LendingTree, Inc.
Form 10-K
February 28, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2018
or

o	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	26-2414818
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11115 Rushmore Drive, Charlotte, North Carolina 28277
(Address of principal executive offices)
(704) 541-5351
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

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

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý
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 ý No o
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 ý No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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 ý	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o	Emerging growth company o

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. o

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

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of June 29, 2018 was approximately $1,684 million. For the purposes of the foregoing calculation only, all directors and executive officers of the Registrant and the single stockholder who owns in excess of 20% of the voting common stock are assumed to be affiliates of the Registrant.

As of February 20, 2019, there were 12,830,510 shares of the Registrant's common stock, par value $.01 per share, outstanding.

Documents Incorporated By Reference:

Portions of the Registrant's proxy statement for its 2019 Annual Meeting of Stockholders are incorporated by reference into Part III herein.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This annual report on Form 10-K for the fiscal year ended December 31, 2018 (the "Annual Report") contains "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These forward-looking statements include statements related to our anticipated financial performance, business prospects and strategy; anticipated trends and prospects in the various industries in which our businesses operate; new products, services and related strategies; and other similar matters. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as "anticipates," "estimates," "expects," "projects," "intends," "plans" and "believes," among others, generally identify forward-looking statements.

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

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

PART I

ITEM 1. Business

Our Company

LendingTree, Inc. ("LendingTree", the "Company", "we" or "us") operates 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. Through multiple branded marketplaces, LendingTree empowers consumers to shop for financial services the same way they would shop for airline tickets or hotel stays, comparing multiple offers from a nationwide network of over 550 partners (which we refer to as "Network Partners") in one simple search, and choose the option that best fits their financial needs. Services include mortgage loans, mortgage refinances, 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 believe our platform, consisting of a deep network of Network Partners across a broad array of financial products, differentiates us from other loan or insurance comparison-shopping marketplaces which may focus on fewer product offerings or partner with fewer service providers.

Our strategically designed and executed advertising and marketing campaigns (which we refer to as performance marketing) span a wide array of digital and traditional media acquisition channels and promote our LendingTree and other brands and product offerings. Our marketing efforts are designed to attract consumers to our websites and toll-free telephone numbers. Interested consumers complete inquiry forms, providing detailed information about themselves and the loans or other offerings they are seeking. We refer to such consumer inquiries as consumer requests. We then match these consumer requests with Network Partners in our marketplace that are seeking to serve these consumers' needs. We generate revenue from our Network Partners, generally at the time of transmitting a consumer request to them, in the form of a match fee. In certain instances outside our mortgage and insurance business, we charge other kinds of fees, such as closed loan or closed sale fees. In addition to our primary consumer request data referral business, LendingTree also matches consumers with Network Partners via website clicks and calls for which partners pay either front-end or back-end fees.

We are continually working to improve the consumer experience. We have made investments in technologically-adept personnel and we use in-market real-time testing to improve our digital platforms. Additionally, we work with our Network Partners, including providing training and other resources, to improve the consumer experience throughout the process. Further, we have been building and improving our My LendingTree platform, which provides a relationship-based consumer experience, rather than just a transaction-based experience.

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Evolution and Future Growth of Our Business

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

More recently, we have actively sought to expand the suite of financial services offerings we provide to consumers, in order to both leverage the applicability of the LendingTree brand as well as more fully serve the needs of consumers and Network Partners. We believe that consumers with existing LendingTree-branded associations will be more likely to utilize our other service offerings than those of other providers whose brands consumers may not recognize.

In June 2014, we re-launched My LendingTree, a platform that offers a personalized loan comparison-shopping experience, by providing free credit scores 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 have at a given point in time. This is designed to provide consumers with measurable savings opportunities over their lifetimes.

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.

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. We believe that combining ValuePenguin’s high-quality content and search engine optimization capability with recently acquired proprietary technology and insurance carrier network from QuoteWizard.com, LLC ("QuoteWizard") (discussed below) 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 October 31, 2018, we acquired QuoteWizard.com, one of the largest insurance comparison marketplaces in the growing online insurance advertising market. QuoteWizard services clients by driving consumers to insurance companies’ websites, providing leads to agents and carriers, as well as phone transfers of consumers into carrier call centers. We believe this acquisition will establish LendingTree as a leading player in the online insurance advertising industry while continuing our ongoing diversification within the financial services category. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations for the Years ended December 31, 2018, 2017, and 2016 - Revenue."

On July 23, 2018, we acquired Student Loan Hero, Inc. (“Student Loan Hero”), a personal finance website dedicated to helping student loan borrowers manage their student debt. Student Loan Hero offers current and former students in-depth financial comparison tools, educational resources, and unbiased, personalized advice. This strategic transaction allows us to scale our student loan business and provide consumers with the tools and resources to better understand their personal finances and make smarter financial decisions.

On June 11, 2018, we acquired Ovation Credit Services, Inc. (“Ovation”), a leading provider of credit services with a strong customer service reputation. Ovation utilizes a proprietary software application that facilitates the credit repair process and is integrated directly with certain credit bureaus while educating consumers on credit improvement via ongoing outreach with Ovation case advisors. The proprietary software application offers consumers a simple, streamlined process to identify, dispute, and correct inaccuracies within their credit reports. Ovation's experienced management team, strong credit bureau relationships and customized software platform enable us to help more

consumers achieve their original financial goals through the LendingTree platform.
On September 19, 2017, we acquired certain assets of Snap Capital LLC ("SnapCap"). SnapCap is a tech-enabled online platform, which connects business owners with lenders offering small business loans, lines of credit and merchant cash advance products through a concierge-based sales approach. SnapCap's high-touch, high-conversion sales approach with our brand and performance marketing expertise has enabled growth in our small business offering.
On June 20, 2017, we acquired the membership interests of Camino Del Avion (Delaware), LLC, which does business under the name MagnifyMoney. MagnifyMoney is a leading consumer-facing media property that offers editorial content, expert commentary, tools and resources to help consumers compare financial products and make informed financial decisions. The

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MagnifyMoney team brings the expertise and infrastructure to expand content creation and distribution across all of our consumer facing brands, improving our presence and efficacy in acquisition channels such as search engine optimization.

On June 14, 2017, we acquired substantially all of the assets of Deposits Online, LLC, which does business under the name DepositAccounts.com (“DepositAccounts”). DepositAccounts is a leading consumer-facing media property in the depository industry and is one of the most comprehensive sources of depository deals and analysis on the Internet, covering all major deposit product categories through editorial content, programmatic rate tables and user-generated content. This acquisition represented our first offering to address the asset side of the consumer balance sheet.

On November 16, 2016, we acquired Iron Horse Holdings, LLC, which does business under the name CompareCards. CompareCards is a leading online source for side-by-side credit card comparison shopping. CompareCards provides consumers with one centralized location for pertinent credit card information needed to find the best card for their needs. CompareCards’ unique marketing platform and strong relationships with card issuers combined with LendingTree’s scale and organizational support have delivered substantial growth in our credit card business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations for the Years ended December 31, 2018, 2017, and 2016 - Revenue."

These acquisitions continue our diversification strategy.

Products

We currently report our revenues in two product categories: (i) mortgage products and (ii) non-mortgage products. Non-mortgage products include credit cards, personal loans, home equity loans, reverse mortgage loans, auto loans, small business loans, student loans and insurance quotes. Non-mortgage products also include deposit accounts, home improvement referrals and other credit products such as credit repair and debt settlement.

Mortgage and non-mortgage product revenue is as follows (in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Mortgage products	$242,175	$275,910	$219,991
Non-mortgage products	522,690	341,826	164,411
Total revenue	$764,865	$617,736	$384,402

LendingTree does not charge consumers or small businesses for the use of our services, except for credit repair services. Revenues from our mortgage products are mostly derived from upfront match fees paid by Network Partners that receive a consumer request, and in some cases upfront fees for clicks or call transfers. Because a given consumer request form can be matched with more than one Network Partner, up to five match fees may be generated from a single consumer request form. Revenues from our non-mortgage products are derived from upfront match fees paid on delivery of a consumer request, click or call and closed loan fees. For our credit card product, we send click traffic to issuers and are paid per card approval. For the year ended December 31, 2018, there were no Network Partners accounting for more than 10% of total revenue. For the years ended December 31, 2017 and 2016, one Network Partner, Quicken Loans, accounted for 11% and 15% of total revenue, respectively. Another Network Partner, loanDepot, LLC, accounted for 13% of total revenue for the year ended December 31, 2016.

Mortgage Products

Our mortgage products category includes our purchase and refinance products.

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

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

(1) Consumer Request. Consumers complete a single request form with information regarding the type of mortgage loan product they are seeking, loan preferences and other data. Consumers also consent to a soft inquiry regarding their credit.

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(2) Consumer Request Form Matching and Transmission. Our proprietary systems and technology match a given consumer's request form data, credit profile and geographic location against certain pre-established criteria of Network Partners, which may be modified from time to time. Once a given request passes through the matching process, the request is automatically transmitted to up to five participating Network Partners.

(3) Lender Evaluation and Response. Network Partners that receive a consumer request form evaluate the information contained in it to determine whether to make a conditional loan offer.

(4) Communication of a Conditional Offer. All matched Network Partners and any conditional offers are presented to the consumer upon completion of the consumer request form. Consumers can return to the site and view their offer(s) at any time by logging in to their My LendingTree profile. Additionally, matched lenders and offers are also sent to the email address associated with the consumer request.

We also offer consumers other mortgage products such as:

- an alternative "short-form" matching process, which provides them with lender contact information rather than conditional offers from Network Partners, and
- a "rate table" loan marketplace, where consumers can enter their loan and credit profile and dynamically view real-time rates from lenders without entering their contact information.

Non-Mortgage Products

Lending Products. Other lending products on our online marketplace include information, tools and access to multiple conditional loan offers for the following:

- Auto, which includes our auto refinance and purchase loan products. Auto loans enable consumers to purchase new or used vehicles or refinance an existing loan secured by an automobile.
- Credit cards, which include offerings from most major card issuers. As described above, during the fourth quarter of 2016, we purchased CompareCards, a leader in the online credit card comparison industry, enhancing this product.
- Home equity loans and lines of credit, which enable home owners to borrow against the equity in their home, as measured by the difference between the market value of the home and any existing loans secured by the home. Home equity loans are one-time lump sum loans, whereas a home equity line of credit reflects a line of revolving credit where the borrower has flexibility to draw down and repay the line over time.
- Personal loans, which are unsecured obligations generally carrying shorter terms and smaller loan amounts than home mortgages.
- Reverse mortgage loans, which are a loan product available to qualifying homeowners age 62 or older.
- Small business loans, which include a broad array of financing types, including but not limited to loans secured by working capital, equipment, real estate and other forms of financing, provided to small and medium-sized businesses. As described above, during the third quarter of 2017, we purchased SnapCap, an online platform with a concierge-based approach to connecting business owners with sources of credit, enhancing this product.
- Student loans, which includes both new loans to finance an education and related expenses, as well as refinancing of existing loans. During the second quarter of 2016, we purchased SimpleTuition, a leading online marketing platform for student loans, and during the third quarter of 2018, we purchased Student Loan Hero, a personal finance website dedicated to helping student loan borrowers manage their student debt, enhancing this product.

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

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

- Deposit accounts, through which consumers can access depository deals and analysis covering all major deposit product categories. On June 14, 2017, we acquired DepositAccounts.com, a leading consumer-facing media property in the depository industry and is one of the most comprehensive sources of depository deals and analysis on the Internet, covering all major deposit product categories through editorial content, programmatic rate tables and user-generated content.
- Credit repair, through which consumers can obtain assistance improving their credit profiles, in order to expand and improve loan and other financial product opportunities available to them. During the second quarter of 2018, we

purchased Ovation, a leading provider of credit services with a strong customer service reputation, enhancing this product.

- Debt relief services, through which consumers can obtain assistance negotiating existing loans.

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- Home improvement services, through which consumers have the opportunity to research and find home improvement professional services.
- Insurance products, including home and automobile, through which consumers are matched with insurance lead aggregators to obtain insurance offers. We enhanced our insurance products by acquiring QuoteWizard, one of the largest insurance comparison marketplaces in the growing online insurance advertising market, in the fourth quarter of 2018. We also purchased ValuePenguin, a personal finance website that offers consumers objective analysis on a variety of financial topics from insurance to credit cards, in the first quarter of 2019.
- Personal credit data, through which consumers can gain insights into how prospective lenders and other third parties view their credit profiles.
- Real estate brokerage services, through which consumers are matched with local realtors who can assist them in their home purchase or sale efforts.
- Revenue earned through resale of online advertising space to third parties is also classified in other products.

We refer to the various purchasers of leads from our other marketplaces as lead purchasers. We generate revenue from the deposit account product from a consumer clicking from our website through to a financial institution's website. We generate revenue from insurance products through match fees, fees for website clicks or fees for calls. We generate revenue from real estate brokerage services through match fees paid to us by real estate brokers participating in our online marketplace. We generate revenue from credit repair and debt relief services through subscription fees from consumers that enroll in our credit repair product, or a fee for a customer referral to a service provider partner or through a fee at the time a consumer enrolls in a program with one of our partners. Revenue for home services is derived primarily through matching of leads to other home services lead aggregators.

Seasonality

Revenue in our lending business is subject to cyclical and seasonal trends. Home sales (and purchase mortgages) typically rise during the spring and summer months and decline during the fall and winter months, while refinancing and home equity activity is principally driven by mortgage interest rates as well as real estate values. However, in certain historical periods additional factors affecting the mortgage and real estate markets, such as the 2008-2009 financial crisis and ensuing recession have impacted customary seasonal trends.

We anticipate revenue in our newer products to be cyclical as well; however, we have limited historical data to predict the nature and magnitude of this cyclicality. Based on industry data, we anticipate that as our personal loan product matures we will experience less consumer demand during the fourth and first quarters of each year. We also anticipate less consumer demand for credit cards in the fourth quarter of each year and we anticipate higher consumer demand for deposit accounts in the first quarter of each year. The majority of consumer demand for in-school student loan products occurs in the third quarter coinciding with collegiate enrollment in late summer. Other factors affecting our businesses include macro factors such as credit availability in the market, interest rates, the strength of the economy and employment.

Competition

Our lending and other businesses compete with other online marketing companies, including online intermediaries that operate network-type arrangements. We also face competition from lenders and insurance agents that source consumers directly. These companies typically operate consumer-branded websites and attract consumers via online banner ads, keyword placement on search engines, direct mail, television ads, retail branches, realtors, brokers, radio and other sources, partnerships with affiliates and business development arrangements with others, including major online portals.

