each of credit card, personal loan, and small business is anticipated to see reductions of as much as 60-80% in near-term lender demand for our services reflecting those lenders' uncertainty over the length and depth of the economic recession. The impact to our Home and Insurance segments is anticipated to be much less substantial. Most of our selling and marketing expenses are variable costs that we adjust dynamically in relation to revenue opportunities to profitably meet demand. Thus, as our revenue is negatively impacted during the recession, we anticipate our marketing expenses will generally decrease in line with revenue.

Segment Reporting

We have three reportable segments: Home, Consumer and Insurance. We changed our reportable segments in the fourth quarter of 2019, and prior period results have been reclassified to conform with this change in reportable segments.

Recent Business Acquisitions

On January 10, 2019, we acquired Value Holding Inc., the parent company of ValuePenguin Inc. ("ValuePenguin"), a personal finance website that offers consumers objective analysis on a variety of financial topics from insurance to credit cards for \$106.2 million. Combining ValuePenguin's high-quality content and search engine optimization capability with proprietary technology and insurance carrier network from QuoteWizard enables us to provide immense value to carriers and agents. This strategic acquisition positions us to achieve further scale in the insurance space as well as the broader financial services industry.

On February 28, 2020, we acquired an equity interest in Stash Financial, Inc. ("Stash") for \$80.0 million. Stash is a consumer investing and banking platform. Stash brings together banking, investing, and education into one seamless experience offering a full-suite of personal investment accounts, Traditional and Roth IRAs, custodial investment accounts, and banking services, including checking accounts and debit cards with a Stock-Back® rewards program.

North Carolina Office Properties

In December 2016, we completed the acquisition of two office buildings in Charlotte, North Carolina, for \$23.5 million in cash. The buildings were acquired with the intent to use such buildings as our corporate headquarters and rent any unused space. In November 2018, the office buildings were classified as held for sale. In May 2019, we sold these buildings to an unrelated third party for a sale price of \$24.4 million.

With our expansion in North Carolina, in December 2016, we received a grant from the state that provides up to \$4.9 million in reimbursements over 12 years beginning in 2017 for investing in real estate and infrastructure in addition to increasing jobs in North Carolina at specific targeted levels through 2020, and maintaining the jobs thereafter. Additionally, the city of Charlotte and the county of Mecklenburg provided a grant that will be paid over five years and is based on a percentage of new property tax we pay on the development of a corporate headquarters. In December 2018, we received an additional grant from the state that provides up to \$8.4 million in reimbursements over 12 years beginning in 2020 for increasing jobs in North Carolina at specific targeted levels through 2023, and maintaining the jobs thereafter.

Recent Mortgage Interest Rate Trends

Interest rate and market risks can be substantial in the mortgage lead generation business. Short-term fluctuations in mortgage interest rates primarily affect consumer demand for mortgage refinancings, while long-term fluctuations in mortgage interest rates, coupled with the U.S. real estate market, affect consumer demand for new mortgages. Consumer demand, in turn, affects lender demand for mortgage leads from third-party sources, as well as our own ability to attract online consumers to our website.

