FINAL TRANSCRIPT

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TREE - Q2 2009 Tree.com, Inc. Earnings Conference Call

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PRESENTATION

Operator

Good day and welcome to the Tree.com second-quarter earnings conference call. This call is being recorded.

For opening remarks and introductions I will now turn the call over to the Chairman and CEO of Tree.com, Mr. Doug Lebda. Please go ahead, sir.

Doug Lebda - *Tree.com - Chairman & CEO*

Thanks, operator, and thank you to everyone for joining us today for Tree.com's second-quarter 2009 earnings conference call. First, a quick disclaimer.

During this call we may discuss Tree.com's plans, expectations, outlook, or forecast for future performance. These forward-looking statements typically are preceded by words such as we expect, we believe, we anticipate, we are looking to, or similar statements. These forward-looking statements are subject to risks and uncertainties and Tree.com's actual results could differ materially from the views expressed today.

Some of the risks we have have been set forth in our earnings release and more in the periodic reports filed with the SEC. We will also discuss certain non-GAAP measures such as EBITDA. I refer you to our press release for all the comparable GAAP measures, definitions, a full reconciliation to adjusted EBITDA, and EBITDA to operating losses.

Now let me first address the results for the quarter and how we have progressed against our strategy. Then I will turn it over to Matt and let him fill in the financial details at the business unit level.

Overall, we are pleased with our results this quarter. We posted adjusted EBITDA of $8.2 million, an increase of $11.8 million over prior year and a decrease of $0.6 million from Q1, which is better than we were forecasting at the end of last quarter. We mentioned last quarter that we benefited from a perfect storm when mortgage rates fell during the first quarter due to Fed interventions that resulted in surging volumes, increased lead conversions on our leads, expanding margins, and significantly reduced marketing expenses.

The straightforward explanation behind our Q2 results was that mortgage originations at LendingTree Loans continue to be driven by the tailwinds of these historically low mortgage rates leading into Q2, which continued through the end of May. LTL origination volume increased again this quarter 23% from Q1 while the revenue per loan held at the relatively high levels we realized in Q1. Then in June we saw mortgage rates increased 40 to 50 basis points.

As a result, June loan applications slowed and we have resumed our marketing efforts. We now see that rates seem to have decreased a bit and stabilized somewhat in July, but it appears that the confluence of factors that led to the perfect storm in Q2 have abated. Thus, we expect margins to contract and advertising expenses to increase going forward.

The good news is that the restructuring and process improvements of the last 18 months have resulted in lower G&A and a very efficient operation at LTL. I would like to highlight some of the other areas of continued strategic focus for us as well.

Clearly, growing our non-mortgage business is a continued focus and we recently completed two acquisitions to accomplish just that. In early July we acquired Done Right, a comprehensive directory which allows consumers to find prequalified home improvement contractors in their local area. This acquisition supports the larger Tree.com strategy of expanding into new lead generation verticals. We believe home improvement is an enormous opportunity and we think that the Done Right team and merchants can give us a jumpstart in this category.

Last week we completed the acquisition of LeadRelevance. LeadRelevance works with top online education institutions to market a variety of programs and agrees to consumers. This acquisition fits perfectly with our early-stage online education business, Degree Tree, and like home improvement we think there is great opportunity in the online education area.

In marketing our new LendingTree.com site launched this week -- well, it launched late last week -- and this is a big step forward for our company. For our customers we are embracing the philosophy that LendingTree is more than a qualification form and we are here to give unbiased advice and the right answer for anyone who has or wants a loan. The Thrive product is now integrated into LendingTree as MoneyRight.

Look Before You Lock is giving real-time coaching advice to mortgage borrowers based on any offer they are getting in the market from any mortgage provider. My LendingTree will enable apples-to-apples comparisons for all of your loan offers. For our company, this site launch is exhibit A in our ability to build great products quickly and with very high quality.