Corporate History

LendingTree, Inc., is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC. LendingTree, LLC, formerly known as LendingTree, Inc., was incorporated in the state of Delaware in June 1996 and commenced nationwide operations in July 1998. LendingTree, Inc., was acquired by IAC/InterActiveCorp ("IAC") in 2003 and converted to a Delaware limited liability company (LendingTree, LLC) in December 2004. LendingTree, LLC entered the mortgage origination business through the acquisition of Home Loan Center, Inc. in 2004. On August 20, 2008, LendingTree, LLC (along with its parent holding company Tree.com, Inc.) was spun off from

IAC/InterActiveCorp into a separate publicly-traded company. We refer to the separation transaction as the "spin-off" in this report. Tree.com was incorporated as a Delaware corporation in April 2008 in anticipation of the spin-off. The Home Loan Center business was sold to Discover Financial Services in 2012. Since then, the Company has operated as a pure online marketplace and does not originate loans. Effective January 1, 2015, we changed our corporate name from Tree.com, Inc. to LendingTree, Inc.

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Regulation and Legal Compliance

Our businesses market and provide services in heavily regulated industries through a number of different online and offline channels across the United States. As a result, we are subject to a variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States, including:

- Restrictions on the manner in which consumer loans are marketed and originated, including, but not limited to, the making of required consumer disclosures, such as the Federal Trade Commission's Mortgage Advertising Practices ("MAP") Rules, federal Truth-in-Lending Act, the federal Equal Credit Opportunity Act, the federal Fair Credit Reporting Act, the federal Fair Housing Act, the federal Real Estate Settlement Procedures Act ("RESPA"), and similar state laws;
- Restrictions imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd Frank Act") and current or future rules promulgated thereunder, including, but not limited to, limitations on fees charged by mortgage lenders, mortgage broker disclosures and rules promulgated by the Consumer Financial Protection Bureau ("CFPB"), which was created under the Dodd-Frank Act;
- Restrictions on the amount and nature of fees that may be charged to lenders and real estate professionals for providing or obtaining consumer loan requests, such as under RESPA;
- Federal and State laws relating to the implementation of the Secure and Fair Enforcement of Mortgage Licensing Act of 2008 (the "SAFE Act") that require us to be licensed in all States and the District of Columbia (licensing requirements are applicable to both individuals and/or businesses engaged in the solicitation of or the brokering of residential mortgage loans and/or the brokering of real estate transactions);
- State and federal restrictions on the marketing activities conducted by telephone, mail, email, mobile device or the internet, including the Telemarketing Sales Rule ("TSR"), the Telephone Consumer Protection Act ("TCPA"), state telemarketing laws, federal and state privacy laws, the CAN-SPAM Act, and the Federal Trade Commission Act and their accompanying regulations and guidelines;
- State laws requiring licensure for or otherwise imposing restrictions on the solicitation of or brokering of consumer loans which could affect us in our personal loan, automobile loan, student loan, credit card, or other non-mortgage consumer lending businesses;
- Federal and state laws relating to offering of credit repair services to consumers, such as Credit Repair Organizations Act ("CROA") and state level CROA-type statutes.
- Restrictions on the usage and storage of consumer credit information, such as those contained in the federal Fair Credit Reporting Act and the federal CROA; and
- State "Bird Dog" laws which restrict the amount and nature of fees, if any, that may be charged to consumers for automobile direct and indirect financing.

Intellectual Property

We believe that our intellectual property rights are vital to our success. To protect our intellectual property rights in our brand, technology, products, improvements and inventions, we rely on a combination of trademarks, trade secrets, patents and other laws, and contractual restrictions on disclosure, including confidentiality agreements with strategic partners, employees, consultants and other third parties. As new or improved proprietary technologies are developed or inventions are identified, we seek patent protection in the United States and abroad, as appropriate. We have one issued U.S. patent related to the system and method for collecting financial information over a global communications network, which expires in 2032.

Many of our services are offered under proprietary trademarks and service marks. We generally apply to register or secure by contract our principal trademarks and service marks as they are developed and used. We have 28 trademarks and service marks registered with the United States Patent and Trademark Office. These registrations can typically be renewed at 10-year intervals.

We reserve and register domain names when and where we deem appropriate and we currently have over 1,500 registered domain names. We also have agreements with third parties that provide for the licensing of patented and proprietary technology used in our business.

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From time to time, we may be subjected to legal proceedings and claims, or threatened legal proceedings or claims, including allegations of infringement of third-party trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, the use of litigation and other dispute resolution processes, such as Uniform Domain Name Dispute Resolution, may be necessary for us to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations.

Employees

As of December 31, 2018, we had 909 employees, of which approximately 892 are full-time and 17 are temporary or part-time. None of our employees are represented under collective bargaining agreements and we consider our relations with employees and independent contractors to be good.

Additional Information

Website and Public Filings

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

We make available, free of charge through our website, our reports on Forms 10-K, 10-Q and 8-K, our proxy statement for the annual shareholders' meeting and beneficial ownership reports on Forms 3, 4 and 5 as soon as reasonably practicable after we file such material with, or furnish such material to, the SEC. Our filings with the SEC are available to the public over the Internet at the SEC's website at www.sec.gov.

Code of Business Conduct and Ethics

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

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ITEM 1A. Risk Factors

Investing in our common stock involves a high degree of risk. Before making an investment decision, you should carefully consider the risks described below, together with all of the other information included in this annual report and the information incorporated by reference herein. If any of the risks described below, or incorporated by reference into this annual report actually occur, our business, financial condition or results of operations could suffer. In that case, the trading price of our common stock may decline and you may lose all or part of your investment. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, financial condition and results of operations. Certain statements below are forward-looking statements. See the information included under the heading "Cautionary Statement Regarding Forward-Looking Information."

Risks Related to Our Business and Industry

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

Constraints in the primary and secondary mortgage markets have in the past had, and may in the future have, an adverse effect on our business, financial condition and results of operations. Generally, increases in interest rates adversely affect the ability of our mortgage Network Partners to close loans, and adverse economic trends limit the ability of our mortgage Network Partners to offer home loans other than low-margin conforming loans. Our businesses may experience a decline in demand for their offerings due to decreased consumer demand as a result of the conditions described above, now or in the future. The decreased consumer demand for mortgage refinancing typically leads to decreased traffic to our website and higher associated selling and marketing efforts associated with that traffic. While higher lender demand during these periods often leads to an increase in the amount lenders will pay per matched lead and higher revenue earned per consumer, 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. These factors combined to cause lower revenue earned per consumer in the second half of 2018 compared to the prior year period. Conversely, during periods with decreased interest rates, mortgage Network Partners have less incentive to use our marketplaces, or in the case of sudden increases in consumer demand, our mortgage Network Partners may lack the ability to support sudden increases in volume.

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

Our success depends in significant part on the financial strength of lenders and lead purchasers participating on our marketplaces and continuing relationships with such lenders and lead purchases. Network Partners could, for any reason, experience financial difficulties and cease participating on our marketplaces, fail to pay match and/or closing fees when due and/or drop the quality of their services to consumers. We could also have commercial or other disputes with such Network Partners from time to time. The occurrence of one or more of these events with a significant number of Network Partners could, alone or in combination, have a material and adverse effect on our business, financial condition and results of operations.

If we fail to meet certain metrics required by Network Partners, then our business and financial results may be harmed.

We compete against other online marketing companies in significant part based on the quality and convertibility of the leads we generate. Network Partners have expectations as to the quality and conversion rate of the leads that we generate. These expectations sometimes change over time. The leads that we supply to Network Partners may not meet the expectations that they have for such leads. Conversion rates for leads may be impacted by factors other than the lead quality, many of which are outside our control. Such factors include competition in lending and insurance markets and sales practices of Network Partners. Failure to meet the expectations of Network Partners in terms of quality and convertibility of leads may result in reduced fees paid to us by such Network Partners, or in extreme cases, the loss of one or more Network Partners, which could materially and adversely affect our business, financial condition and results of operations.

Failure to maintain brand recognition and attract and retain consumers in a cost-effective manner could materially and adversely affect our business, financial condition and results of operations.
In order to attract visitors to our websites, convert these visitors into loan or other financial product requests for our Network Partners and lead purchasers and generate repeat visits from consumers, our businesses must promote and maintain their various brands. Brand promotion and maintenance requires the expenditure of considerable money and resources for online and offline advertising, marketing and related efforts, as well as the continued provision and introduction of high-quality products and services.

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

Adverse publicity from legal proceedings against us or our businesses, including governmental proceedings and consumer class action litigation, or from the disclosure of information security breaches, could negatively impact our various brands, which could materially and adversely affect our business, financial condition and results of operations. In addition, the actions of our third-party marketing partners who engage in advertising on our behalf could negatively impact our various brands. Furthermore, adverse publicity and the potential corresponding impact on our reputation may be accelerated and amplified by the widespread use of social media platforms.

We depend on search engines, online advertising and other online sources to attract visitors to our websites, and if we are unable to attract these visitors and convert them into consumer requests for our Network Partners in a cost-effective manner, our business and financial results may be harmed.

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

If one or more of the search engines or other online sources on which we rely for website traffic were to modify its general methodology for how it displays our websites, resulting in fewer consumers clicking through to our websites, our business could suffer. If any free search engine traffic on which we rely begins charging fees for listing or placement, or if one or more of the search engines or other online sources on which we rely for purchased listings, modifies or terminates its relationship with us, our expenses could rise, we could lose customers, and traffic to our websites could decrease, all of which could have a material and adverse effect on our business, financial condition and results of operations. In addition, if our online advertisements are not able to reach certain consumers due to consumers' use of ad-blocking software, our business could suffer.

We compete with a number of other online marketing companies, and we face the possibility of new competitors.

We currently compete with a number of other online marketing companies and we expect that competition will intensify. Some of these existing competitors may have more capital or complementary products or services than we do, and they may leverage their greater capital or diversification in a manner that adversely affects our competitive position, including by making strategic acquisitions. In addition, new competitors may enter the market and may be able to innovate and bring products and services to market faster, or anticipate and meet consumer or Network Partner demand before we do. Other newcomers, including major search engines and content aggregators, may be able to leverage their existing products and services or access to data to our disadvantage. We may be forced to expend significant resources to remain competitive with current and potential competitors. If any of our competitors are more successful than we are at attracting and retaining customers or Network Partners, our business, financial condition and results of operations could be materially and adversely affected.

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

Our success depends, in part, on our ability to maintain the integrity of our systems and infrastructures, including websites, information and related systems, call centers and distribution and fulfillment facilities. System interruption and the lack of integration and redundancy in our information systems and infrastructures may materially and adversely affect our ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. We may experience occasional system interruptions that make some or all systems or data unavailable or prevent our businesses from efficiently providing services or fulfilling orders. We also rely on affiliate and third-party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in our systems and infrastructures, our businesses, our affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair the ability of our businesses to provide services, fulfill orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God, unauthorized intrusions or computer viruses, and similar

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events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent our businesses from providing services, fulfilling orders and/or processing transactions. While our businesses have backup systems for certain aspects of their operations, these systems are not fully redundant and disaster recovery planning is not sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these events were to occur, it could materially and adversely affect our business, financial condition and results of operations.

We are also in the process of transitioning certain product exchanges to a new technology platform. The risks associated with this transition include, but are not limited to, operational implementation, downtimes, and diversion of management and technical resources. If the transition to the new platform is more challenging or time consuming than expected, then our business, financial condition and results of operations could be materially and adversely affected.

Breaches or failures of our network and website security, the theft, unauthorized access, acquisition, use, disclosure or misappropriation of personal consumer information, the occurrence of fraudulent activity, or other data security-related incidents may have a material and adverse impact on our business, financial condition and results of operations.

Breaches or failures of security involving our systems and website or those of any of our affiliated third-parties may occur, and could result in the theft, unauthorized access, acquisition, use, disclosure, or misappropriation of personal consumer information, fraudulent activity, or system disruptions or shutdowns. Any breach, penetration, or failure of network security or theft, unauthorized access, acquisition, use, disclosure or misappropriate of personal consumer information collected, processed, or maintained by us or our affiliated third-parties could cause interruptions in the operations of our businesses and subject us to increased costs, litigation, and other liabilities. The occurrence of any real or attempted breach, penetration, or failure of security, or the reporting of such an incident, whether accurate or not, could result in claims made against us or our third-party affiliates for the theft, unauthorized access, acquisition, use, disclosure, or misappropriation of personal information, which could result in state and/or federal litigation and related financial liabilities, as well as criminal penalties or civil liabilities and regulatory actions from state and/or federal governmental authorities. Real or perceived security breaches or failures could also significantly damage our brand and reputation with consumers and third parties with whom we do business and result in adverse publicity, loss of consumer confidence, and reduced sales and profits.

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

We are susceptible to fraudulent activity and data security-related incidents that may be committed against us, our Network Partners or external service providers which may result in financial losses or increased costs to us, disclosure or misuse of our information, theft, unauthorized access, acquisition, use, disclosure or misappropriation of personal information, misappropriation of assets, privacy litigation, regulatory actions, or damage to our reputation. Such fraudulent and malicious activity may take many forms, including check fraud, fraudulent inducement, electronic fraud, wire fraud, computer viruses, phishing, social engineering and other dishonest acts, any of which could be the result of a circumvention or failure of our data security processes, procedures, tools, and controls. Information security breaches and failures may include fraudulent or unauthorized access to systems used by us, Network Partners, or external service providers, denial or degradation of service attacks, and malware, such as ransomware, or other cyber-attacks. We rely on a framework of security, processes, procedures, tools, and controls designed to protect our information and assets, but despite our reasonable efforts to ensure the integrity of our systems and website, it is possible that we may not be able to anticipate or implement effective preventative measures against all security breaches or failures and fraudulent activity, especially because the methods of attack and deception change frequently and because such conduct can originate from a wide variety of sources, including third parties such as external service

providers. As a result, our business, financial condition or results of operations could be adversely affected.
Litigation and indemnification of secondary market purchasers, including a pending case brought by Residential Funding Company, LLC, could have a material and adverse effect on our business, financial condition, results of operations and liquidity.
In connection with the sale of loans to secondary market purchasers, Home Loan Center, Inc. ("HLC") may be liable for certain indemnification, repurchase and premium repayment obligations. For example, in connection with the sale of loans to secondary market purchasers, HLC made certain representations regarding related borrower credit information, loan documentation and collateral. To the extent that these representations were incorrect, HLC may be required to repurchase loans or indemnify secondary market purchasers for losses due to borrower defaults. HLC has made payments for these liabilities in the past and expects to make payments for these liabilities in the future.

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We continue to be liable for these indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of our LendingTree Loans business. We have in the past and intend to continue to negotiate in the future with secondary market purchasers to settle any existing and future contingent liabilities, but we cannot assure you we will be able to do so on terms acceptable to us, or at all.