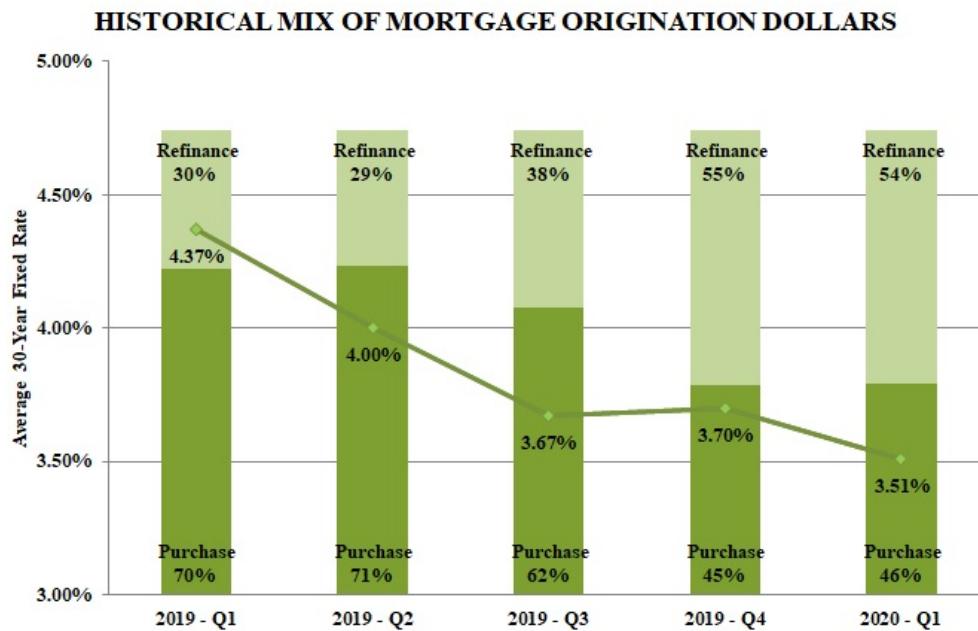
Typically, when interest rates decline, we see increased consumer demand for mortgage refinancing, which in turn leads to increased traffic to our website and decreased selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically decreases, as there are more consumers in the marketplace seeking refinancings and, accordingly, lenders receive more organic mortgage lead volume. Due to lower lender demand, our revenue earned per consumer typically decreases, but with correspondingly lower selling and marketing costs.

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Conversely, when interest rates increase, we typically see decreased consumer demand for mortgage refinancing, leading to decreased traffic to our website and higher associated selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically increases, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases. Due to high lender demand, we typically see an increase in the amount lenders will pay per matched lead, which often leads to higher revenue earned per consumer. However, increases in the amount lenders will pay per matched lead in this situation is limited by the overall cost models of our lenders, and our revenue earned per consumer can be adversely affected by the overall reduced demand for refinancing in a rising rate environment.

We dynamically adjust selling and marketing expenditures in all interest rate environments to optimize our results against these variables.

According to Freddie Mac, 30-year mortgage interest rates declined during 2020 to a monthly average of 3.45% in March 2020. On a quarterly basis, 30-year mortgage interest rates in the first quarter of 2020 averaged 3.51%, compared to 4.37% in the first quarter of 2019 and 3.70% in the fourth quarter of 2019.



Typically, as mortgage interest rates decline, there are more consumers in the marketplace seeking refinancings and, accordingly, the mix of mortgage origination dollars will move towards refinance mortgages. According to Mortgage Bankers Association ("MBA") data, total refinance origination dollars remained relatively consistent at 54% of total mortgage origination dollars in the first quarter of 2020 compared to 55% in the fourth quarter of 2019. In the first quarter of 2020, total refinance origination dollars increased 215% from the first quarter of 2019 and decreased 20% from the fourth quarter of 2019.

In April 2020, the MBA projected 30-year mortgage interest rates to remain relatively consistent through the end of the year. According to MBA projections, the refinance share of total mortgage origination dollars is projected to represent approximately 49% for 2020.

The U.S. Real Estate Market

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

According to the National Association of Realtors ("NAR"), the COVID-19 pandemic contributed to a slowdown in existing-home sales at the end of the first quarter of 2020. Existing-home sales increased minimally in the first quarter of 2020 over the fourth quarter of 2019, but still experienced a 5% increase over the first quarter of 2019. The NAR expects continued temporary interruptions to existing-home sales in the following months, and predicts an overall decrease of 13.5% in 2020 compared to 2019.

Results of Operations for the Three Months ended March 31, 2020 and 2019

	Three Months Ended March 31,			
	2020	2019	\$ Change	% Change
	(Dollars in thousands)			
Home	\$ 79,174	\$ 63,437	\$ 15,737	25 %
Consumer	119,924	120,729	(805)	(1)%
Insurance	82,737	67,092	15,645	23 %
Other	1,249	11,132	(9,883)	(89)%
Revenue	283,084	262,390	20,694	8 %
Costs and expenses:				
Cost of revenue (<i>exclusive of depreciation and amortization shown separately below</i>)	14,252	17,670	(3,418)	(19)%
Selling and marketing expense	195,538	174,891	20,647	12 %
General and administrative expense	32,082	31,117	965	3 %
Product development	10,963	10,166	797	8 %
Depreciation	3,378	2,482	896	36 %
Amortization of intangibles	13,757	13,427	330	2 %
Change in fair value of contingent consideration	(8,122)	14,592	(22,714)	(156)%
Severance	158	54	104	193 %
Litigation settlements and contingencies	329	(207)	536	259 %
Total costs and expenses	262,335	264,192	(1,857)	(1)%
Operating income (loss)	20,749	(1,802)	22,551	1,251 %
Other (expense) income, net:				
Interest expense, net	(4,834)	(5,468)	(634)	(12)%
Other income	—	68	68	100 %
Income (loss) before income taxes	15,915	(7,202)	23,117	321 %
Income tax benefit	3,061	7,752	(4,691)	(61)%
Net income from continuing operations	18,976	550	18,426	3,350 %
Loss from discontinued operations, net of tax	(4,575)	(1,062)	3,513	331 %
Net income (loss) and comprehensive income (loss)	\$ 14,401	\$ (512)	\$ 14,913	2,913 %