Within the core lending exchange our total lender count increased by 27 in the quarter to more than 300. We continue to press forward aggressively on the product development front as well. Our fixed filter product has been well received by lenders and over 30% of our refinance volume is now going through this simplified segmentation process.

Canopy, our new lender-facing portal, has enabled us to provide lenders with real-time volume identification opportunities resulting in better revenue yields for LendingTree and more volume for our lenders. In Q3 we anticipate launching within our short-form business an automated lender sign up product providing a catalyst to adding new lenders and capacity to our network by simplifying and shortening the on-boarding process for lenders.

In June we also rolled out the new RealEstate.com website offering an even faster, easier access to nearly 3 million homes for sale as well as current home values, local resources, and advice for home buyers and sellers. At the heart of the website is Town Square, a real estate social network that creates an open dialogue between home buyers, sellers, and real estate professionals through blogs, forums, wikis, groups, and more.

Now let me turn it over to Matt to take you through the detailed financial results.

Matt Packey - *Tree.com - SVP & CFO*

Thanks, Doug, and good morning to all those on the line today. Before I get into discussing segment results I want to point out that for all historical periods we have conformed our calculations of EBITDA to be consistent with our current presentation, which is simply operating income before interest, taxes, depreciation, and amortization. Our adjusted EBITDA for all periods starts with EBITDA and then excludes non-cash compensation, restructuring charges, impairments, and gains and losses on disposal of assets.

Moving on to the results, the LendingTree Loans segment revenue increased by 5% Q1 '09, increased 44% versus Q2 '08. Revenue from the origination and sale of loans increased from $32.8 million in Q1 to $34.4 million in Q2 reflecting 23% higher loan fundings largely due to continued strong conversion levels driven by low interest rates. This improvement was offset somewhat by higher loan loss provisions.

As we are seeing across the industry continued high unemployment, low home values, and maturing of ARMs with low teaser rates are all contributing to higher borrower default rates. In the quarter we experienced a noticeable uptick in our loan-loss rates, primarily related to loans sold in '06 and '07 and as a result we increased our loss reserves a net $2.3 million in the quarter.

The year-over-year 44% improvement in LTL revenue reflects a 24% increase in fundings as well as a 13% increase in average loan amount. These year-over-year improvements were tempered somewhat by the Q2 uptick in loan loss provisions.

LendingTree Loans adjusted EBITDA decreased $2.8 million quarter-over-quarter, but increased $9.7 million year-over-year. The decrease quarter-over-quarter was primarily driven by an increase in variable costs, such as commissions and direct origination expenses associated with higher volume, but also an increase in marketing costs per lead. Overall, marketing expense increased as a percentage of revenue from 6% in Q1 to 11% in Q2.

This percentage of revenue increase primarily reflects Q2 net revenue being reduced by higher provisions for loan losses and higher intersegment transfer pricing from the exchanges. The higher transfer price is a function of higher cost per lead and lower organic volume at LendingTree.com, both associated with a general uptick in market interest rates since Q1.

On a year-over-year basis LendingTree Loans adjusted EBITDA improved nearly four times Q2 of '08 on higher revenue and reductions in marketing cost per lead. Overall marketing expense improved as a percentage of revenue decreasing to 11% in Q2 of '09 from 22% a year ago, reflecting the current years lower lead acquisition costs and higher levels of organic volume. You will also note a $1 million credit in restructuring, which is due to the renegotiation of our California lease resulting in the release from our remaining payment obligations for two of our previously exited facilities.

Now I will move on to the exchanges. Although still down considerably year-over-year, exchange revenue in Q2 increased by 8% versus Q1. Slight increases in mortgage rates in Q2 over Q1 abated some of our consumer demand, but this was offset by improved conversion metrics for our exchanges. You will note that although total [matched queue ups] were down 9% quarter-over-quarter, we still achieved relatively flat match revenue. This is due to overall increase in the number of matches per loan request, up 5% overall and 8% for refi.