In the fourth quarter of 2018, the case of Residential Funding Company, LLC v Home Loan Center, Inc., went to trial, and the jury returned a verdict of $28.7 million in favor of the plaintiff. The plaintiff is also seeking up to $28.8 million in attorneys' fees and $30.6 million in pre-judgment interest in addition to the jury verdict amount. As of February 28, 2019, the court has not yet entered judgment in favor of the plaintiff. HLC believes it has strong grounds for appeal and further believes that the plaintiff's demand for attorneys' fees and pre-judgment interest is excessive (and, if granted, would be subject to appeal). HLC intends to vigorously pursue an appeal but we cannot assure you that the appeal will be successful or that even if successful on certain theories, the plaintiff would not receive a substantial recovery upon retrial or otherwise. See Note 15 - Contingencies, in the notes to the consolidated financial statements included elsewhere in this report. We have incurred substantial legal fees in this matter. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Results of Operations for the Years Ended December 31, 2018, 2017 and 2016-Discontinued Operations.

The ultimate outcome of the Residential Funding Company, LLC matter and the outcomes of other pending of indemnification claims, repurchase obligations or premium repayments beyond our reserves for these contingencies, including legal fees we incur, may have a material and adverse effect on our business, financial condition and results of operations.

Difficult market conditions have adversely affected the mortgage industry.

Declines in the housing market from 2006 through early 2012, as measured by the S&P/Case-Schiller 20-city composite home price index, with home price declines and increased foreclosures, unemployment and under-employment, negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities as well as major commercial and investment banks. These write-downs, initially of mortgage-backed securities but subsequently of other asset-backed securities, credit default swaps and other derivative and cash securities, in turn, caused many financial institutions to seek additional capital, merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the housing markets generally and the strength of counterparties, many lenders and institutional investors reduced or ceased providing funding to borrowers, including to other financial institutions. This market disruption and tightening of credit led to an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The resulting economic pressure on consumers and lack of confidence in the financial markets has had in the past and may have in the future, an adverse effect on our business, financial condition and results of operations.

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

A significant portion of our revenue growth in 2017 and 2018 has been driven by our credit card product.

Our credit card product offering is subject to particular risks:

- adverse conditions in the economy may affect credit card issuers and their willingness to issue new credit;
- credit losses among credit card issuers may increase beyond normal and budgeted levels which could cause a reduction in demand;
- interest rate increases may make balance transfer cards less profitable for issuers;
- credit card issuers and other advertisers in the business verticals in which we operate may be unwilling to advertise on our websites or mobile applications;

- changes in application approval rates by credit card issuer customers;
- increased competition and its effect on our website traffic, click-through rates, advertising rates, revenue, margins, and market share;
- ability to provide competitive service to credit card issuers and to consumers using our online offerings and other platforms;

- credit card issuers may determine that the online digital marketing channel is no longer a viable marketing platform for generating new credit card customers;
- our ability to maintain brand recognition for both LendingTree and CompareCards and to effectively leverage the LendingTree brand with the CompareCards brand; and
- our ability to develop new products and services and enhance existing ones.

If our credit card product is impacted by the risks described above, then our results of operations and future growth prospects could be materially and adversely affected.

A significant portion of our revenue growth in 2018 has been driven by our insurance leads business through our acquisition of QuoteWizard, which was completed in October 2018.

The QuoteWizard acquisition poses risks for our ongoing operations, including, among others:

- adverse conditions in the economy may affect insurance carriers and their willingness to issue policies;
- covered losses among insurance carriers may increase beyond normal and budgeted levels which could cause a reduction in demand;
- insurance carriers and other advertisers in the business verticals in which we or QuoteWizard operate may be unwilling to advertise on our or QuoteWizard's websites or mobile applications;
- changes in underwriting approval rates by insurance carrier customers;
- increased competition and its effect on our or QuoteWizard's website traffic, click-through rates, advertising rates, revenue, margins, and market share;
- ability to provide competitive service to insurance carriers and to consumers using QuoteWizard's and our online offerings and other platforms;
- insurance carriers may determine that the online digital marketing channel is no longer a viable marketing platform for generating new insurance customers;
- our ability to maintain brand recognition for both LendingTree and QuoteWizard and to effectively leverage the LendingTree brand with the QuoteWizard brand;
- our ability to develop new products and services and enhance existing ones;
- our ability to retain key employees of QuoteWizard;
- costs and expenses associated with any undisclosed or potential liabilities;
- that the business acquired in the acquisition may not continue to perform as well as anticipated; and
- assumed liabilities associated with QuoteWizard's historical operations, including liabilities arising from privacy and security regulations or security breaches.

If the QuoteWizard business is impacted by the risks described above, then our results of operations and future growth prospects could be materially and adversely affected.

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

Revenue from personal loan offerings was responsible for a significant portion of the growth in the non-mortgage revenue over the last few years. Revenue from our personal loan product increased $46.0 million in 2018 from 2017 and $21.7 million in 2017 from 2016.

Personal loans are unsecured obligations and generally carry shorter terms and smaller loan amounts than mortgages. Because they are unsecured, they are generally riskier assets for lenders than mortgages or other secured loans. Consumer demand for unsecured loans offered on our marketplace is often for refinancing of higher interest credit card debt or for a lower interest alternative to credit card debt for a contemplated larger purchase that would otherwise be purchased with a credit card. Lenders

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participating on our marketplace may reduce their willingness to make personal loans at more attractive interest rates than credit card debt and may for that reason, or for any other reason, reduce their demand for personal consumer requests generated from our personal loan marketplace. Reasons that lenders might reduce their willingness to make personal loans at attractive interest rates may include regulatory changes, stricter institutional lending criteria, a lack of adequate funding sources or capital for loan originations, or increased borrower default levels, which may occur upon adverse changes in regional, national or global economic conditions. Additionally, lenders may tighten their underwriting standards, making it more difficult for consumers to qualify for personal loans. If lenders participating on our marketplace decide to reduce their offerings of personal loans, tighten their underwriting standards, or if personal loans become unattractive to consumers because of higher interest rates demanded by lenders, then our results of operations and future growth prospects could be materially and adversely affected.

Network Partners affiliated with our marketplaces are not precluded from offering products and services outside of our marketplaces, or obtaining products and services from our competitors.

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

Some of our non-mortgage products are new to the market and may fail to achieve or maintain customer acceptance and profitability.

We have launched a number of new non-mortgage products over the last several years. We do not have as much experience with these new non-mortgage products as with the mortgage products and our other mature non-mortgage products. Accordingly, new non-mortgage products may be subject to greater risks than our more mature products. The success of new products we may offer will depend on a number of factors, including:

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

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

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

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

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

We improve our products and services in ways that forego short-term gains.

We are constantly striving to improve the user experience for our consumers who use our websites and applications and for our Network Partners. Some of our changes may have the effect of reducing our short-term revenue or profitability if we believe that the benefits will ultimately improve our financial performance over the long-term. Any short-term reductions in revenue or profitability could be more severe than we anticipate or these decisions may not produce the long-term benefits that we expect, in which case our business and results of operations could be adversely affected.

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

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

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

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

We have been granted patents and from time to time we may have patent applications pending with the United States Patent and Trademark Office and various foreign patent authorities for various proprietary technologies and other inventions. The status of any patent involves complex legal and factual questions, and the breadth of claims allowed is uncertain. Accordingly, any patent application filed may not result in a patent being issued, or existing or future patents may not be adjudicated valid by a court or be afforded adequate protection against competitors with similar technology. In addition, third parties may create new products or methods that achieve similar results without infringing upon patents that we own.

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

From time to time, in the ordinary course of business we are subjected to legal proceedings, claims and counterclaims, or threatened legal proceedings, claims or counterclaims, including allegations relating to misappropriation of trade secrets or infringement of the trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially and adversely affect our business, financial condition and results of operations. Patent litigation tends to be particularly protracted and expensive.

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

Our risk management framework seeks to mitigate risk and appropriately balance risk and return. We have established processes and procedures intended to identify, measure, monitor and report the types of risk to which we are subject, including credit risk, market risk, liquidity risk, operational risk, legal and compliance risk, and strategic risk. We seek to monitor and control our risk exposure through a framework of policies, procedures and reporting requirements. There may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially and adversely affected.

The intended benefits of recent acquisitions may not be realized.

Our acquisitions pose risks for our ongoing operations, including, among others:

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- that senior management’s attention may be diverted from the management of daily operations to the integration of the businesses acquired in the acquisition;
- we may be unable to retain key employees of businesses acquired;
- costs and expenses associated with any undisclosed or potential liabilities;
- that the businesses acquired in the acquisition may not perform as well as anticipated;
- adverse conditions in the economy may affect the lenders or customers of the acquired businesses and their willingness to issue new credit;
- advertisers in the business verticals in which we or the acquired businesses operate may be unwilling to advertise on our websites or mobile applications;
- increased competition and its effect on our or the acquired businesses' website traffic, click-through rates, submitted consumer requests, advertising rates, revenue, margins, and market share;
- our ability to maintain brand recognition for both us and the acquired businesses and to effectively leverage the LendingTree brand with the newly acquired brands;
- our ability to develop new products and services and enhance existing ones;
- assumed liabilities associated with the historical operations of the acquired businesses, including as a result of privacy regulations or data breaches.

As a result of the foregoing, our acquisitions may not be accretive to us in the near term or at all. Furthermore, if we fail to realize the intended benefits of the business acquired in the acquisition, the market price of our common stock could decline to the extent that the market price reflects an expectation of those benefits.

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

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

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

If we fail to manage our growth effectively, our business and results of operations could be harmed.

We have experienced rapid and significant growth in our headcount and operations, including as a result of acquisitions, which places substantial demand on management and our operational infrastructure. As we continue to grow, we must effectively integrate, develop and motivate a large number of new employees, while maintaining the beneficial aspects of our company culture. If we do not manage the growth of our business and operations effectively, the quality of our services and efficiency of our operations could suffer, which could harm our business and results of operations.

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

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

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

The ability of our businesses to provide consumers with a high-quality experience depends, in part, on consumers receiving competitive levels of convenience, customer service, price and responsiveness from Network Partners participating on our other marketplaces with whom they are matched. If these providers do not provide consumers with competitive levels of convenience, customer service, price and responsiveness, the value of our various brands may be harmed, the ability of our businesses to attract consumers to our websites may be limited and the number of consumers matched through our marketplaces may decline, which could have a material and adverse effect on our business, financial condition and results of operations.

A significant portion of our total revenue is derived from two Network Partners, and our results from operations could be adversely affected and stockholder value harmed if we lose significant business from either of these Network Partners.

For the years ended December 31, 2017 and 2016, one Network Partner accounted for 11% and 15% of total revenue. For the year ended December 31, 2016, another Network Partner accounted for 13% of total revenue. If either of these significant Network Partners were to cease purchasing consumer requests and we were unable to replace the associated demand, the loss could have a material adverse effect on our results of operations in the short term and potentially also the longer term. Also, if either Network Partner reduces its volume of consumer requests for any reason, our business could be adversely affected.

Our current lack of geographic diversity exposes us to risk.

Other than a support services office in India, our operations are geographically limited to and dependent upon the economic condition of the United States. As a result of this geographical concentration, we are more vulnerable to downturns or other conditions that affect the US economy. We may choose to expand our operations in order to increase our geographic diversity, and if we do, such expansion would place increased responsibilities on our management, divert resources from other operations and expose us to new risks of foreign operations.

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

We have incurred operating losses from continuing operations at times in our history, and although we were profitable in 2016, 2017 and 2018, we have an accumulated deficit of $610.5 million at December 31, 2018. If we fail to maintain or grow our revenue and manage our expenses, we may incur significant losses in the future and not be able to maintain profitability.

U.S. federal income tax reform could adversely affect us.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (TCJA), which legislation significantly reforms the Internal Revenue Code of 1986, as amended. This tax legislation significantly reduced the U.S. statutory corporate tax rate and made other changes that could have a favorable impact on our overall U.S. federal tax liability in a given period. However, the tax legislation also included a number of provisions, including, but not limited to, the limitation or elimination of various deductions or credits (including for interest expense and for performance-based compensation under Section 162(m) of the Internal Revenue Code), the changing of the timing of the recognition of certain income and deductions or their character, and the limitation of asset basis under certain

circumstances, that could significantly and adversely affect our U.S. federal income tax position. The legislation also made changes to the tax rules applicable to financial institutions and other entities with which we do business.
We revalued deferred tax assets at December 31, 2017 in light of the changes in the TCJA, and we recorded a net tax expense of $9.1 million during the fourth quarter of 2017.

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The impact of the TCJA and associated anticipated regulations on future years may be material to our consolidated financial statements. For example, we have historically relied extensively on performance-based compensation for our executive officers. The non-deductibility of future performance-based compensation to executive officers, and the expanded definition of “covered employees” whose compensation is subject to Section 162(m) may have material adverse effects on our effective tax rates. In addition, the limitations on the deductibility of interest may affect our anticipated tax benefits for the convertible note and hedge transactions described in Note 13—Debt to the consolidated financial statements included elsewhere in this report. We continue to examine the impact this tax reform legislation may have on our business. The impact of this tax reform on holders of our common stock is uncertain and could be adverse. Similarly, changes in tax laws and regulations that impact our Network Partners or the economy generally may also impact our financial condition and results of operations.

In addition, tax laws and regulations are complex and subject to varying interpretations, and any significant failure to comply with applicable tax laws and regulations in all relevant jurisdictions could give rise to substantial penalties and liabilities. Any changes in enacted tax laws (such as the recent U.S. tax legislation), rules or regulatory or judicial interpretations; any adverse outcome in connection with tax audits in any jurisdiction; or any change in the pronouncements relating to accounting for income taxes could materially and adversely impact our effective tax rate, tax payments, financial condition and results of operations.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2018, we had pre-tax consolidated federal net operating losses (“NOLs”) of $203.5 million. The federal NOLs no longer expire under the new TCJA. Our NOLs will be available to offset taxable income subject to the limitations found in Internal Revenue Code Sections 382 and 383. In addition, we have state NOLs of approximately $498.5 million at December 31, 2018, that will expire at various times between 2020 and 2038. If we experience one or more ownership changes in the future as a result of future transactions in our stock, our ability to utilize NOLs could be limited. Our ability to use our NOLs was limited by the TCJA. See "U.S. federal income tax reform could adversely affect us."

We will need to relocate our corporate headquarters due to our growth and we may experience costs and risks associated with our ownership of a two-building office complex we purchased in Charlotte, North Carolina.

Our principal executive offices are currently located in approximately 37,800 square feet of office space in Charlotte, North Carolina under a lease that expires in December 2020. We have determined that we will need to relocate our principal executive offices to accommodate our growth and we are in the process of selecting an alternative site. We will incur relocation costs associated with the movement of employees to a new principal executive office or other sites. We may experience loss of employees or lost employee productivity resulting from this relocation and other work location changes necessitated by our growth. Any of these costs and risks may negatively impact our earnings and cause our stock price to decline.