Revenue

Revenue increased in the first quarter of 2020 compared to the first quarter of 2019 due to increases in our Home and Insurance segments, partially offset by a decrease in our Other category.

Our Home segment includes the following products: purchase mortgage, refinance mortgage, home equity loans and lines of credit, reverse mortgage loans, and real estate. Revenue from our Home segment increased \$15.7 million in the first quarter of 2020 from the first quarter of 2019, or 25%, primarily due to an increase in revenue from our refinance mortgage product, partially offset by decreases in our purchase mortgage and home equity loans and lines of credit products. Revenue from our refinance mortgage product increased \$25.9 million in the first quarter of 2020 compared to the first quarter of 2019 primarily due to an increase in the number of consumers completing request forms resulting from increased refinancing activity in a declining interest rate environment, partially offset by a decrease in revenue earned per consumer. Revenue from our purchase mortgage and home equity loans and lines of credit products decreased \$4.9 million and \$4.6 million, respectively, in the first quarter of 2020 from the first quarter of 2019, due to decreases in the number of consumers completing request forms as well as a decrease in revenue earned per consumer.

Revenue from our Insurance segment increased \$15.6 million to \$82.7 million in the first quarter of 2020 from \$67.1 million in the first quarter of 2019, or 23%, due to increases in the number of consumers seeking insurance coverage, partially offset by a decrease in revenue earned per consumer.

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Our Consumer segment includes the following products: credit cards, personal loans, small business loans, student loans, auto loans, deposit accounts, and other credit products such as credit repair and debt settlement. Many of our Consumer segment products are not individually significant to revenue. Revenue from our Consumer segment remained relatively consistent in the first quarter of 2020 from the first quarter of 2019, primarily due to decreases in our credit cards, personal loans and student loans products, partially offset by increases in our small business loans and deposit accounts products.

Revenue from our credit cards product decreased \$2.9 million to \$51.6 million in the first quarter of 2020 from \$54.5 million in the first quarter of 2019, or 5%, due to decreases in the number of approvals and a decrease in revenue earned per approval and the impact of the economic conditions primarily related to the COVID-19 pandemic in late March 2020.

Revenue from our personal loans product decreased \$1.0 million to \$31.5 million in the first quarter of 2020 from \$32.5 million in the first quarter of 2019, or 3%, primarily due to a decrease in revenue earned per consumer partially offset by an increase in the number of consumers completing request forms and the impact of the economic conditions related to the COVID-19 pandemic in late March 2020.

For the periods presented, no other products in our Consumer segment represented more than 10% of revenue; however, certain other Consumer products experienced notable changes. Revenue from our student loans product decreased \$3.3 million in the first quarter of 2020 compared to the first quarter of 2019 due to a decrease in the number of consumers on our marketplace seeking student loans. Revenue from our small business loans product increased \$4.4 million in the first quarter of 2020 compared to the first quarter of 2019 due to increases in the number of consumers seeking business loans and an increase in revenue earned per consumer. Revenue from our deposit accounts product increased by \$1.7 million in the first quarter of 2020 compared to the first quarter of 2019 due to increased Network Partner demand.

The ongoing COVID-19 pandemic is anticipated to significantly impact our Consumer product revenues in the near-term due to the significant industry-wide contraction in the availability of capital for products in the Consumer segment, specifically credit cards, small business loans and personal loans, as discussed above.