In our year-over-year comparisons it's important to remember that in early 2008 there were five Fed rate reductions. These cuts dramatically increased our volume. At the time the exchange lenders had greater capacity and we were able to monetize more of the free volume coming to our site last year than we were able to in this current environment.

Despite closed units being down 9% quarter-over-quarter, closed loan fee revenue was flat at $6.4 million. This was due to an increase in the average loan amount moving up from $183,000 to $200,000 thereby increasing our average closing fee nearly 10%. The year-over-year 37% decrease in closed loan revenue was driven by a 48% decline in closed units, offset somewhat by a 35% higher average loan amount reflecting the higher mix of home equity loans in the prior year.

The main drivers of the quarter-over-quarter increase in intersegment revenue was an increase in the number of matched loan requests going to LTL up 18% with a rise in the transfer price caused by higher marketing costs per lead.

The Exchanges segment adjusted EBITDA improved $800,000 quarter-over-quarter and $2.2 million year-over-year. The increased quarter-over-quarter was primarily driven by the 8% improvement in revenue offset in part by a 5% increase in operating expenses generally associated with our cost to produce our new TV ads in June. Year-over-year adjusted EBITDA increase is being driven by a 41% decrease in operating expenses. Most notably selling and marketing expense improved as a percentage of revenue decreasing to 60% in Q2 versus 84% a year ago.

However, we don't anticipate this positive trend to continue. Although the marketing team continues to do a great job optimizing our spend improving organic traffic and repeat volume, given the current direction of interest rates and deteriorating volume levels we will have to expand our spending to draw in consumers who may be less inclined to transact in the rising rate environment.

Now I will shift over to real estate. Overall, real estate revenue increased $2 million in Q2 versus Q1, but continues to lag last year down $2.4 million. The improvement since Q1 can be primarily attributed to both a 22% increase in closed units and also higher gross commission revenue earned per transaction through RealEstate.com realtors. So although the average home value per closing is down about 3.5% quarter-over-quarter, a higher proportion of the closings, about 70% in Q2, were through our company-owned brokerage where we earn a much higher fee per transaction.

The 24% decline in revenue from the prior year continues to reflect the tighter housing market in 2009 resulting in about 700 fewer closings. The real estate segment adjusted EBITDA increased $2.2 million quarter-over-quarter primarily attributed to the revenue improvements, but also to the reductions in operating expenses reflecting the restructurings that followed our leadership changes we discussed last quarter.

In our GAAP financials you will notice an asset impairment this quarter. These charges related to the write-down of intangible assets associated with our builder referral network business. Market conditions and new home construction have continued to significantly impair our ability to achieve any meaningful level of transactions in this business, and our new leadership has shifted the primary focus of the consumer offering to the RealEstate.com brand.

We now move on to corporate. Corporate expenses increased 19% quarter-over-quarter and 29% year-over-year. Both the quarter-over-quarter and the year-over-year increase reflected increased professional fees associated with a variety of corporate matters as well as accrual adjustments for our discretionary bonus plan reflecting above target performance. Additionally, on a year-over-year basis we began incurring public company costs in 2009.

Briefly turning to our balance sheet. We ended the quarter with approximately $99 million in cash and restricted cash versus $96 million at the end of Q1 and $89 million at the end of last year. However, as mentioned on our last call, with the terms of our newest warehouse credit agreement the covenant requires us to maintain $44 million of tangible net worth on the LTL balance sheet.

Applying that covenant to the 6/30 LTL balance sheet we met that covenant largely due to the strong cash balances and the spread between the loans in the warehouse lines. So although we have over $83 million of unrestricted cash available on our consolidated balance sheet, a significant portion of that is effectively utilized towards meeting that tangible net worth covenant.

Loans held for sale in warehouse lines both increased nearly 30% over the prior quarter end, both reflecting the increased level of fundings and average loan amounts. We continue to originate only loans that we can sell into the secondary market, primarily conforming product and some FHA. Impaired loans on the balance sheet improved quarter-over-quarter from 63 units down to 56 with a net value decreasing from $2.3 million to $1.9 million.