In December 2016, we completed the purchase of two office buildings in Charlotte, North Carolina for an aggregate purchase price of $23.5 million. We currently lease a portion of this space to other tenants. We acquired these buildings with the intent to use such buildings as our principal executive offices in the future, and rent any unused space. In November 2018, our board of directors approved a plan to sell these two office buildings and they were classified as held for sale. In February 2019, we agreed to sell these buildings to an unrelated third party. For additional information, see Item 9B. Other Information and Note 7 - Assets Held For Sale in the notes to the consolidated financial statements included elsewhere in this report. There are costs and risks associated with our leasing and holding this real estate for sale, including:

- real estate taxes and maintenance costs;
- financial difficulties or lease defaults by our tenants;
- tenant turnover and loss of potential tenants to competing landlords;
- actions by competing landlords that may decrease or prevent increases in the occupancy and rental rates of our properties;
- costs of compliance with governmental rules and regulations, including the Americans with Disabilities Act, and zoning laws and potential liability thereunder;

- changes in the cost or availability of adequate insurance, including coverage for mold and asbestos;
- costs associated with environmental conditions or retained liabilities for such conditions;
- costs associated with remodeling the buildings;
- securing required governmental construction, zoning or other approvals and permits;
- management of modifications in the design to the size and scope of the remodeling or other unforeseen engineering problems;

- exposure to real estate market conditions affecting the marketability and realizable value of the property;
- the risk that binding purchase agreements for the sale of properties such as these buildings customarily have a post-signing inspection period during which the buyer is able to terminate the agreement with limited remedies to us as the seller; and
- the potential for retained liabilities following a sale, such as those imposed under environmental laws or that we may otherwise agree to.

Our Revolving Credit Facility contains financial covenants and other restrictions on our actions, and it could therefore limit our operational flexibility or otherwise adversely affect our financial condition. Failure to comply with the terms of any such facility could impair our rights to the assets that have been pledged as collateral under the facility.

On November 21, 2017, our wholly-owned subsidiary LendingTree, LLC entered into an amended and restated $250.0 million five-year senior secured revolving credit facility which matures on November 21, 2022 (the "Revolving Credit Facility"). On October 26, 2018, we amended the Revolving Credit Facility to increase its borrowing capacity by $100.0 million to $350.0 million. Borrowings under the Revolving Credit Facility can be used to finance working capital needs, capital expenditures, and general corporate purposes, including to finance permitted acquisitions. As of February 28, 2019, there was $195.0 million borrowed under the Revolving Credit Facility.

The Revolving Credit Facility contains a restrictive financial covenant, which limits the total consolidated debt to an EBITDA ratio. In addition, the Revolving Credit Facility contains customary affirmative and negative covenants, including, subject to certain exceptions, restrictions on our ability to, among other things:

- incur additional indebtedness;
- grant liens;
- make loans and investments;
- enter into mergers or make certain fundamental changes;
- make certain restricted payments, including dividends, distributions, stock repurchases or redemptions;
- sell assets;
- enter into transactions with affiliates;
- enter into restrictive transactions;
- enter into sale and leaseback transactions;
- enter into hedging transactions; and
- engage in certain other transactions without the prior consent of the lenders.

The 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).

If an event of default occurs or if we otherwise fail to comply with any of the negative or affirmative covenants of the Revolving Credit Facility, the lenders may declare all of the obligations and indebtedness under such facility due and payable. In such a scenario, the lenders could exercise their lien on the pledged collateral, which would have a material adverse effect on our business, operations, financial condition and liquidity. For additional information on the Revolving Credit Facility, see Note 13—Debt, in the notes to the consolidated financial statements included elsewhere in this report.

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

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

Charges to earnings resulting from acquisitions may adversely affect our operating results.

Under GAAP, when we acquire businesses, we allocate the purchase price to tangible assets and liabilities and identifiable intangible assets acquired at their acquisition date fair values. Any residual purchase price is recorded as goodwill. We also estimate the fair value of any contingent consideration. Our estimates of fair value are based upon assumptions believed to be reasonable but which are uncertain and involve significant judgments by management. After we complete an acquisition, the following factors could result in material charges and adversely affect our operating results and may adversely affect our cash flows:

- costs incurred to combine the operations of companies we acquire, such as transitional employee expenses and employee retention or relocation expenses;
- impairment of goodwill or intangible assets;
- a reduction in the useful lives of intangible assets acquired;
- impairment of long-lived assets;
- identification of, or changes to, assumed contingent liabilities;
- changes in the fair value of any contingent consideration;
- charges to our operating results due to duplicative pre-merger activities;
- charges to our operating results from expenses incurred to effect the acquisition; and
- charges to our operating results due to the expensing of certain stock awards assumed in an acquisition.

Substantially all of these potential charges would be accounted for as expenses that would decrease our net income and earnings per share for the periods in which those costs are incurred. Charges to our operating results in any given period could differ substantially from other periods based on the timing and size of our acquisitions and the extent of acquisition accounting adjustments.

For acquisitions with potential future contingent consideration payments, we assign a fair value to the contingent consideration and reassess this fair value quarterly. Increases or decreases based on the actual performance of the acquired company against the contingent consideration targets or other factors will cause decreases or increases, respectively, in our results of operations. These quarterly adjustments could have a material adverse effect on our results of operations. During 2018 and 2017, we incurred $10.8 million and $23.9 million, respectively, of contingent consideration expense due to the change in estimated fair value of the earnout payments.

Risks Related to Compliance and Regulation

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

We market and provide services in heavily regulated industries through a number of different channels across the United States. As a result, our businesses have been and remain subject to a variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States, which are subject to change at any time. The failure of our businesses to comply with past, existing or new laws, rules and regulations, or to obtain and maintain required licenses, could result in administrative fines and/or proceedings against us or our businesses by governmental agencies and/or litigation by consumers, which could materially and adversely affect our business, financial condition and results of operations and our brand.

Our businesses conduct marketing activities via the telephone, the mail and/or through online marketing channels, which general marketing activities are governed by numerous federal and state regulations, such as the Telemarketing Sales Rule, state

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telemarketing laws, federal and state privacy laws, the CAN-SPAM Act, the Telephone Consumer Protection Act and the Federal Trade Commission Act and its accompanying regulations and guidelines, among others. Increased regulation by the U.S. Federal Trade Commission ("FTC") and Federal Communications Commission ("FCC") has resulted in restrictions on telephone calls to residential and wireless telephone subscribers.

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

State, federal and foreign lending laws and regulations generally require accurate disclosure of the critical components of credit costs so that consumers can readily compare credit terms from various lenders. These laws and regulations also impose certain restrictions on the advertisement of these credit terms. Because we are an aggregator of rate and other information regarding many financial products, including mortgages, deposits and credit cards, we may be subject to some of these laws and regulations and we may be held liable under these laws and regulations for information provided through our online services. The insurance industry is also subject to numerous federal and state laws and regulations, including licensing requirements.

Our operations in India may subject us to the Foreign Corrupt Practices Act of 1977 (“FCPA”) and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. persons and issuers for the purpose of obtaining or retaining business.

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

Most states require licenses to solicit, broker or make loans secured by residential mortgages and other consumer loans to residents of those states, as well as to operate real estate referral and brokerage services, and in many cases require the licensure or registration of individual employees engaged in aspects of these businesses. Further, as mandated by the federal Secure and Fair Enforcement for Mortgage Licensing Act (the "SAFE Act"), states adopted certain minimum standards for the licensing of individuals involved in mortgage lending or loan brokering. Compliance with these requirements may render it more difficult for us and our Network Partners to operate or may raise our internal costs or the costs of our Network Partners, which may be passed on to us through less favorable commercial arrangements. While our businesses have endeavored to comply with applicable requirements, the application of these requirements to persons operating online is not always clear. Moreover, any of the licenses or rights currently held by our businesses or our employees may be revoked prior to, or may not be renewed upon, their expiration. In addition, our businesses or our employees may not be granted new licenses or rights for which they may be required to apply from time to time in the future.

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

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

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

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

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

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

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

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

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

Our failure, and/or the failure by the various third-party vendors and service providers with whom we do business, or the perceived failure, to comply with applicable privacy and data security policies, procedures, or controls, or federal, state or similar international laws and regulations or any compromise of security that results in the theft, unauthorized access, acquisition, use, disclosure, or misappropriation of personally identifiable information or other user data could damage the reputation of these businesses, discourage potential users from our products and services and/or result in fines and/or proceedings or litigation by governmental agencies and/or consumers, one or all of which could materially and adversely affect our business, financial condition and results of operations.

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

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

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If Network Partners fail to produce required documents for examination by, or other affiliated parties fail to make certain filings with, state regulators, we may be subject to fines, forfeitures and the revocation of required licenses.
Some of the states in which our businesses maintain licenses require them to collect various loan documents from Network Partners and produce these documents for examination by state regulators. While Network Partners are contractually obligated to provide these documents upon request, these measures may be insufficient. Failure to produce required documents for examination could result in fines, as well as the revocation of our licenses to operate in certain states, which could have a material and adverse effect on our business, financial condition and results of operations.
Regulations promulgated by some states may impose compliance obligations on directors, executive officers, large customers and any person who acquires a certain percentage (for example, 10% or more) of the equity in a licensed entity, including requiring such persons to periodically file financial and other personal and business information with state regulators. If any such person refuses or fails to comply with these requirements, we may be unable to obtain certain licenses and existing licensing arrangements may be jeopardized. The inability to obtain, or the loss of, required licenses could have a material and adverse effect on our business, financial condition and results of operations.
Risks Related to an Investment in our Common Stock
Fluctuations in our operating results, quarter to quarter earnings and other factors may result in significant decreases in the price of our common stock.
The market price for our common stock has been volatile since our spin-off. In addition, the trading volume in our common stock has fluctuated and may continue to fluctuate, causing significant price variations to occur. As of December 31, 2018, since our spin-off, the price per share of our common stock has fluctuated from an intra-day low of $1.42 per share to an intra-day high of $404.40 per share. The market price of our common stock may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our common stock or result in fluctuations in the price or trading volume of our common stock include:

- variations in our quarterly operating and financial results;
- variations in our projected operating and financial results;
- failure to meet analysts' earnings estimates;
- publication of research reports about us, our Network Partners or our industry or the failure of securities analysts to cover our common shares or our industry;
- additions or departures of key management personnel;
- adverse market reaction to any indebtedness we may incur or preferred or common shares we may issue in the future;
- actions by stockholders, including "activist" investors;
- changes in market valuations of other companies in our industry, including our customers and competitors;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- speculation in the press or investment community, including short selling;
- changes or proposed changes in laws or regulations affecting our industry or enforcement of these laws and regulations, or announcements relating to these matters;
- changes in estimated fair value of contingent consideration related to acquisitions; and
- changes in general economic or market conditions.

Recently, and in the past, the stock market has experienced extreme price and volume fluctuations. These market fluctuations could result in extreme volatility in the trading price of our common stock, which could cause a decline in the value of your investment in our common shares. In addition, the trading price of our common stock could decline for reasons unrelated to our business or financial results, including in reaction to events that affect other companies in our industry even if those events do not directly affect us. You should also be aware that price volatility may be greater if the public float and trading volume of our common stock are low. These factors may result in short-term or long-term negative pressure on the value of our common stock.

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

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

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

As of February 20, 2019, Douglas Lebda, our Chairman and Chief Executive Officer, beneficially owned approximately 17% of our outstanding common stock. Additionally, Mr. Lebda holds restricted stock unit awards representing 9,896 shares and options to purchase a maximum of 797,082 shares that are not included in beneficial ownership because Mr. Lebda does not have the right to acquire them within 60 days. If these restricted stock units were to settle and these options were exercisable, they would represent additional beneficial ownership of approximately 5% of our outstanding common stock. As of February 20, 2019, GCI Liberty, Inc. beneficially owned approximately 27% of our outstanding common stock. GCI Liberty, Inc. also has the right to nominate 20% of the total number of directors serving on the board, rounded up. Two of our ten directors, Neal Dermer and Craig Troyer, were nominated by Liberty Interactive Corporation, the predecessor in interest of GCI Liberty, Inc.

Therefore, for the foreseeable future, Mr. Lebda and GCI Liberty, Inc. will each have influence over our management and affairs and all matters requiring stockholder approval, including the election or removal (with or without cause) of directors and approval of any significant corporate transaction, such as a merger or other sale of us or our assets. The interests of Mr. Lebda or GCI Liberty, Inc. may not necessarily align with the interests of our other stockholders. Mr. Lebda or GCI Liberty, Inc. could elect to sell a significant interest in us and you may receive less than the then-current fair market value or the price you paid for your shares as a result of such transaction. This concentrated control could delay, defer or prevent a change of control, merger, consolidation, takeover or other business combination involving us that other stockholders may otherwise support. This concentrated control could also discourage a potential investor from acquiring our common stock and might harm the market price of our common stock.

Future sales of common stock by our existing stockholders may cause our stock price to fall.

The market price of our common stock could decline as a result of sales by our existing stockholders in the market, or the perception that these sales could occur. These sales might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate.

We may issue additional shares of our common stock in the future pursuant to current or future equity incentive plans, or in connection with current or future acquisitions or financings. If we were to raise capital in the future by selling shares of our common stock, or securities that are convertible into our common stock or issuing shares of our common stock in a business acquisition, their issuance would have a dilutive effect on the percentage ownership of our stockholders and, depending on the prices at which such shares or convertible securities are sold or issued, on their investment in our common stock and, therefore, could have a material adverse effect on the market prices of our common stock.

Under a registration rights agreement with GCI Liberty, Inc., GCI Liberty, Inc. and its permitted transferees are entitled to three demand registrations rights (and unlimited piggyback registration rights) in respect of the shares of our common stock received by GCI Liberty, Inc. as a result of the spin-off and other shares of our common stock acquired by GCI Liberty, Inc. or its affiliates. These holders will also be permitted to exercise their registration rights in connection with certain hedging transactions that they may enter into in respect of the registrable shares. The presence of additional shares of our common stock trading in the public market, as a result of the exercise of such registration rights, may have an adverse effect on the market price of our securities.

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

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

- Authorize our board of directors to issue, without further action by our stockholders, up to five million shares of undesignated preferred stock, sometimes referred to as "blank check preferred";

- Prohibit cumulative voting in the election of directors;
- Provide that vacancies on our board of directors may be filled only by the affirmative vote of a majority of directors then in office or by the sole remaining director;
- Provide that only our board of directors may change the size of our board of directors;
- Specify that special meetings of our stockholders may be called only by or at the direction of our board of directors or by a person specifically designated with such authority by the board; and
- Prohibit stockholders from taking action by written consent.

The provisions described above may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing our management. These provisions may also have the effect of delaying or preventing a change of control of our company, even if stockholders support such a change of control.

We do not intend to pay any cash dividends on our common stock in the foreseeable future.