Our Other category includes revenue from the resale of online advertising space to third parties and revenue from home improvement referrals. Revenue in the Other category decreased \$9.9 million in the first quarter of 2020 compared to the first quarter of 2019, as we ceased offering home improvement referrals during the first quarter of 2019 and ceased reselling online advertising space during the first quarter of 2020.

Cost of revenue

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

Cost of revenue decreased in the first quarter of 2020 from the first quarter of 2019, primarily due to a \$6.2 million decrease for the cost of resold advertising space, partially offset by a \$1.2 million increase in compensation and benefits as a result of increases in headcount. We ceased reselling online advertising space during the first quarter of 2020.

Cost of revenue as a percentage of revenue decreased to 5% in the first quarter of 2020 compared to 7% in the first quarter of 2019 due to the items above.

Selling and marketing expense

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

The increase in selling and marketing expense in the first quarter of 2020 compared to the first quarter of 2019 was primarily due to increases in advertising and promotional expense of \$21.2 million, as discussed below.

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

	Three Months Ended March 31,				% Change
	2020	2019	\$ Change		
	(Dollars in thousands)				
Online	\$ 173,081	\$ 148,939	\$ 24,142		16 %
Broadcast	6,324	10,535	(4,211)		(40)%
Other	4,362	3,112	1,250		40 %
Total advertising expense	\$ 183,767	\$ 162,586	\$ 21,181		13 %

Revenue is primarily driven by Network Partner demand for our products, which is matched to corresponding consumer requests. We adjust our selling and marketing expenditures dynamically in relation to anticipated revenue opportunities in order to ensure sufficient consumer inquiries to profitably meet such demand. An increase in a product's revenue is generally met by a corresponding increase in marketing spend, and conversely a decrease in a product's revenue is generally met by a corresponding decrease in marketing spend. This relationship exists for our Home, Consumer and Insurance segments.

We increased our advertising expenditures in the first quarter of 2020 compared to the first quarter of 2019 in order to generate additional consumer inquiries to meet the increased demand of Network Partners on our marketplace. We will continue to adjust selling and marketing expenditures dynamically in relation to anticipated revenue opportunities and in response to changes in Network Partner demand as a result of the ongoing COVID-19 pandemic discussed above.

General and administrative expense

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

General and administrative expense increased in the first quarter of 2020 from the first quarter of 2019, primarily due to increases in professional fees of \$2.5 million, technology expense of \$1.1 million and facilities expense of \$0.7 million. The increase in general and administrative expense was partially offset by a decrease in compensation and benefits of \$2.8 million, primarily due to a decrease in bonus and certain equity awards that vested in 2019.

General and administrative expense as a percentage of revenue decreased to 11% in the first quarter of 2020 compared to 12% in the first quarter of 2019.

Product development

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

Product development expense increased in the first quarter of 2020 compared to the first quarter of 2019 as we continued to invest in internal development of new and enhanced features, functionality and business opportunities that we believe will enable us to better and more fully serve consumers and Network Partners.

Depreciation

The increase in depreciation expense in the first quarter of 2020 compared to the first quarter of 2019 was primarily the result of higher investment in internally developed software in recent years, to support the growth of our business.

Contingent consideration

During the first quarter of 2020, we recorded an aggregate gain of \$8.1 million due to adjustments in the estimated fair value of the earnout payments related to our recent acquisitions. For the first quarter of 2020, the gain related to the QuoteWizard acquisition was \$8.3 million, partially offset by contingent consideration expense for the Ovation acquisition of \$0.1 million.

During the first quarter of 2019, we recorded aggregate contingent consideration expense of \$14.6 million due to adjustments in the estimated fair value of the earnout payments related to our recent acquisitions. For the first quarter of 2019, the contingent consideration expense for the QuoteWizard and SnapCap acquisitions was \$14.4 million and \$1.6 million, respectively. This was partially offset by contingent consideration gains recorded for the DepositAccounts and Ovation acquisitions of \$0.7 million and \$0.6 million, respectively.

Income tax expense

For the first quarter of 2020, the effective tax rate varied from the federal statutory rate of 21% in part due to a tax benefit of \$1.1 million recognized for excess tax benefits resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes, as well as a tax benefit of \$6.1 million for the impact of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, as described below.