We continue to achieve a very good turnover on our warehouse lines funding nearly $900 million in the quarter. We are also in discussions with various warehouse line providers with an aim towards completing a new line agreement by the end of the year.

As I noted earlier, this quarter we have seen a significant change in our loan loss experience increasing nearly 250% over Q1. We have, therefore, increased our reserves this quarter with the ending balance of $12 million. As in the past, we will provide detailed tables in our 10-Q related to our loan sales and loss experiences.

We ended the quarter with 10.8 million common shares issued and outstanding, another 1.2 million in options, and 800,000 in RSUs outstanding. We will also provide our normal detailed breakdown of these items in our 10-Q.

With that I would like to hand it back over to the operator for Q&A. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) George Askew, Stifel Nicolaus.

George Askew - *Stifel Nicolaus - Analyst*

Good morning, everybody. Let's see here. As mortgage interest rates have spiked in the last 60 days or so have you -- what kind of trend have you seen in your matched loan requests, both -- over that period? Are you seeing more demand from lenders, for example, within the exchange and what is the consumer doing?

Doug Lebda - *Tree.com - Chairman & CEO*

Sure. Good question; the core of our business model as you know. Any time rates go up we see an immediate reduction in consumer volume. You get fewer people who think rates are low and think they should go apply for a refinance now. You would also get -- as that happened you get increased demand from lenders because their other lead sources are slowing down, they are getting caught up on their backlog, etc. And at that time the number of matches per loan request go up and your transmit rates go up as well.

The challenge is that those two don't necessarily offset. In general, as rates go up it hurts the overall economics of the business and then you are forced to turn advertising back on to produce the consumer demand. So there is a bit of a hedge there on the exchange side with increased lender demand, but it doesn't offset the reduction in consumer demand.

In addition, you would see -- the other offset to that is on the LendingTree Loan side any time rates go up and consumer demand falls you get tightening margins. And generally speaking, a lower conversion rate, because it's harder for people to qualify, which obviously impacts the LTL business negatively.

George Askew - *Stifel Nicolaus - Analyst*

Right. From a branding standpoint it seems clear that with the launch of the new LendingTree.com website that that is going to be your key brand going forward. Is there a positioning strategy for Tree.com as a brand? And then, secondly, what is the timing for the new advertising campaign for LendingTree Loans -- or for LendingTree.com I should say?

Doug Lebda - *Tree.com - Chairman & CEO*

First, just one comment on the LendingTree brand. That is certainly the lead brand -- it's certainly the lead brand at this moment because it drives most of the revenue. That may change over time if Tree.com comes online.

The intent with LendingTree.com is to, I would say, reclaim the position of very clearly on the side of the consumer. We think we have always been there. But we want to really stake a claim even stronger than we have over the last couple of years, particularly in light of the financial meltdown, and back that up with new tools and advice. And the tools that I have been talking about for a year, we have brought those all to fruition on the site and we are getting great reviews. The uptake in the tools is great and consumers like it, lenders like it, and it's working.

On Tree.com, we are still working on it. We are working on the site behind the scenes now. I would expect that you might get a site live late this year or early next year that would start to have some of these other lead generation categories as part of it. But I wouldn't look for anything before then.

The brand positioning of it is going to be 'Where Smart Decisions Start' and it's going to be all about aiding you in the smartest -- aiding you to make the smartest decisions at the most critical times in your life with the big-ticket buying or financing decisions that you are looking to make. And that can really span across categories.

Last question on the ad campaign, it has already started. We have the three new spots we produced in Q2. They are not all three of them on air yet, but they are running right now.

George Askew - *Stifel Nicolaus - Analyst*

Okay. And then just one last question on RealEstate.com, you clearly ramped up the number of agents sequentially here. Is there -- with 20 offices is there any kind of goal on agents per office? And then, secondly, what are you seeing there? Are you seeing folks come back to the industry or are you recruiting more aggressively with the new management? Is there something that has changed?