We have not declared or paid a cash dividend on our common stock during the six most recent fiscal years. We have no current intention to declare or pay cash dividends on our common stock in the foreseeable future. In addition, the Revolving Credit Facility contains certain restrictions on our ability to pay dividends. See Note 13—Debt, in the notes to the consolidated financial statements included elsewhere in this report. The declaration, payment and amount of future cash dividends, if any, will be at the discretion of our board of directors. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for the foreseeable future for holders of our common stock.

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

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

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

While the conditional conversion feature of the 0.625% Convertible Senior Notes due June 1, 2022 (the “Notes”) is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. Because of the trading price of our common stock during the measurement period applicable to the quarter ended December 31, 2018, holders of the Notes are not entitled to convert the Notes during the calendar quarter ending March 31, 2019. Convertibility for each quarter thereafter will be determined based on whether the last reported sales price of our common stock, for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days 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 under the Notes on each applicable trading day. If so, then the Notes will be convertible during that calendar quarter. The Notes will also be convertible at any time during the five business day period immediately following any five consecutive trading day period in which the trading price per $1,000 principal amount of Notes for each trading Day of such five trading day period is less than 98% of the product of the last reported sale price of our common stock on each such trading day and the conversion ratio under the Notes, as more fully described in the indenture governing the Notes, which is incorporated by reference as an exhibit to this annual report.

If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

We may not have the ability to raise the funds necessary to settle conversions of the Notes in cash or to repurchase the Notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the Notes.

Holders of the Notes will have the right to require us to repurchase all or a portion of their Notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid special interest, if any. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes surrendered therefore, or pay cash with respect to Notes being converted if we elect not to issue shares, which could harm our reputation and affect the trading price of our common stock.

Our hedge and warrant transactions may affect the value of the Notes and our common stock.

In connection with the pricing of the Notes, we entered into convertible note hedge transactions with certain counterparties. The hedge transactions are generally expected to reduce the potential dilution upon conversion of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be. We also entered into warrant transactions with such counterparties. However, the warrant transactions could separately have a dilutive effect to the extent that the market price per share of our common stock exceeds the applicable strike price of the warrants. The initial strike price of the warrants is $266.39.

In connection with establishing their initial hedge of the hedge and warrant transactions, the counterparties or their respective affiliates may have purchased shares of our common stock and/or entered into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the Notes. In addition, the counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Notes (and are likely to do so during any observation period related to a conversion of Notes or following any repurchase of Notes by us on any fundamental repurchase date or otherwise). This activity could cause or avoid an increase or a decrease in the market price of our common stock or the Notes.

The accounting method for convertible debt securities that may be settled in cash, such as the Notes, could have a material effect on our reported financial results.

In May 2008, the FASB issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as ASC 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20. Under ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. The effect of ASC 470-20 on the accounting for the Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders’ equity on our consolidated balance sheet, and the value of the equity component would be treated as debt discount for purposes of accounting for the debt component of the Notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the Notes to their face amount over the term of the Notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include the current period’s amortization of the debt discount, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the Notes.

We may still incur substantially more debt in the future or take other actions which would intensify the risks associated with our debt.

We and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We are not restricted under the terms of the indenture governing the Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the Notes that could have the effect of diminishing our ability to make payments on the Notes when due. Our existing credit facility restricts our ability to incur additional indebtedness, including secured indebtedness, but if the facility matures or is repaid, we may not be subject to such restrictions under the terms of any subsequent indebtedness.

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

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Our principal executive offices are currently located in approximately 37,800 square feet of office space in Charlotte, North Carolina under a lease that expires in December 2020. We have determined that we will need to relocate our principal executive offices to accommodate our growth and we are in the process of selecting an alternative site. In addition, we have offices located in approximately 9,400 square feet of office space in Burlingame, California under a lease that expires in March 2020 and approximately 9,400 square feet, 13,100 square feet and 27,800 square feet of additional office space in Charlotte, North Carolina under leases that expire in April 2019, December 2020 and September 2021, respectively. As a result of our acquisitions during 2018, 2017 and 2016, we also operate offices in: Charleston, South Carolina; Denver, Colorado; Jacksonville, Florida; New York City, New York; Northbrook, Illinois; Sacramento, California; Seattle, Washington; and Makarba, India.

In December 2016, we completed the acquisition of two office buildings in Charlotte, North Carolina, with approximately 64,000 and 73,000 square feet of office space, respectively. In November 2018, the office buildings were classified as held for sale. In February 2019, we agreed to sell these buildings to an unrelated third party. For additional information, see Item 9B. Other Information and see Note 7—Assets Held for Sale in the notes to the consolidated financial statements included elsewhere in this report.

ITEM 3. Legal Proceedings

In the ordinary course of business, we are party to litigation involving property, contract, intellectual property and a variety of other claims. The amounts that may be recovered in such matters may be subject to insurance coverage. See Note 15—Contingencies in the notes to the consolidated financial statements included elsewhere in this report for a discussion of our current and recently settled litigation.

ITEM 4. Mine Safety Disclosures

Not applicable.

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PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

General Market Information, Holders and Dividends

Our common stock is quoted on the Nasdaq Global Select Market under the ticker symbol "TREE". As of February 20, 2019, there were approximately 660 holders of record of our common stock.

We have no current intention to declare or pay cash dividends on our common stock in the foreseeable future. The declaration, payment and amount of future cash dividends, if any, will be at the discretion of our board of directors.

Performance Graph

The performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filings under the Securities Act or the Exchange Act, except as otherwise expressly set forth by specific reference in such filing.

Set forth below is a line graph, for the period from December 31, 2013 through December 31, 2018, comparing the cumulative total stockholder return of $100 invested (assuming that all dividends were reinvested) in (1) our common stock, (2) the cumulative return of all companies listed on the Nasdaq Composite Index and (3) the cumulative total return of the Research Development Group ("RDG") Internet index. Returns over the indicated periods should not be considered indicative of future stock prices or stockholder returns.

Unregistered Sales of Equity Securities and Use of Proceeds

During the year ended December 31, 2018, we did not issue or sell any shares of our common stock or other equity securities in transactions that were not registered under the Securities Act.

Issuer Purchases of Equity Securities

In each of May 2014, January 2016, February 2016, 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 $10.0 million, $50.0 million, $40.0 million, $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 December 31, 2018, 174,139 shares of common stock were repurchased under the stock repurchase program. As of February 28, 2019, approximately $181.2 million is authorized for future share repurchases.

Additionally, the LendingTree Fifth 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 December 31, 2018, 8,586 shares were purchased related to these obligations under the LendingTree Fifth Amended and Restated 2008 Stock and Award Incentive Plan and no shares have yet been 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.

The following table provides information about the Company's purchases of equity securities during the quarter ended December 31, 2018.

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)	Maximum Number/Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in thousands)
10/1/18 - 10/31/18	177,185	$ 203.46	174,039	$ 35,163
11/1/18 - 11/30/18	4,915	$ 231.70	—	$ 35,163
12/1/18 - 12/31/18	625	$ 233.24	100	$ 35,143
Total	182,725	$ 204.32	174,139	$ 35,143

(1) During October 2018, November 2018 and December 2018, 3,146 shares, 4,915 shares and 525 shares, respectively (totaling 8,586 shares), were purchased to satisfy federal and state withholding obligations of our employees upon the settlement of restricted stock unit awards, all in accordance with our Fifth Amended and Restated 2008 Stock and Award Incentive Plan, as described above.

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

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ITEM 6. Selected Financial Data

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

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands, except per share amounts)				
Results of Operations:					
Revenue[1]	$764,865	$617,736	$384,402	$254,216	$167,350
Income (loss) from continuing operations [2]	109,319	19,418	31,208	51,316	(487)
(Loss) income from discontinued operations [3]	(12,820)	(3,840)	(3,714)	(3,269)	9,849
Net income and comprehensive income	$96,499	$15,578	$27,494	$48,047	$9,362
Weighted average shares outstanding:					
Basic	12,504	11,945	11,812	11,516	11,188
Diluted	14,097	13,682	12,773	12,541	11,188
Income (loss) per share from continuing operations:					
Basic	$8.74	$1.63	$2.64	$4.46	$(0.04)
Diluted	$7.75	$1.42	$2.44	$4.09	$(0.04)
(Loss) income per share from discontinued operations:					
Basic	$(1.03)	$(0.32)	$(0.31)	$(0.28)	$0.88
Diluted	$(0.91)	$(0.28)	$(0.29)	$(0.26)	$0.88
Net income per share:					
Basic	$7.72	$1.30	$2.33	$4.17	$0.84
Diluted	$6.85	$1.14	$2.15	$3.83	$0.84
Cash dividend per share	$—	$—	$—	$—	$—
Financial Position:					
Cash and cash equivalents [4] [5] [6] [7] [8] [9]	$105,102	$368,550	$91,131	$206,975	$86,212
Total assets [4] [7]	$896,115	$693,459	$323,427	$295,781	$139,891
Total long-term liabilities [5] [7] [8] [9]	$287,954	$251,069	$25,285	$612	4,889
Total shareholders' equity [4] [7]	$346,208	$294,874	$231,435	$241,142	$96,366

(1) See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Years Ended December 31, 2018, 2017 and 2016—Revenue for a discussion of revenue.

(2) In 2015, we released the majority of the valuation allowance, which, along with federal and state income taxes, resulted in a total tax benefit of $23.0 million.

(3) See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Years Ended December 31, 2018, 2017 and 2016—Discontinued Operations for a discussion of discontinued operations.

(4) In November 2015, we completed an equity offering of 852,500 shares of our common stock, receiving net proceeds of $91.5 million.

(5) In November 2016, we acquired CompareCards for $80.7 million in cash at closing and contingent consideration payments of up to $22.5 million for each of 2017 and 2018. Total long-term liabilities at the end of 2016 included the fair value of the contingent consideration of $23.1 million. The full potential contingent consideration of $45.0 million was paid in 2018.

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(6) In December 2016, we acquired two office buildings in Charlotte, North Carolina for $23.5 million in cash. In November 2018, the office buildings were classified as held for sale. For additional information, see Note 7—Assets Held for Sale and Note 22—Subsequent Events in the notes to the consolidated financial statements included elsewhere in this report.

(7) In May 2017, we issued $300.0 million aggregate principal amount of our 0.625% Convertible Senior Notes due June 1, 2022 and, in connection therewith, entered into Convertible Note Hedge and Warrant transactions with respect to our common stock. For more information, see Note 13—Debt, in the notes to the consolidated financial statements included elsewhere in this report.

(8) In June 2017, we acquired DepositAccounts for $24.0 million in cash at closing and contingent consideration payments of up to $9.0 million, and acquired MagnifyMoney for $29.6 million in cash at closing. In September 2017, we acquired SnapCap for $11.9 million in cash at closing and up to three additional contingent consideration payments, each ranging from zero to $3.0 million. Total long-term liabilities at the end of 2017 included the fair value of DepositAccounts non-current contingent consideration of $4.3 million and the fair value of SnapCap contingent consideration of $7.0 million. Total long-term liabilities at the end of 2018 included the fair value of SnapCap non-current contingent consideration of $3.7 million.

(9) In June 2018, we acquired Ovation for $12.2 million in cash at closing and up to two contingent consideration payments, each ranging from zero to $4.375 million. In July 2018, we acquired Student Loan Hero for $60.7 million in cash at closing. In October 2018, we acquired QuoteWizard for $299.9 million in cash at closing, which was funded through $174.9 million of cash on hand and by $125.0 million drawn on our amended and restated revolving credit facility, and up to three contingent consideration payments, each ranging from zero to $23.4 million. In December 2018, we exercised our option to acquire an affiliate of Magnify Money in India for $0.5 million in cash. Total long-term liabilities at the end of 2018 included the fair value of Ovation non-current contingent consideration of $3.3 million and the fair value of QuoteWizard contingent consideration of $20.7 million.

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

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

Company Overview

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

LendingTree operates 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 partners.

Our My LendingTree platform offers a personalized loan 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.

Recent Business Acquisitions

On January 10, 2019, we acquired ValuePenguin, a personal finance website that offers consumers objective analysis on a variety of financial topics from insurance to credit cards, for $105.0 million in cash at the closing of the transaction, subject to adjustments for working capital. We believe that combining ValuePenguin’s high-quality content and search engine optimization capability with recently acquired 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 October 31, 2018, we acquired QuoteWizard, one of the largest insurance comparison marketplaces in the growing online insurance advertising market, for $299.9 million in cash at the closing of the transaction, subject to post-closing adjustments to working capital and potential contingent consideration payments of up to $70.2 million through October 2021, subject to achieving specific targets. QuoteWizard services clients by driving consumers to insurance companies' websites, providing leads to agents and carriers, as well as phone transfers of consumers into carrier call centers. We believe this acquisition will establish LendingTree as a leading player in the online insurance advertising industry, while continuing our ongoing diversification within the financial services category.

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On July 23, 2018, we acquired Student Loan Hero for $62.7 million in cash, of which $2.3 million was recognized as severance expense in our consolidated statements of operations and comprehensive income. Student Loan Hero, a personal finance website dedicated to helping student loan borrowers manage their student debt, offers current and former students in-depth financial comparison tools, educational resources, and unbiased, personalized advice. This strategic transaction allows us to scale our student loan business and provide consumers with the tools and resources to better understand their personal finances and make smarter financial decisions.

On June 11, 2018, we acquired Ovation, a leading provider of credit services with a strong customer service reputation for $12.1 million in cash and potential contingent consideration payments of up to $8.75 million through June 2020, subject to achieving specified targets. Ovation utilizes a proprietary software application that facilitates the credit repair process and is integrated directly with certain credit bureaus while educating consumers on credit improvement via ongoing outreach with Ovation case advisors. The proprietary software application offers consumers a simple, streamlined process to identify, dispute, and correct inaccuracies within their credit reports. Ovation's experienced management team, strong credit bureau relationships and customized software platform enable us to help more consumers achieve their original financial goals through the LendingTree platform.

On September 19, 2017, we acquired certain assets of SnapCap for $11.9 million in cash at closing and contingent consideration payments of up to $9.0 million through March 31, 2020, subject to achieving specific targets. SnapCap is a tech-enabled online platform, which connects business owners with lenders offering small business loans, lines of credit and merchant cash advance products through a concierge-based sales approach. SnapCap's high-touch, high-conversion sales approach with our brand and performance marketing expertise has enabled growth in our small business offering.

On June 20, 2017, we acquired MagnifyMoney for $29.6 million cash consideration at the closing of the transaction. MagnifyMoney is a leading consumer-facing media property that offers editorial content, expert commentary, tools and resources to help consumers compare financial products and make informed financial decisions. The MagnifyMoney team brings the expertise and infrastructure to expand content creation and distribution across all of our consumer facing brands, improving our presence and efficacy in acquisition channels such as search engine optimization.