On March 27, 2020, President Trump signed into law the CARES Act. This legislation is an economic relief package in response to the public health and economic impacts of COVID-19 and includes various provisions that impact us, including, but not limited to, modifications for net operating losses, accelerated timeframe for refunds associated with prior minimum taxes and modifications of the limitation on business interest.

We revalued deferred tax assets related to net operating losses in light of the changes in the CARES Act, and recorded a net tax benefit of \$6.1 million during the first quarter of 2020. These deferred tax assets are being revalued, as they will be carried back to 2016 and 2017, which are tax periods prior to the Tax Cuts and Jobs Act ("TCJA") when the federal statutory tax rate was 35% versus the 21% federal statutory tax rate in effect after the enactment of the TCJA.

For the first quarter of 2019, the effective tax rate varied from the federal statutory rate of 21% primarily due to a tax benefit of \$6.0 million recognized for excess tax benefits resulting from employee exercises of stock options and vesting of restricted stock in accordance with ASU 2016-09 and the effect of state taxes.

Discontinued operations

The results of discontinued operations include the results of the LendingTree Loans business formerly operated by our wholly-owned subsidiary, Home Loan Center, Inc., or HLC. The sale of substantially all of the assets of HLC, including the LendingTree Loans business, was completed on June 6, 2012. HLC filed a petition under Chapter 11 of the United States Bankruptcy Code on July 21, 2019, which was converted to Chapter 7 of the United States Bankruptcy Code on September 16, 2019.

As a result of the voluntary bankruptcy petition, as of the initial July 21, 2019 bankruptcy petition filing date, HLC and its consolidated subsidiary were deconsolidated from LendingTree's consolidated financial statements. The effect of such deconsolidation was the elimination of the consolidated assets and liabilities of HLC (and its consolidated subsidiary) from LendingTree's consolidated balance sheets.

Prior to the bankruptcy filing, losses from the LendingTree Loans business were primarily due to litigation settlements and contingencies and legal fees associated with ongoing legal proceedings.

The results of discontinued operations include litigation settlements and contingencies and legal fees associated with ongoing legal proceedings against LendingTree Inc. or LendingTree LLC that arose due to the LendingTree Loans business or the HLC bankruptcy filing.

See Note 17—Discontinued Operations to the consolidated financial statements included elsewhere in this report for more information, including the accounting effect of HLC's bankruptcy filing on our consolidated financial statements.

Segment Profit

	Three Months Ended March 31,				% Change	
	2020	2019	\$ Change			
			(Dollars in thousands)			
Home	\$ 35,911	\$ 23,921	\$ 11,990		50 %	
Consumer	43,099	53,974	(10,875)		(20)%	
Insurance	30,533	27,864	2,669		10 %	
Other	(328)	759	(1,087)		(143)%	
Segment profit	\$ 109,215	\$ 106,518	\$ 2,697		3 %	

Segment profit is our primary segment operating metric. Segment profit is calculated as segment revenue less segment selling and marketing expenses attributed to variable costs paid for advertising, direct marketing and related expenses that are directly attributable to the segments' products. See Note 16—Segment Information in the notes to the consolidated financial statements for additional information on segments and a reconciliation of segment profit to pre-tax income from continuing operations.

Home segment profit and Insurance segment profit increased \$12.0 million and \$2.7 million, respectively, in the first quarter of 2020 from the first quarter of 2019, primarily due to an increase in revenue, partially offset by corresponding increases in selling and marketing expense.

Consumer segment profit decreased \$10.9 million in the first quarter of 2020 from the first quarter of 2019, primarily due to a decrease in revenue. Additionally, selling and marketing expenses in our Consumer segment increased as a percentage of revenue in the first quarter of 2020 compared to the first quarter of 2019.

Adjusted EBITDA

We report Adjusted EBITDA as a supplemental measure to GAAP. This measure is the primary metric by which we evaluate the performance of our businesses, on which our marketing expenditures and internal budgets are based and by which management and many employees are compensated. We believe that investors should have access to the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. We provide and encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures discussed below.

Definition of Adjusted EBITDA

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

One-Time Items

Adjusted EBITDA is adjusted for one-time items, if applicable. Items are considered one-time in nature if they are non-recurring, infrequent or unusual and have not occurred in the past two years or are not expected to recur in the next two years, in accordance with SEC rules. For the periods presented below, there are no adjustments for one-time items.