Doug Lebda - *Tree.com - Chairman & CEO*

Yes, RealEstate.com is certainly I think a bright spot of the quarter. I characterize our actions like this, if you go back six months ago the RealEstate.com patient I would say was in sort of full cardiac arrest with decreasing home values and a business that was losing substantial amounts of money.

We have restructured the business significantly. We have changed the management team. We have changed operational practices inside of that. And I would say the patient now has not only a pulse, but is up -- to continue the analogy -- eating solid food and about to get up and walk around.

The great news is now it's really a matter of scaling that and getting RealEstate.com to be up and off to the races. We are doing that through hiring agents, so the idea there is to not open any new offices. We still have very small market share inside of the existing markets.

We think that RealEstate.com represents a great model for realtors and we are aggressively telling realtors about it. That basically instead of working with your existing brokerage where they give you a desk and a phone and you get to hang their shingle out there, come here.

We are going to give you fantastic training. We are going to give you marketing. And most importantly, we are going to give you live customers sent right to your cell phone and your computer who are ready to transact and do business.

It's a message that is resonating with realtors and as we add more agents we think this business can scale up very nicely.

George Askew - *Stifel Nicolaus - Analyst*

Thank you very much.

Operator

Mark Mahaney, Citi.

Neil Doshi - *Citigroup - Analyst*

Hi, guys. This is [Neil Doshi] for Mark. Congratulations on the quarter.

One question I had was a macro question related to the banking environment. As the rates have gone up and banks are starting to market more on the exchange side and trying to get leads as the organic leads have come down, have you guys seen banks starting to hire more people internally to handle volume or are they still kind of standing off on that front and taking a wait-and-see attitude?

Doug Lebda - *Tree.com - Chairman & CEO*

One thing that I would say is that most of our clients are not necessarily the banks; they are more on the mortgage company side. I would say we have not witnessed much really, if any, hiring.

I think lenders in general are still -- are forecasting that we had a refi boom; it's going to be fairly short-lived. The economy seems to be on the early road to recovery, which means at some point the Fed is going to have to stop this aggressive easing. Rates will go up and I think, in general, lenders are very reluctant to start the hiring spigot.

So now the good news is for us we think we can stem that trend somewhat by increasing the number of clients that we have and by signing up more lenders. We did a good job of that this quarter. Our sales team is getting a lot of traction. That is helped by the fact that the competitors in the mortgage lead gen business are not doing so hot, and that the LendingTree -- in this environment lead quality matters a lot to banks and to mortgage lenders, because they want people that can qualify.

You go back a few years and anybody could qualify so you could buy very low-priced, low-quality leads and convert them. Today you need people that meet predetermined criteria more than ever and you want to make sure you are buying the highest quality leads. And that is what LendingTree has.

Neil Doshi - *Citigroup - Analyst*

And then on the real estate side, it seems like the market has started to improve a little bit. New home sales were up; pricing seems to be improving a little bit around the country. Do you think this trend will continue and should RealEstate.com be able to benefit from that? Or was the improvement that we saw in this quarter mainly related to seasonal cyclicality and we should expect kind of regular seasonality in the business?

Doug Lebda - *Tree.com - Chairman & CEO*

I think there was -- certainly a good bit of this was seasonality, but we are also certainly seeing things thawing. We are seeing bank-owned properties get sold and in general I think we are seeing, and it's bearing out in the macroeconomic numbers that are reported industry wide, things are getting a little bit better. And it feels like we might have seen a bottom in the real estate market.

We are also seeing, I would say, very, very modest share gains in our market which is the thing that we want to focus most on.

Neil Doshi - *Citigroup - Analyst*

Right. And then question on the marketing expenses and how we should think about it going forward. I think this quarter was one of the lowest marketing as a percent of sales that we have seen. Is there any benchmark or anyway we should think about how marketing spend should tick up over the next couple quarters?