On June 14, 2017, we acquired substantially all of the assets of DepositAccounts for $24.0 million in cash at closing and contingent consideration payments of up to $9.0 million through June 30, 2020, subject to achieving specific targets. DepositAccounts is a leading consumer-facing media property in the depository industry and is one of the most comprehensive sources of depository deals and analysis on the Internet, covering all major deposit product categories through editorial content, programmatic rate tables and user-generated content. This acquisition represented our first offering to address the asset side of the consumer balance sheet.

On November 16, 2016, we acquired CompareCards for $80.7 million in cash at closing and contingent consideration payments of up to $22.5 million for each of 2017 and 2018, subject to achieving specific growth targets. CompareCards is a leading online source for side-by-side credit card comparison shopping. CompareCards provides consumers with one centralized location for pertinent credit card information needed to find the best card for their needs. CompareCards' unique marketing platform and strong relationships with card issuers combined with LendingTree's scale and organizational support have delivered substantial growth in our credit card business.

These acquisitions continue our diversification strategy.

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.

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. These factors combined to cause lower revenue earned per consumer for mortgage products in 2018 compared to the prior year.

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 from a monthly average of 3.87% in January 2016 to an average of 3.44% in August 2016, the lowest monthly average since January 2013. By December 2016, 30-year mortgage interest rates increased to an average of 4.20%. During 2017, 30-year mortgage interest rates then declined to a monthly average of 3.81% in September 2017, before increasing to 3.95% at the end of 2017. During 2018, 30-year mortgage interest rates generally increased to a monthly average of 4.87% in November 2018, but declined to 4.64% at the end of 2018.

On a full-year basis, 30-year mortgage interest rates increased to an average 4.54% in 2018, as compared to 3.99% and 3.65% in 2017 and 2016, respectively.

Typically, as mortgage interest rates rise, there are fewer consumers in the marketplace seeking refinancings and, accordingly, the mix of mortgage origination dollars will move towards purchase mortgages. According to Mortgage Bankers Association ("MBA") data, total purchase origination dollars increased from 52% of total 2016 mortgage origination dollars to 65% in 2017 and 72% in 2018, as a result of the general increase in average mortgage interest rates.

Looking forward, MBA is projecting 30-year mortgage interest rates to climb in 2019, to an average 4.8% on 30-year fixed rate mortgages. According to MBA projections, as interest rates climb, the mix of mortgage origination dollars will continue to move towards purchase mortgages with the refinance share representing just 24% for 2019.

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"), nationwide existing home sales in 2016 increased approximately 3% over 2015. Growth in 2017 was approximately 2% over 2016 due to limited inventory of homes for sale in 2017. In addition to continued low inventory, rising interest rates contributed to declining home sales in 2018, resulting in nationwide existing home

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sales in 2018 contracting approximately 3% from 2017. The NAR expects an increase in home sales in early 2019 as interest rates decrease from the high in late 2018, but expect an overall annual decrease of 2% compared to 2018.

Convertible Senior Notes and Hedge and Warrant Transactions

On May 31, 2017, we issued $300.0 million aggregate principal amount of our 0.625% Convertible Senior Notes due June 1, 2022 and, in connection therewith, entered into Convertible Note Hedge and Warrant transactions with respect to our common stock. For more information, see Note 13—Debt, in the notes to the consolidated financial statements included elsewhere in this report.

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 February 2019, we agreed to sell these buildings to an unrelated third party. For additional information, see Note 7—Assets Held for Sale and Note 22—Subsequent Events in the notes to the consolidated financial statements included elsewhere in this report.

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.

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Results of Operations for the Years ended December 31, 2018, 2017 and 2016

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$ Change	% Change	$ Change	% Change
	(Dollars in thousands)						
Mortgage products	$242,175	$275,910	$219,991	$(33,735)	(12)%	$55,919	25%
Non-mortgage products	522,690	341,826	164,411	180,864	53%	177,415	108%
Revenue	764,865	617,736	384,402	147,129	24%	233,334	61%
Costs and expenses:							
Cost of revenue (exclusive of depreciation and amortization shown separately below)	36,399	17,223	13,764	19,176	111%	3,459	25%
Selling and marketing expense	500,291	432,784	261,100	67,507	16%	171,684	66%
General and administrative expense	101,219	71,541	37,227	29,678	41%	34,314	92%
Product development	26,958	17,925	13,761	9,033	50%	4,164	30%
Depreciation	7,385	7,085	4,944	300	4%	2,141	43%
Amortization of intangibles	23,468	12,992	1,243	10,476	81%	11,749	945%
Change in fair value of contingent consideration	10,788	23,931	—	(13,143)	(55)%	23,931	n/a
Severance	2,352	404	122	1,948	482%	282	231%
Litigation settlements and contingencies	(186)	718	129	(904)	(126)%	589	457%
Total costs and expenses	708,674	584,603	332,290	124,071	21%	252,313	76%
Operating income	56,191	33,133	52,112	23,058	70%	(18,979)	(36)%
Other (expense) income, net:							
Interest expense, net	(12,437)	(7,028)	(561)	(5,409)	77%	(6,467)	1,153%
Other (expense) income	(10)	(396)	23	386	97%	(419)	(1,822)%
Income before income taxes	43,744	25,709	51,574	18,035	70%	(25,865)	(50)%
Income tax benefit (expense)	65,575	(6,291)	(20,366)	71,866	1,142%	14,075	69%
Net income from continuing operations	109,319	19,418	31,208	89,901	463%	(11,790)	(38)%
Loss from discontinued operations, net of tax	(12,820)	(3,840)	(3,714)	(8,980)	(234)%	(126)	(3)%
Net income and comprehensive income	$96,499	$15,578	$27,494	$80,921	519%	$(11,916)	(43)%

Revenue

Revenue increased in 2018 compared to 2017 due to increases in our non-mortgage products of $180.9 million, partially offset by a decrease in our mortgage products of $33.7 million.

Our non-mortgage products include the following non-mortgage lending products: credit cards, personal loans, home equity loans and lines of credit, small business loans, student loans, reverse mortgage loans and auto loans. Our non-mortgage products also include insurance quotes, deposit accounts, home improvement referrals and other credit products such as credit repair and debt settlement. Revenue earned through resale of online advertising space to third parties is also included in non-mortgage products. Many of our non-mortgage products are not individually significant to revenue. The increase in revenue from our non-mortgage products in 2018 compared to 2017 is primarily due to an increase in our products for personal loans, insurance, credit cards, home equity, small business loans and student loans.

Revenue from our personal loan product increased $46.0 million to $134.2 million in 2018 from $88.2 million in 2017, or 52%. Revenue from our personal loan product increased in 2018 due to increased revenue earned per consumer. Additionally, the number of consumers completing request forms increased as a result of increased lender demand and corresponding increases in selling and marketing efforts.

Revenue from our credit card product increased $18.8 million to $165.8 million in 2018 from $147.0 million in 2017, or 13%. Revenue from our credit card product increased in 2018 primarily due to increases in click traffic sent to issuers, and increased revenue earned per approval.

For 2018 and 2017, no other non-mortgage product represented more than 10% of revenue, however certain other non-mortgage products experienced notable increases. Revenue from our insurance product increased $31.2 million in 2018 compared to 2017, due to the QuoteWizard acquisition, completed on October 31, 2018. Revenue from our home equity product increased $16.3 million in 2018 compared to 2017, due to increases in the number of consumers completing request forms as a result of increases in lender coverage and lender demand, and corresponding increases in selling and marketing efforts, and increased revenue earned per consumer. Revenue from our small business loans product increased $16.2 million in 2018 compared to 2017, due to increases in the number of consumers seeking business loans, increases in selling and marketing efforts, and increased revenue earned per consumer, primarily due to the acquisition of SnapCap. Revenue from our student loans product increased $14.8 million in 2018 compared to 2017, due to increased consumers and increased revenue earned per consumer, partially due to the acquisition of Student Loan Hero.

We believe the market for our non-mortgage products remains under-penetrated and we believe long-term growth prospects are strong for non-mortgage products. A significant industry-wide contraction in the availability of capital for non-mortgage products would likely adversely affect our non-mortgage product revenues. We expect increases in revenue for non-mortgage products in future periods due to expected increases in many products, most notably insurance product revenue from our acquisitions of QuoteWizard and ValuePenguin.

The decrease in revenue from our mortgage products in 2018 compared to 2017 is due to a decrease in revenue from our refinance product, partially offset by an increase in revenue from our purchase product. The revenue from our refinance product decreased $39.3 million in 2018 from 2017, while the revenue from our purchase product increased $5.6 million. The decrease in revenue from our refinance product is primarily due to a decrease in the number of consumers completing request forms as a result of fewer consumers seeking refinancing in a period of rising interest rates. The increase in revenue from our purchase product is primarily due to an increase in revenue earned per consumer. In 2019, we expect a more moderate year-over-year decline in mortgage revenue.

Revenue increased in 2017 compared to 2016 due to increases in our non-mortgage products of $177.4 million and in our mortgage products of $55.9 million.

The increase in revenue from our non-mortgage products in 2017 compared to 2016 is primarily due to an increase in our credit cards, home equity, and personal loans products.

Revenue from our credit card product increased $107.6 million to $147.0 million in 2017 from $39.4 million in 2016, or 273%. Revenue from our credit card product increased in 2017 primarily due to the CompareCards acquisition, completed on November 16, 2016.

Revenue from our personal loan product increased $21.7 million to $88.2 million in 2017 from $66.5 million in 2016, or 33%. Revenue from our personal loan product increased in 2017 due to the number of consumers completing request forms as a result of increases in lender demand and corresponding increases in selling and marketing efforts, partially offset by decreases in revenue earned per consumer. Certain of our online personal loan lenders experienced well-publicized challenges in 2016, in particular, general unavailability of capital and increased pricing demanded by investors of personal loans, which in some cases led to reductions in marketing spend, and tightening in underwriting standards.

For 2017 and 2016, no other non-mortgage product represented more than 10% of revenue, however certain other non-mortgage products experienced notable increases. Revenue from our home equity product increased $28.3 million in 2017 compared to 2016, due to increases in the number of consumers completing request forms as a result of increases in lender coverage and lender demand, corresponding increases in selling and marketing efforts, and increased revenue earned per consumer.

The increase in revenue from our mortgage products in 2017 compared to 2016 is due to an increase in revenue from both our purchase and refinance products. The revenue from our purchase product increased $33.6 million in 2017 from 2016, while the revenue from our refinance product increased $22.4 million. The increase in revenue from our mortgage products is primarily due to an increase in revenue earned per consumer. Additionally, the number of consumers completing request forms for mortgage products increased in 2017 from 2016, due to an increase in lender demand and a corresponding increase in selling and marketing efforts.

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 increased in 2018 from 2017, primarily due to increases of $8.8 million for the cost of resold advertising space, $6.3 million in compensation and benefits as a result of increases in headcount, $2.1 million in credit scoring fees and $1.2 million in website network hosting and server fees.
Cost of revenue as a percentage of revenue increased to 5% in 2018 compared to 3% in 2017 due to the items above.
Cost of revenue increased in 2017 from 2016, primarily due to increases of $2.1 million in compensation and benefits as a result of increases in headcount, $0.9 million in website network hosting and server fees and $0.8 million in third-party customer call center fees, partially offset by a $0.7 million decrease in credit scoring fees.
Cost of revenue as a percentage of revenue decreased slightly to 3% in 2017 compared to 4% in 2016 due to the items above.
We expect increases in cost of revenue in future periods due to our acquisition of QuoteWizard.
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 increases in selling and marketing expense in 2018 compared to 2017 and in 2017 compared to 2016 were primarily due to increases in advertising and promotional expense of $59.2 million and $167.6 million, respectively, as discussed below. In addition, selling and marketing expense increased in 2018 compared to 2017 and in 2017 compared to 2016 due to an increase in compensation and benefits of $8.3 million and $4.1 million, respectively, as a result of increases in headcount.
Advertising and promotional expense is the largest component of selling and marketing expense, and is comprised of the following:

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$ Change	% Change	$ Change	% Change
	(Dollars in thousands)						
Online	$453,066	$368,004	$210,635	$85,062	23 %	$157,369	75 %
Broadcast	5,974	35,681	28,455	(29,707)	(83)%	7,226	25 %
Other	10,908	7,098	4,131	3,810	54 %	2,967	72 %
Total advertising expense	$469,948	$410,783	$243,221	$59,165	14 %	$167,562	69 %

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 both mortgage and non-mortgage products.
We increased our advertising expenditures in 2018 compared to 2017 and in 2017 compared to 2016, 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.
We expect increases in selling and marketing expense in future periods due to our acquisition of QuoteWizard.
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 2018 compared to 2017, primarily due to increases in compensation and benefits of $26.3 million as a result of increases in headcount and long-term equity awards granted to our

Chairman and Chief Executive Officer in the third quarter of 2017 and in the first quarter of 2018, which awards have both time and significant performance-based vesting conditions. We also granted long-term equity awards to certain members of our leadership team in the fourth quarter of 2017 and in the first quarter of 2018. For additional information regarding the awards granted to our Chairman and Chief Executive Officer, see Note 11—Stock-Based Compensation in the notes to the consolidated financial statements included elsewhere in this report. Non-cash compensation expense is excluded from Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), as discussed below. In addition, the results of operations for 2018 includes a charge of $1.6 million due to the write-off of certain fixed assets.

General and administrative expense as a percentage of revenue increased to 13% in 2018 compared to 12% in 2017 due to the items above.

General and administrative expense increased in 2017 compared to 2016, primarily due to increases in compensation and benefits of $19.4 million as a result of increases in headcount, the long-term equity awards granted to our Chairman and Chief Executive Officer in the third quarter of 2017, and the long-term equity awards granted to certain members of our leadership team in the fourth quarter of 2017.

Included in general and administrative expense in 2017 was a $10.0 million charitable contribution to fund the newly formed LendingTree Foundation in the fourth quarter of 2017. This one-time item is excluded from Adjusted EBITDA, as discussed below.

General and administrative expense as a percentage of revenue increased to 12% in 2017 compared to 10% in 2016 due to the items above.

We expect increases in general and administrative expense in future periods due to our acquisitions of QuoteWizard and ValuePenguin.

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 2018 compared to 2017 and in 2017 compared to 2016, as we continued to invest in internal development of new and enhanced features, functionality and business opportunities that we believe will enable us to better and more fully serve consumers and lenders.

We expect increases in product development expense in future periods due to our acquisition of QuoteWizard.

Depreciation

The increases in depreciation expense in 2018 compared to 2017 and in 2017 compared to 2016 were primarily the result of higher investment in internally developed software in recent years, to support the growth of our business.

Amortization of intangibles

The increases in amortization of intangibles in 2018 compared to 2017 and in 2017 compared to 2016 were primarily due to intangible assets associated with our business acquisitions in 2018, 2017 and 2016.

We expect increases in amortization of intangibles in future periods due to our acquisitions of QuoteWizard and ValuePenguin.