[Table of Contents](#)***Non-Cash Expenses that are Excluded from Adjusted EBITDA***

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

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

The following table is a reconciliation of net income from continuing operations to Adjusted EBITDA (*in thousands*).

	Three Months Ended March 31,	
	2020	2019
Net income from continuing operations	\$ 18,976	\$ 550
Adjustments to reconcile to Adjusted EBITDA:		
Amortization of intangibles	13,757	13,427
Depreciation	3,378	2,482
Severance	158	54
Loss on impairments and disposal of assets	530	218
Non-cash compensation expense	11,917	14,053
Change in fair value of contingent consideration	(8,122)	14,592
Acquisition expense	2,180	119
Litigation settlements and contingencies	329	(207)
Interest expense, net	4,834	5,468
Income tax benefit	(3,061)	(7,752)
Adjusted EBITDA	\$ 44,876	\$ 43,004

Financial Position, Liquidity and Capital Resources**General**

As of March 31, 2020, we had \$51.2 million of cash and cash equivalents, compared to \$60.2 million of cash and cash equivalents as of December 31, 2019.

In the first quarter of 2020, we acquired an equity interest in Stash for \$80.0 million. The investment was funded through \$80.0 million drawn on our Amended Revolving Credit Facility. See Note 7—Equity Investment to the consolidated financial statements included elsewhere in this report for more information.

During the first quarter of 2020, we paid down \$25.0 million on our Amended Revolving Credit Facility.

During the first quarter of 2020, we made a contingent consideration payment of \$3.0 million related to the prior acquisition of SnapCap. We could make additional potential contingent consideration payments of up to \$1.0 million for DepositAccounts, \$3.0 million for SnapCap, \$4.4 million for Ovation, and \$46.8 million for QuoteWizard.

We expect our cash and cash equivalents and cash flows from operations to be sufficient to fund our operating needs for the next twelve months and beyond. Our revolving credit facility described below is an additional potential source of liquidity. We will continue to monitor the impact of the ongoing COVID-19 pandemic on our liquidity and capital resources. We expect our cashflow from operating activities to be negatively impacted by the economic recession.

Senior Secured Revolving Credit Facility

On December 10, 2019, we entered into an amended and restated \$500.0 million five-year senior secured revolving credit facility, which matures on December 10, 2024 (the “Amended Revolving Credit Facility”). Borrowings under the Amended Revolving Credit Facility can be used to finance working capital needs, capital expenditures and general corporate purposes, including to finance permitted acquisitions. As of May 5, 2020, we have \$130.0 million of borrowings and a \$0.2 million letter of credit under the Amended Revolving Credit Facility. The remaining borrowing capacity at May 5, 2020 is \$369.8 million.

Cash Flows from Continuing Operations

Our cash flows attributable to continuing operations are as follows:

	Three Months Ended March 31,	
	2020	2019
	<i>(in thousands)</i>	
Net cash provided by operating activities	\$ 29,302	\$ 23,269
Net cash used in investing activities	(84,189)	(110,405)
Net cash provided by financing activities	46,601	49,408

Cash Flows from Operating Activities

Our largest source of cash provided by our operating activities is revenues generated by our products. Our primary uses of cash from our operating activities include advertising and promotional payments. In addition, our uses of cash from operating activities include compensation and other employee-related costs, other general corporate expenditures, litigation settlements and contingencies, certain contingent consideration payments, and income taxes.

Net cash provided by operating activities attributable to continuing operations increased in the first quarter of 2020 from the first quarter of 2019 primarily due to an increase in revenue, generally offset by an increase in selling and marketing expense. Additionally, there was a net increase in cash from changes in working capital primarily driven by changes in accounts receivable, partially offset by changes in accounts payable, accrued expenses and other current liabilities and income taxes receivable.

Cash Flows from Investing Activities

Net cash used in investing activities attributable to continuing operations in the first quarter of 2020 of \$84.2 million consisted of the purchase of an \$80.0 million equity interest in Stash and capital expenditures of \$4.2 million primarily related to internally developed software.

Net cash used in investing activities attributable to continuing operations in the first quarter of 2019 of \$110.4 million consisted primarily of the acquisition of ValuePenguin for \$105.4 million, net of cash acquired, and capital expenditures of \$5.0 million primarily related to internally developed software.