Matt Packey - *Tree.com - SVP & CFO*

Yes, Neil. This is Matt. I would say in a normal seasonal environment Q3 and Q4 we would generally have an uptick in marketing spend as a percentage of revenue. I think that might be accentuated a little bit in this particular Q3 and Q4 if rates continue to slowly climb as the economic forecasts I have seen project them to do.

We don't anticipate that it's going to jump back up to prior year levels, but I think somewhere in the range of five percentage points to 10 percentage points, again, based on revenue would be reasonable.

Neil Doshi - *Citigroup - Analyst*

Great. Thanks again. Congrats on the quarter.

Operator

(Operator Instructions) [Brian Gonich], Simmons.

Brian Gonich - *Simmons & Company - Analyst*

Good morning. How much capital did you spend on these acquisitions collectively?

Doug Lebda - *Tree.com - Chairman & CEO*

Brian, year-to-date we have spent $5.5 million and that will be in our 10-Q as well.

Brian Gonich - *Simmons & Company - Analyst*

And how much since the end of the quarter for these last two deals?

Doug Lebda - *Tree.com - Chairman & CEO*

We have not released that publicly.

Brian Gonich - *Simmons & Company - Analyst*

So do you want to give me an order of magnitude? Was it a few million dollars?

Doug Lebda - *Tree.com - Chairman & CEO*

(multiple speakers) The $5.5 million includes what we have spent since the end of the quarter, yes.

Brian Gonich - *Simmons & Company - Analyst*

It does?

Doug Lebda - *Tree.com - Chairman & CEO*

Yes.

Brian Gonich - *Simmons & Company - Analyst*

Okay. So how many companies were you able to -- so you spent $5.5 million for how many different entities?

Doug Lebda - *Tree.com - Chairman & CEO*

Just to be cautious, we didn't buy the entities themselves. We bought selected assets from three different entities.

Brian Gonich - *Simmons & Company - Analyst*

Okay, so three assets. So a topic we have talked about before is you do have a significant amount of cash on the balance sheet and by my math the enterprise value of the Company is probably around $30 million these days. So can you talk about -- when I think about $30 million enterprise value for the whole company, including what you just acquired -- so if you spent $5 million on new assets that implies the rest of the Company is worth $25 million if what you spent was good money.

So what do you think about buying back stock, particularly in the context of having sold 10% of the Company to you, Doug?

Doug Lebda - *Tree.com - Chairman & CEO*

Here is what I think about the stock buyback -- enterprise value and what the Company should be worth, I guess I will leave to others. And kind of what is included and what is I excluded, I will leave that to you all.

The way I think about share buybacks is this, is that we should do it when we have excess cash and when we have nothing to deploy that for internally. And, personally, I don't think either of those are met right now and something that our Board continues to talk about. If either of these things happen or both of these things happen then we would consider it.

On the excess cash side, when you start off with our cash balance and then you say, okay, you have got your restricted cash, you have got your net worth covenant at LTL, you have got your accrued liabilities with loan loss reserves and other liabilities. And then you have got potential other liabilities, whether they be legal or otherwise, and things that will come off over time or that could potentially happen. And then you have just normal working capital and seasonal fluctuations, I don't think we have excess cash. And various analysts have done that math and (multiple speakers)

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Brian Gonich - *Simmons & Company - Analyst*

Well, you spent $5 million in acquisitions, so clearly you had excess cash to do that. And I am all for spending capital to help grow the business and to diversify the business, but you are also going to spend more cash on these new initiatives. So it's a question of alternatives, right? And I think you can't ignore it in the context of where the stock is trading and the overall value of the Company in terms of allocating capital. That is sort of my point.

Doug Lebda - *Tree.com - Chairman & CEO*

But, look, you run -- we are trying to run a company and we are not trying to be in the stock buyback business. And the company is --

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Brian Gonich - *Simmons & Company - Analyst*

No, you are in the business of allocating capital.