Contingent consideration

During 2018, we recorded an aggregate of $10.8 million of contingent consideration expense due to adjustments in the estimated fair value of the earnout payments related to our recent acquisitions. For 2018, the contingent consideration expense for the CompareCards acquisition, the DepositAccounts acquisition, the Ovation acquisition and the QuoteWizard acquisition was $0.7 million, $2.0 million, $1.6 million and $6.8 million, respectively. This was partially offset by a contingent consideration gain for the SnapCap acquisition of $0.3 million.

During 2017, we recorded an aggregate of $23.9 million of contingent consideration expense due to adjustments in the estimated fair value of the earnout payments related to our recent acquisitions. For 2017, the contingent consideration expense for the CompareCards acquisition, the DepositAccounts acquisition and the SnapCap acquisition was $21.2 million, $2.0 million and $0.7 million, respectively.

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Income tax expense

	Year Ended December 31,		
	2018	2017	2016
	(in thousands, except percentages)		
Income tax (expense) benefit	$65,575	$(6,291)	$(20,366)
Effective tax rate	(149.9)%	24.5%	39.5%

For 2018, the effective tax rate varied from the federal statutory rate of 21% primarily due to the benefit derived from excess tax deductions from the vesting of restricted stock and exercise of stock options of $77.6 million, including state taxes.

For 2017, the effective tax rate varied from the federal statutory rate of 35% primarily due to the benefit derived from excess tax deductions from the vesting of restricted stock and exercise of stock options of $12.9 million, including state taxes, and the federal tax research credit. Additionally, during the fourth quarter of 2017, a net tax expense of $9.1 million was recorded related to the enactment of the Tax Cuts and Jobs Act ("TCJA"). The expense was primarily related to the remeasurement of deferred tax assets and liabilities considering the TCJA's newly enacted tax rates and certain other impacts.

For 2016, the effective tax rate varied from the federal statutory rate of 35% primarily due to the benefit derived from the federal research tax credit, partially offset by state taxes, including the impact of a reduction in the North Carolina state income tax rate which reduced the value of our deferred tax assets. The federal research tax credit benefit is the result of a study completed during the second quarter for the open tax years of 2011 through 2015, plus an estimate of the benefit from current research activities.

Discontinued Operations

On June 6, 2012, we sold substantially all of the operating assets of our LendingTree Loans business for approximately $55.9 million in cash to a wholly-owned subsidiary of Discover Financial Services ("Discover"). Discover generally did not assume liabilities of the LendingTree Loans business that arose before the closing date, except for certain liabilities directly related to assets Discover acquired. Of the purchase price received, a portion was deposited in escrow in accordance with the agreement with Discover for certain loan loss obligations that remain with us following the sale. During the second quarter of 2018, the remaining funds in escrow were released to us in accordance with the terms of the agreement with Discover.

During 2018, 2017 and 2016, loss from discontinued operations of $12.8 million, $3.8 million and $3.7 million, respectively, was attributable to the LendingTree Loans business. In 2018, loss from discontinued operations was primarily due to legal fees and litigation contingencies incurred in the Residential Funding Company, LLC v Home Loan Center, Inc. matter. In 2017 and 2016, loss from discontinued operations was primarily due to litigation settlements and contingencies and legal fees associated with ongoing legal proceedings, primarily for the above matter. For more information, see Note 15—Contingencies, in the notes to the consolidated financial statements included elsewhere in this report, and Item 1A. Risk Factors - Litigation and indemnification of secondary market purchasers, including a pending case brought by Residential Funding Company, LLC, could have a material and adverse effect on our business, financial condition, results of operations and liquidity.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization

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

Definition of Adjusted EBITDA

We report Adjusted EBITDA as 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 and legal fees for certain patent litigation, (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 in this report, there are no adjustments for one-time items, except for a $10.0 million contribution to fund the LendingTree Foundation in 2017.

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.

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Net income from continuing operations	$109,319	$19,418	$31,208
Adjustments to reconcile to Adjusted EBITDA:			
Amortization of intangibles	23,468	12,992	1,243
Depreciation	7,385	7,085	4,944
Severance	2,352	404	122
Loss on impairments and disposal of fixed assets	2,210	839	640
Non-cash compensation	44,365	23,361	9,647
Contribution to LendingTree Foundation	—	10,000	—
Change in fair value of contingent consideration	10,788	23,931	—
Acquisition expense	6,303	1,595	959
Litigation settlements and contingencies	(186)	718	129
Interest expense, net	12,437	7,028	561
Rental amortization of intangibles and depreciation	630	1,475	—
Income tax (benefit) expense	(65,575)	6,291	20,366
Adjusted EBITDA	$153,496	$115,137	$69,819

Financial Position, Liquidity and Capital Resources

General

As of December 31, 2018, we had $105.1 million of cash and cash equivalents and $0.1 million of restricted cash and cash equivalents, compared to $368.6 million of cash and cash equivalents and $4.1 million of restricted cash and cash equivalents as of December 31, 2017.

Notable transactions affecting cash and cash equivalents during the reported periods are as follows:

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Recent Developments

In January 2019, we acquired ValuePenguin for $105.0 million in cash at closing of the transaction, subject to adjustments for working capital. The acquisition was funded through $90.0 million drawn on our Revolving Credit Facility (defined below) and the balance using cash on hand.

2018

In 2018, we purchased an aggregate of 379,449 shares of our common stock pursuant to a stock repurchase program for $92.6 million. Additionally, we paid $1.1 million in the first quarter of 2018 related to common stock repurchases in the fourth quarter of 2017.

In October 2018, we acquired QuoteWizard for $299.9 million in cash at closing of the transaction, subject to post-closing adjustments to working capital, and potential future contingent consideration payments up to $70.2 million through October 2021, subject to achieving specific targets. The acquisition was funded through $174.9 million of cash on hand and by $125.0 million drawn on our Revolving Credit Facility.

In July 2018, we acquired Student Loan Hero for $62.7 million in cash.

In June 2018, we acquired Ovation for $12.1 million in cash at closing and could make potential future contingent consideration payments of up to $8.75 million through June 2020, subject to achieving specified targets.

2017

In May 2017, we issued $300.0 million of our 0.625% Convertible Senior Notes for net proceeds of $290.7 million. We used approximately $18.1 million of the net proceeds to enter into Convertible Note Hedge and Warrant transactions.

In 2017, we purchased an aggregate of 75,393 shares of our common stock pursuant to a stock repurchase program for $21.0 million, of which we paid $19.9 million prior to year-end.

In September 2017, we acquired certain assets of SnapCap for $11.9 million in cash at closing and potential future contingent consideration payments of up to $9.0 million through March 31, 2020, subject to achieving specific targets. We made a contingent consideration payment of $3.0 million in January 2019.

In June 2017, we acquired the membership interests of MagnifyMoney for $29.6 million cash consideration at the closing of the transaction.

In June 2017, we acquired substantially all of the assets of DepositAccounts for $24.0 million in cash at closing and potential future contingent consideration payments of up to $9.0 million through June 30, 2020, subject to achieving specified targets. We made contingent consideration payments of $4.0 million and $1.0 million in 2018 and 2017, respectively. In January 2019, we made a payment of $1.0 million, which will be included within cash flows from operating activities on the consolidated statement of cash flows for the first quarter of 2019.

2016

In 2016, we purchased an aggregate of 690,218 shares of our common stock pursuant to a stock repurchase program for $48.5 million.

In December 2016, we acquired two office buildings in Charlotte, North Carolina for $23.5 million in cash. In November 2018 the office buildings were classified as held for sale. See Item 2. Properties and Item 9B. Other Information for further information.

In November 2016, we acquired CompareCards for $80.7 million in cash at closing and potential future contingent consideration payments of up to $22.5 million for each of 2017 and 2018, subject to achieving specified targets. We made the initial $22.5 million earnout payment in the first quarter of 2018 and paid the remaining $22.5 million earnout in the second quarter of 2018, of which $21.9 million is included within cash flows from operating activities on the consolidated statement of cash flows for 2018.

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.

Senior Secured Revolving Credit Facility

On October 26, 2018, we amended our five-year senior secured revolving credit facility which matures on November 21, 2022 (the “Revolving Credit Facility”) to increase its borrowing capacity by $100.0 million to $350.0 million.

Borrowings under the Revolving Credit Facility can be used to finance working capital needs, capital expenditures and general corporate purposes,

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including to finance permitted acquisitions. As of February 28, 2019, we have $195.0 million of borrowings under the Revolving Credit Facility.

For additional information on the Revolving Credit Facility, see Note 13—Debt in the notes to the consolidated financial statements included elsewhere in this report.

Cash Flows from Continuing Operations

Our cash flows attributable to continuing operations are as follows:

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Net cash provided by operating activities	$123,948	$103,538	$64,214
Net cash used in investing activities	(383,038)	(74,435)	(119,667)
Net cash provided by (used in) financing activities	4,843	253,125	(52,640)

Cash Flows from Operating Activities

Our largest source of cash provided by our operating activities is revenues generated by our mortgage and non-mortgage 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 2018 from 2017 primarily due to an increase in revenue, partially offset by an increase in selling and marketing expense, and the $21.9 million portion of the CompareCards earnout payment made in the second quarter of 2018 in excess of the contingent consideration liability recognized at the acquisition date. Additionally, there was a net decrease in cash from changes in working capital primarily driven by changes in accounts payable, accrued expenses and other current liabilities and accounts receivable, partially offset by changes in income taxes receivable and prepaids and other current assets.

Net cash provided by operating activities attributable to continuing operations increased in 2017 from 2016 primarily due to an increase in revenue, partially 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 payable, accrued expenses and other liabilities, partially offset by changes in prepaids and income taxes receivable.

Cash Flows from Investing Activities

Net cash used in investing activities attributable to continuing operations in 2018 of $383.0 million consisted primarily of the acquisition of QuoteWizard for $297.1 million, the acquisition of Student Loan Hero for $59.5 million, the acquisition of Ovation for $11.6 million, and capital expenditures of $14.9 million.

Net cash used in investing activities attributable to continuing operations in 2017 of $74.4 million consisted primarily of the acquisition of SnapCap for $11.9 million, the acquisition of DepositAccounts for $25.0 million, the acquisition of MagnifyMoney for $29.5 million and capital expenditures of $8.0 million.

Net cash used in investing activities attributable to continuing operations in 2016 of $119.7 million consisted primarily of the acquisition of CompareCards for $81.2 million, the acquisition of SimpleTuition for $4.5 million, the acquisition of two office buildings in Charlotte, North Carolina for $23.4 million and $10.6 million related to internally developed software and the acquisition of an aircraft.

Cash Flows from Financing Activities

Net cash provided by financing activities attributable to continuing operations in 2018 of $4.8 million consisted primarily of $125.0 million of net proceeds from our Revolving Credit Facility, partially offset by $27.6 million of contingent consideration payments for CompareCards, DepositAccounts and SimpleTuition, and $93.7 million for the repurchase of our stock.

Net cash provided by financing activities attributable to continuing operations in 2017 of $253.1 million consisted primarily of $300.0 million of gross proceeds from the issuance of our 0.625% Convertible Senior Notes and $43.4 million of proceeds from the sale of Warrants in connection with our 0.625% Convertible Senior Notes, partially offset by $61.5 million for the payment

of Convertible Note Hedge transactions, $10.5 million for the payment of debt issuance costs and Revolving Credit Facility issuance costs and $19.9 million for the repurchase of our stock.

Net cash used in financing activities attributable to continuing operations in 2016 of $52.6 million consisted primarily of the repurchase of our stock of $48.5 million and $4.1 million in withholding taxes paid by us upon surrender of shares to satisfy obligations on equity awards.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements other than our operating lease obligations and funding commitments pursuant to our surety bonds, 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. See Note 14—Commitments to the consolidated financial statements included elsewhere in the report for further details.

Summary of Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2018.

	Payments Due By Period as of December 31, 2018				
Contractual Obligations [(a)]	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease obligations [(b)]	$9,652	$4,406	$4,282	$964	$ —
Long-term contractual obligations [(c)]	56,563	25,908	27,125	3,530	—
Convertible debt	300,000	—	—	300,000	—
Total contractual obligations	$366,215	$30,314	$31,407	$304,494	$ —

(a) Excludes potential obligations under surety bonds and the indemnification obligations, repurchase obligations and premium repayment obligations for which our HLC subsidiary continues to be liable following the sale of substantially all of the operating assets of our LendingTree Loans business in the second quarter of 2012. Excludes a $1.2 million accrual related to uncertain tax position, as we are unable to determine when, or if, payments for these taxes will ultimately be made.

(b) Our operating lease obligations are associated with office space.

(c) Includes a liability of $38.8 million for the estimated fair value of contingent consideration obligations reflected on the balance sheet for the acquisition of DepositAccounts, SnapCap, Ovation and QuoteWizard. Actual contingent consideration payments could range from $3.0 million to $4.0 million for DepositAccounts, $3.0 million to $9.0 million for SnapCap, zero to $8.75 million for Ovation and zero to $70.2 million for QuoteWizard. Also includes $17.7 million of certain other commitments.

Critical Accounting Policies and Estimates

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

Loan Loss Obligations

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

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Our HLC subsidiary continues to be liable for certain indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of our LendingTree Loans business on June 6, 2012. We have been negotiating with certain secondary market purchasers to settle any existing and future contingent liabilities, but we may not be able to complete such negotiations on acceptable terms, or at all. Because we do not service the loans LendingTree Loans sold, we do not maintain nor have access to the current balances and loan performance data with respect to the individual loans previously sold to investors. Accordingly, we are unable to determine, with precision, our maximum exposure for breaches of the representations and warranties LendingTree Loans made to the investors that purchased such loans.

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

We have considered both objective and subjective factors in our estimation process, but given current general industry trends in mortgage loans as well as housing prices, market expectations and actual losses related to LendingTree Loans' obligations could vary significantly from the obligation recorded as of December 31, 2018 of $7.6 million or the range of remaining loan losses of $4.3 million to $7.9 million. See Note 19—Discontinued Operations—LendingTree Loans—Loan Loss Obligations to the consolidated financial statements included elsewhere in this report for additional information on the loan loss reserve.

Income Taxes

Estimates of deferred income taxes and the significant items giving rise to the deferred assets and liabilities are shown in Note 12—Income Taxes to the consolidated financial statements included elsewhere in this report, and reflect management's assessment of actual future taxes to be paid on items reflected in the consolidated financial statements, giving consideration to both timing and the probability of realization. Actual income taxes could vary from these estimates due to future changes in income tax law, state income tax apportionment or the outcome of any review of our tax returns by the IRS, as well as actual operating results that may vary significantly from anticipated results.