Cash Flows from Financing Activities

Net cash provided by financing activities attributable to continuing operations in the first quarter of 2020 of \$46.6 million consisted primarily of \$55.0 million of net proceeds from our Amended Revolving Credit Facility, partially offset by \$5.1 million in withholding taxes paid upon surrender of shares to satisfy obligations on equity awards, net of proceeds from the exercise of stock options, and a \$3.0 million contingent consideration payment for SnapCap.

Net cash provided by financing activities attributable to continuing operations in the first quarter of 2019 of \$49.4 million consisted primarily of \$60.0 million of net proceeds from our 2017 Revolving Credit Facility, partially offset by \$4.0 million for the repurchase of our common stock, \$3.6 million in withholding taxes paid upon surrender of shares to satisfy obligations on equity awards, net of proceeds from the exercise of stock options, and a \$3.0 million contingent consideration payment for SnapCap.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements other than a letter of credit and our funding commitments pursuant to our surety bonds, none of which have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

New Accounting Pronouncements

For information regarding new accounting pronouncements, see Note 2—Significant Accounting Policies, in Part I, Item 1 *Financial Statements*.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Other than our Amended Revolving Credit Facility, we do not have any financial instruments that are exposed to significant market risk. We maintain our cash and cash equivalents in bank deposits and short-term, highly liquid money market investments. A hypothetical 100-basis point increase or decrease in market interest rates would not have a material impact on the fair value of our cash equivalents securities, or our earnings on such cash equivalents, but would have an effect on the interest paid on borrowings under the Amended Revolving Credit Facility, if any. As of May 5, 2020, there was \$130.0 million borrowed under the Amended Revolving Credit Facility. If the LIBO rate increased by 100-basis points, our annual interest expense would increase by approximately \$1.3 million. Increases in the Federal Funds interest rates may also affect potential contingent consideration payments to DepositAccounts. See Note 8—Business Acquisitions—Changes in Contingent Consideration in Part I, Item 1. *Financial Statements*.

Fluctuations in interest rates affect consumer demand for new mortgages and the level of refinancing activity which, in turn, affects lender demand for mortgage leads. Typically, when interest rates decline, we see increased consumer demand for mortgage refinancing, which in turn leads to increased traffic to our website and decreased selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically decreases, as there are more consumers in the marketplace seeking refinancings and, accordingly, lenders receive more organic lead volume. Due to lower lender demand, our revenue earned per consumer typically decreases but with correspondingly lower selling and marketing costs. Conversely, when interest rates increase, we typically see decreased consumer demand for mortgage refinancing, leading to decreased traffic to our website and higher associated selling and marketing efforts associated with that traffic. At the same time, lender demand for leads from third-party sources typically increases, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases. Due to high lender demand, we typically see an increase in the amount lenders will pay per matched lead, which often leads to higher revenue earned per consumer. However, increases in the amount lenders will pay per matched lead in this situation is limited by the overall cost models of our lenders, and our revenue earned per consumer can be adversely affected by the overall reduced demand for refinancing in a rising rate environment.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), management, with the participation of our principal executive officer (our Chief Executive Officer) and principal financial officer (our Chief Financial Officer), evaluated, as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective, as of March 31, 2020, to reasonably ensure that information required to be disclosed and filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified, and that management will be timely alerted to material information required to be included in our periodic reports filed with the Securities and Exchange Commission.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we are party to litigation involving property, contract, intellectual property and a variety of other claims. The amounts that may be recovered in such matters may be subject to insurance coverage. We have provided information about certain legal proceedings in which we are involved in Part I, Item 3. *Legal Proceedings* of our 2019 Annual Report and updated that information in Note 14—Contingencies and Note 17—Discontinued Operations to the consolidated financial statements included elsewhere in this report.

Item 1A. Risk Factors

Other than the risk factor set forth below, there have been no material changes to the risk factors included in Part I, Item 1A. *Risk Factors* of our 2019 Annual Report.