Doug Lebda - *Tree.com - Chairman & CEO*

Brian, let me finish my point. The strategy of the Company, as defined by the Board, and the strategy that we have articulated since the spend is that we believe in the LendingTree business, we believe in the LendingTree brand. We have certain assets that we are trying to capitalize on and we are trying to leverage, and we are trying to diversify the business into new lead gen areas.

We are investing in product development, because we believe that a better consumer product that is more relevant to the times we are facing will better serve the long-term strategy of the Company. And, ultimately, if we can increase our earnings and we can increase our revenues that that will benefit the shareholders with a higher stock price and the ability to allocate that capital.

So right now we think our capital is best allocated by running our business and by sticking to that strategy and not by doing share buybacks. Because we don't believe A) we have excess cash and B) we don't believe that there are -- we do believe that we have other opportunities to deploy that cash for growth. And that is what we are focused on.

Brian Gonich - *Simmons & Company - Analyst*

So are you saying that you are not going to be spending additional cash on other acquisitions?

Doug Lebda - *Tree.com - Chairman & CEO*

No. I don't know. Every time -- we actively are looking for -- on the diversification front we are actively exploring, building, buying, and partnering across many verticals. And to the extent that we have -- that we can afford it and to the extent that there are deals out there that meet our criteria we are very, very opportunistic.

I think you will see it by the fact that we haven't spent a lot of cash to get into three new verticals here. We feel really good about that. Generally speaking, we can buy companies that don't have big brands but that have good management teams and good customer structures and give us a bit of a jump start without --.

Brian Gonich - *Simmons & Company - Analyst*

I guess I am hearing a mixed message then. So it sounds like you do have excess cash when it comes to potential acquisitions, but you don't have excess cash when it comes to buying back stock.

Unidentified Company Representative

That is Doug's point though --

Doug Lebda - *Tree.com - Chairman & CEO*

No, I would say you have excess cash to the extent you do not have internal abilities to use that money that you think are going to have more growth down the road. So if I look at doing a couple million dollar stock buyback versus the opportunity to spend money and get a better return on that money by getting us into a new vertical and leveraging our online marketing expertise so that we can grow and diversify the company and execute on our strategy, we think that is a better use of our capital.

Brian Gonich - *Simmons & Company - Analyst*

Again, I am all for growing the Company and diversification, but it also has to be taken in the context of the value of your overall company is all I am trying to say.

Doug Lebda - *Tree.com - Chairman & CEO*

I hear you and we have -- I think we have had the discussion. We have a different point of view. And this is the best way we believe is to deploy our capital is by growing and not buying back stock. And we are not --

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Brian Gonich - *Simmons & Company - Analyst*

Can you quantify how much capital you are prepared to invest across all of these new initiatives?

Doug Lebda - *Tree.com - Chairman & CEO*

No.

Brian Gonich - *Simmons & Company - Analyst*

But you internally must have a figure.

Doug Lebda - *Tree.com - Chairman & CEO*

No, because we look at everything as it comes up. We are --

Brian Gonich - *Simmons & Company - Analyst*

No, I am not saying on new acquisitions. I am saying on things you have already acquired to date and things like RealEstate.com. I understand that there is a strategy to have an integrated diverse offering, but how much capital are you prepared to invest in all of these various initiatives?

Doug Lebda - *Tree.com - Chairman & CEO*

I don't want to release that number.

Brian Gonich - *Simmons & Company - Analyst*

Okay. But you do internally have a number?

Doug Lebda - *Tree.com - Chairman & CEO*

Of course. We look at those things and those numbers change and change regularly as well.

Brian Gonich - *Simmons & Company - Analyst*

Okay. All right, thank you.

Operator

Having no further questions, I would like to turn the call back to management for any additional or closing comments.

Doug Lebda - *Tree.com - Chairman & CEO*

Fantastic. I would like to thank everybody for your time. Appreciate your attention, appreciate your support of the Company, and we look forward to talking to you again in a few months.

Operator

That does conclude today's call. Again, thank you for your participation. You may now disconnect.