We also recognize liabilities for uncertain tax positions based on the two-step process prescribed by the accounting guidance for uncertainty in income taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. This measurement step is inherently difficult and requires subjective estimations of such amounts to determine the probability of various possible outcomes. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

A valuation allowance is provided on deferred tax assets if it is determined that it is "more likely than not" that the deferred tax asset will not be realized. At December 31, 2018, 2017 and 2016, we recorded a partial valuation allowance of $2.2 million, $2.7 million and $2.1 million, respectively, primarily related to state net operating losses, which we do not expect to be able to utilize prior to expiration.

Stock-Based Compensation

The forms of stock-based awards granted to our employees are principally restricted stock units ("RSUs"), RSUs with performance conditions, restricted stock, stock options and stock options with performance conditions. Further, performance-based stock options with market conditions and time-vested restricted stock with a performance condition have been granted to our Chairman and Chief Executive Officer. The value of RSU and restricted stock awards is measured at their grant dates as the fair value of common stock and amortized ratably as non-cash compensation expense over the vesting term. The value of stock options issued is estimated using a Black-Scholes option pricing model. The value of performance-based awards is measured at their grant dates and recognized as non-cash compensation expense, considering the probability of the targets being achieved. Performance-based awards with a market condition are valued using a Monte Carlo simulation model. If an award is modified, we determine if the modification requires a new calculation of fair value or change in the vesting term of the award. See Note 11—Stock-Based Compensation to the consolidated financial statements included elsewhere in this report for additional information on assumptions and inputs to the fair value determination of stock-based awards.

Evaluation of Goodwill and Indefinite-Lived Intangible Assets Impairment

We test goodwill and indefinite-lived intangible assets, consisting of certain trade names and trademarks, annually for impairment as of October 1, or more frequently upon the occurrence of certain events or substantive changes in circumstances. As part of our annual impairment testing of goodwill and indefinite-lived intangible assets, in each instance, we may elect to assess qualitative factors as a basis for determining whether it is necessary to perform the traditional quantitative impairment testing. If our assessment of these qualitative factors indicates that it is not more likely than not that the fair value of the reporting unit or indefinite-lived intangible asset is less than its carrying value, then no further testing is required. Otherwise, the goodwill reporting unit or long-lived intangible assets, as applicable, must be quantitatively tested for impairment.

The quantitative test for goodwill impairment is determined using a two-step process. Performing the first step to compare reporting unit fair value with its carrying value using a discounted cash flow ("DCF") analysis requires the exercise of significant judgments, including judgments about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is required to be performed to measure the amount of impairment, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill (determined in the same manner as the amount of goodwill recognized in a business combination) with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

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

The value of goodwill and indefinite-lived intangible assets subject to assessment for impairment at December 31, 2018 is $348.3 million and $10.1 million, respectively.

Recoverability of Long-Lived Assets

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

The value of long-lived assets subject to assessment for impairment is $218.7 million at December 31, 2018.

Business Acquisitions

When we acquire businesses, we allocate the purchase price to tangible assets and liabilities and identifiable intangible assets acquired at their acquisition date fair values. Any residual purchase price is recorded as goodwill. We also estimate the fair value of any contingent consideration using Level 3 unobservable inputs. Our estimates of fair value are based upon assumptions believed to be reasonable but which are uncertain and involve significant judgments by management.

We reassess the fair value of contingent consideration quarterly until the contingency is resolved, and changes in the fair value are recorded in operating income in the consolidated statements of operations and comprehensive income.

New Accounting Pronouncements

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

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Other than our 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

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under the Revolving Credit Facility, if any. As of February 28, 2019, there was $195.0 million borrowed under the Revolving Credit Facility. Increases in the Federal Funds interest rates may also affect contingent consideration payable to DepositAccounts. See Note 8 - Business Acquisition - 2017 Acquisitions - DepositAccounts.
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.

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ITEM 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of LendingTree, Inc. and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Report on Internal Control over Financial Reporting, management has excluded certain elements of the internal control over financial reporting of QuoteWizard.com, LLC from its assessment of internal control over financial reporting as of December 31, 2018 because it was acquired by the Company in a purchase business combination during 2018. Subsequent to the acquisition, certain elements of QuoteWizard.com, LLC’s internal control over financial reporting and related processes were integrated into the Company’s existing systems and internal control over financial reporting. Those controls that were not integrated have been excluded from management’s assessment of the effectiveness of internal control over financial reporting as of December 31, 2018. We have also excluded these elements of the internal control over financial reporting of QuoteWizard.com, LLC from our audit of the Company’s internal control over financial reporting. The excluded elements represent controls over approximately 3% of consolidated assets and 4% of the consolidated revenues.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain

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to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
February 28, 2019

We have served as the Company's auditor since 2012.

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

	Year Ended December 31,		
	2018	2017	2016
	(in thousands, except per share amounts)		
Revenue	$764,865	$617,736	$384,402
Costs and expenses:			
Cost of revenue (exclusive of depreciation and amortization shown separately below)	36,399	17,223	13,764
Selling and marketing expense	500,291	432,784	261,100
General and administrative expense	101,219	71,541	37,227
Product development	26,958	17,925	13,761
Depreciation	7,385	7,085	4,944
Amortization of intangibles	23,468	12,992	1,243
Change in fair value of contingent consideration	10,788	23,931	—
Severance	2,352	404	122
Litigation settlements and contingencies	(186)	718	129
Total costs and expenses	708,674	584,603	332,290
Operating income	56,191	33,133	52,112
Other (expense) income, net:			
Interest expense, net	(12,437)	(7,028)	(561)
Other (expense) income	(10)	(396)	23
Income before income taxes	43,744	25,709	51,574
Income tax benefit (expense)	65,575	(6,291)	(20,366)
Net income from continuing operations	109,319	19,418	31,208
Loss from discontinued operations, net of tax	(12,820)	(3,840)	(3,714)
Net income and comprehensive income	$96,499	$15,578	$27,494
Weighted average shares outstanding:			
Basic	12,504	11,945	11,812
Diluted	14,097	13,682	12,773
Income per share from continuing operations:			
Basic	$8.74	$1.63	$2.64
Diluted	$7.75	$1.42	$2.44
Loss per share from discontinued operations:			
Basic	$(1.03)	$(0.32)	$(0.31)
Diluted	$(0.91)	$(0.28)	$(0.29)
Net income per share:			
Basic	$7.72	$1.30	$2.33
Diluted	$6.85	$1.14	$2.15

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

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LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
	(in thousands, except par value and share amounts)	
ASSETS:		
Cash and cash equivalents	$105,102	$ 368,550
Restricted cash and cash equivalents	56	4,091
Accounts receivable (net of allowance of $1,143 and $675, respectively)	91,072	53,444
Prepaid and other current assets	16,428	11,881
Assets held for sale	21,328	—
Current assets of discontinued operations	185	75
Total current assets	234,171	438,041
Property and equipment (net of accumulated depreciation of $13,887 and $13,043, respectively)	23,175	36,431
Goodwill	348,347	113,368
Intangible assets, net	205,699	81,125
Deferred income tax assets	79,289	20,156
Other non-current assets	2,168	1,910
Non-current assets of discontinued operations	3,266	2,428
Total assets	$896,115	$ 693,459
LIABILITIES:		
Revolving credit facility	$125,000	$ —
Accounts payable, trade	15,074	9,250
Accrued expenses and other current liabilities	93,190	77,183
Current contingent consideration	11,080	46,576
Current liabilities of discontinued operations (Note 19)	17,609	14,507
Total current liabilities	261,953	147,516
Long-term debt, net of current portion	250,943	238,199
Non-current contingent consideration	27,757	11,273
Other non-current liabilities	8,360	1,597
Deferred income tax liabilities	894	—
Total liabilities	549,907	398,585
Commitments and contingencies (Notes 14 and 15)		
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; 15,428,351 and 14,218,572 shares issued, respectively, and 12,809,764 and 11,979,434 shares outstanding, respectively	154	142
Additional paid-in capital	1,134,227	1,087,582
Accumulated deficit	(610,482)	(708,354)
Treasury stock; 2,618,587 and 2,239,138 shares, respectively	(177,691)	(85,085)
Noncontrolling interest (Note 8)	—	589
Total shareholders' equity	346,208	294,874
Total liabilities and shareholders' equity	$896,115	$ 693,459

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

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

	Total	Common Stock Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock Number of Shares	Amount	Noncontrolling Interest
	(in thousands)							
Balance as of December 31, 2015	$241,142	13,866	$ 139	$1,006,688	$(750,124)	1,474	$(15,561)	$ —
Net income and comprehensive income	27,494	—	—	—	27,494	—	—	—
Non-cash compensation	9,647	—	—	9,647	—	—	—	—
Purchase of treasury stock	(48,524)	—	—	—	—	690	(48,524)	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(4,084)	89	1	(4,085)	—	—	—	—
Tax benefit from stock-based award activity	5,760	—	—	5,760	—	—	—	—
Balance as of December 31, 2016	$231,435	13,955	$ 140	$1,018,010	$(722,630)	2,164	$(64,085)	$ —
Net income and comprehensive income	15,578	—	—	—	15,578	—	—	—
Non-cash compensation	23,361	—	—	23,361	—	—	—	—
Purchase of treasury stock	(21,000)	—	—	—	—	75	(21,000)	—
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	1,601	263	2	1,599	—	—	—	—
Cumulative effect adjustment due to ASU 2016-09	985	—	—	2,287	(1,302)	—	—	—
Issuance of 0.625% Convertible Senior Notes, net	60,415	—	—	60,415	—	—	—	—
Convertible note hedge	(61,500)	—	—	(61,500)	—	—	—	—
Sale of warrants	43,410	—	—	43,410	—	—	—	—
Noncontrolling interest (Note 8)	589	—	—	—	—	—	—	589
Balance as of December 31, 2017	$294,874	14,218	$ 142	$1,087,582	$(708,354)	2,239	$(85,085)	$ 589
Net income and comprehensive income	96,499	—	—	—	96,499	—	—	—
Non-cash compensation	44,365	—	—	44,365	—	—	—	—
Purchase of treasury stock	(92,606)	—	—	—	—	379	(92,606)	—
Issuance of common stock for stock options, restricted stock awards and restricted stock	2,217	1,210	12	2,205	—	—	—	—

units, net of withholding taxes								
Cumulative effect adjustment due to ASU 2014-09	1,373	—	—	—	1,373	—	—	—
Issuance of 0.625% Convertible Senior Notes, net	(4)	—	—	(4)	—	—	—	—
Acquisition of noncontrolling interest (Note 8)	(510)	—	—	79	—	—	—	(589)
Balance as of December 31, 2018	$346,208	15,428	$ 154	$1,134,227	$(610,482)	2,618	$(177,691)	$ —

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

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LENDINGTREE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Cash flows from operating activities attributable to continuing operations:			
Net income and comprehensive income	$96,499	$15,578	$27,494
Less: Loss from discontinued operations, net of tax	12,820	3,840	3,714
Income from continuing operations	109,319	19,418	31,208
Adjustments to reconcile income from continuing operations to net cash provided by operating activities attributable to continuing operations:			
Loss on impairments and disposal of fixed assets	2,210	840	640
Amortization of intangibles	23,468	12,992	1,243
Depreciation	7,385	7,085	4,944
Rental amortization of intangibles and depreciation	630	1,474	—
Non-cash compensation expense	44,365	23,361	9,647
Deferred income taxes	(63,901)	(6,370)	6,367
Change in fair value of contingent consideration	10,788	23,931	—
Bad debt expense	880	195	515
Amortization of debt issuance costs	1,776	1,032	245
Write-off of previously-capitalized debt issuance costs	—	90	—
Amortization of convertible debt discount	11,397	6,385	—
Changes in current assets and liabilities:			
Accounts receivable	(16,820)	(11,381)	(8,361)
Prepaid and other current assets	(2,985)	(5,358)	(1,558)
Accounts payable, accrued expenses and other current liabilities	14,270	31,108	4,769
Current contingent consideration	(21,912)	—	—
Income taxes receivable	3,669	(1,104)	13,385
Other, net	(591)	(160)	1,170
Net cash provided by operating activities attributable to continuing operations	123,948	103,538	64,214
Cash flows from investing activities attributable to continuing operations:			
Capital expenditures	(14,907)	(8,040)	(31,955)
Acquisition of intangible assets	—	(5)	(2,030)
Acquisition of QuoteWizard, net of cash acquired	(297,072)	—	—
Acquisition of Student Loan Hero, net of cash acquired	(59,483)	—	—
Acquisition of Ovation, net of cash acquired	(11,566)	—	—
Acquisition of SnapCap	(10)	(11,886)	—
Acquisition of DepositAccounts	—	(25,000)	—
Acquisition of MagnifyMoney, net of cash acquired	—	(29,504)	—
Acquisition of CompareCards	—	—	(81,182)
Acquisition of other businesses	—	—	(4,500)
Net cash used in investing activities attributable to continuing operations	(383,038)	(74,435)	(119,667)
Cash flows from financing activities attributable to continuing operations:			
Proceeds from exercise of stock options, net of payments related to net-share settlement of stock-based compensation	2,217	1,602	(4,085)
Contingent consideration payments	(27,588)	—	—
Proceeds from revolving credit facility	125,000	—	—
Acquisition of noncontrolling interest	(499)	—	—

Proceeds from the issuance of 0.625% Convertible Senior Notes	—	300,000	—
Payment of convertible note hedge transactions	—	(61,500)	—
Proceeds from the sale of warrants	—	43,410	—
Proceeds from equity offering, net of offering costs	—	—	(23)
Payment of debt issuance costs	(583)	(10,486)	(8)
Purchase of treasury stock	(93,704)	(19,901)	(48,524)
Net cash provided by (used in) financing activities attributable to continuing operations	4,843	253,125	(52,640)
Total cash (used in) provided by continuing operations	(254,247)	282,228	(108,093)
Discontinued operations:			
Net cash used in operating activities attributable to discontinued operations	(13,236)	(4,807)	(10,203)
Total cash used in discontinued operations	(13,236)	(4,807)	(10,203)
Net (decrease) increase in cash, cash equivalents, restricted cash, and restricted cash equivalents	(267,483)	277,421	(118,296)
Cash, cash equivalents, restricted cash, and restricted cash equivalents at beginning of period	372,641	95,220	213,516
Cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period	$105,158	$372,641	$95,220
Supplemental cash flow information:			
Interest paid	$3,593	$1,327	$320
Income tax payments	541	20,359	3,095
Income tax refunds	5,678	133	22

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

LENDINGTREE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

Company Overview

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

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. Intercompany transactions and accounts have been eliminated.

Discontinued Operations

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 19—Discontinued Operations for additional information.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

Certain prior year amounts have been reclassified to conform to current year presentation. See the discussion in Note 2—Significant Accounting Policies for the impact of adopting Accounting Standards Update ("ASU") 2016-18 on the presentation of changes in restricted cash, and ASU 2016-09 on the presentation of excess tax benefits and deficiencies, within the statement of cash flows.