The COVID-19 pandemic has impacted our business, and the ultimate impact on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities. As a result, the demand for our products, in particular in our Consumer segment, has been and may continue to be significantly impacted. Within our Consumer segment, each of credit card, personal loan, and small business is anticipated to see reductions of as much as 60-80% in near-term lender demand for our services reflecting those lenders' uncertainty over the length and depth of the economic recession. Our business operations may also be disrupted if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic. The extent to which the COVID-19 pandemic impacts our business, financial condition and results of operations, as well as our regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

In each of February 2018 and February 2019, the board of directors authorized and we announced a stock repurchase program which allowed for the repurchase of up to \$100.0 million and \$150.0 million, respectively, of our common stock. Under this program, we can repurchase stock in the open market or through privately-negotiated transactions. We have used available cash to finance these repurchases. We will determine the timing and amount of any additional repurchases based on our evaluation of market conditions, applicable SEC guidelines and regulations, and other factors. This program may be suspended or discontinued at any time at the discretion of our board of directors. During the quarter ended March 31, 2020, no shares of common stock were repurchased under the stock repurchase program. As of April 29, 2020, approximately \$179.7 million remains authorized for share repurchase.

Additionally, the LendingTree Sixth Amended and Restated 2008 Stock and Award Incentive Plan and the LendingTree 2017 Inducement Grant Plan allow employees to forfeit shares of our common stock to satisfy federal and state withholding obligations upon the exercise of stock options, the settlement of restricted stock unit awards and the vesting of restricted stock awards granted to those individuals under the plans. During the quarter ended March 31, 2020, 15,647 shares were purchased related to these obligations under the LendingTree Sixth Amended and Restated 2008 Stock and Award Incentive Plan and 246 shares were purchased related to these obligations under the LendingTree 2017 Inducement Grant Plan. The withholding of those shares does not affect the dollar amount or number of shares that may be purchased under the stock repurchase program described above.

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The following table provides information about the company's purchases of equity securities during the quarter ended March 31, 2020.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
1/1/2020 - 1/31/2020	409	\$ 307.15	—	\$ 179,673
2/1/2020 - 2/29/2020	14,733	\$ 334.04	—	\$ 179,673
3/1/2020 - 3/31/2020	751	\$ 272.46	—	\$ 179,673
Total	15,893	\$ 330.44	—	\$ 179,673

(1) During January 2020, February 2020 and March 2020, 409 shares, 14,733 shares and 751 shares, respectively (totaling 15,893 shares), were purchased to satisfy federal and state withholding obligations of our employees upon the settlement of restricted stock units, all in accordance with our Sixth Amended and Restated 2008 Stock and Award Incentive Plan and 2017 Inducement Grant Plan, as described above.

(2) See the narrative disclosure above the table for further description of our publicly announced stock repurchase program.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit	Description	Location
3.1	<u>Amended and Restated Certificate of Incorporation of LendingTree, Inc.</u>	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed August 25, 2008
3.2	<u>Fourth Amended and Restated By-laws of LendingTree, Inc.</u>	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed November 15, 2017
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	†
31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	†
32.1	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	††
32.2	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	††
101.INS	XBRL Instance Document — The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	†††
101.SCH	XBRL Taxonomy Extension Schema Document	†††
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	†††
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	†††
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	†††
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	†††
104	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101)	†††

† Filed herewith.

†† Furnished herewith. This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

††† Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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 thereunto duly authorized.

Date: May 5, 2020

LENDINGTREE, INC.

By: /s/ J.D. MORIARTY
J.D. Moriarty
Chief Financial Officer
(principal financial officer and duly authorized officer)

CERTIFICATION

I, Douglas R. Lebda, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2020 of LendingTree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2020

/s/ Douglas R. Lebda

Douglas R. Lebda

*Chairman and Chief Executive Officer
(principal executive officer)*

CERTIFICATION

I, J.D. Moriarty, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2020 of LendingTree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2020

/s/ J.D. Moriarty

J.D. Moriarty

*Chief Financial Officer
(principal financial officer)*

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

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

- (1) the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020 of LendingTree, Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of LendingTree, Inc.

Date: May 5, 2020

/s/ Douglas R. Lebda

Douglas R. Lebda

*Chairman and Chief Executive Officer
(principal executive officer)*

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

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

- (1) the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020 of LendingTree, Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of LendingTree, Inc.

Date: May 5, 2020

/s/ J.D. Moriarty

J.D. Moriarty

Chief Financial Officer

(principal financial officer)