LendingTree, Inc.
Form 424B5
November 06, 2015
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-207718

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered[(1)]	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee[(2)]
Common Stock, par value $0.01 per share	977,500	$115.00	$112,412,500	$11,319.94

(1) Assumes exercise in full of the underwriters option to purchase additional shares.
(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended (the Securities Act). Payment of the registration fee at the time of filing of the registration statement was deferred pursuant to Rules 456(b) and 457(r) under the Securities Act, and is paid herewith.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated November 2, 2015)

850,000 Shares

LendingTree, Inc.

Common Stock

We are selling 725,000 shares of our common stock and the selling stockholder identified elsewhere in this prospectus supplement is selling 125,000 shares of our common stock. We will not receive any proceeds from the sale of shares to be offered by the selling stockholder.

Our common stock is traded on the Nasdaq Global Select Market under the symbol TREE. On November 5, 2015, the last sale price of the shares as reported on the Nasdaq Global Select Market was $120.25 per share.

Investing in the common stock involves risks, including those that are described in the Risk Factors section beginning on page S-11 of this prospectus supplement.

	Per Share	Total
Public offering price	$115.00	$97,750,000
Underwriting discount	$6.90	$5,865,000
Proceeds, before expenses, to us	$108.10	$78,372,500
Proceeds, before expenses, to the selling stockholder	$108.10	$13,512,500

The underwriters may also exercise their option to purchase up to an additional 127,500 shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about November 12, 2015.

BofA Merrill Lynch	**RBC Capital Markets**	**SunTrust Robinson Humphrey**

Guggenheim Securities	**Needham & Company**	**Stephens Inc.**

The date of this prospectus supplement is November 5, 2015.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we authorize to be delivered to you. We and the underwriters have not authorized any other person to provide you with additional

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information or information different from that contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. To the extent information in this prospectus supplement, the accompanying prospectus and any free writing prospectus is inconsistent with any of the documents incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus, you should rely on this prospectus supplement, the accompanying prospectus and any free writing prospectus.

You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, or any documents incorporated by reference herein or therein, is accurate as of any date other than their respective dates. Our business, financial condition, results of operations, and prospects may have changed since those dates. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information that is different from or in addition to the information in that prospectus.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is part of a registration statement that was filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process and consists of two parts. The first part is the prospectus supplement, including the documents incorporated by reference herein, which describes the specific terms of this offering and updates and adds to the information contained in the accompanying prospectus. The second part, the accompanying prospectus, including the documents incorporated by reference therein, provides more general information. In general, when we refer only to the prospectus, we are referring to both parts of this document combined. Before you invest, you should carefully read this prospectus supplement, the accompanying prospectus, all information incorporated by reference herein and therein, as well as the additional information described under the heading Where You Can Find More Information. These documents contain information you should carefully consider when deciding whether to invest in our common stock.

This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement and the accompanying prospectus, you should rely on information contained in this prospectus supplement, provided that if any statement in, or incorporated by reference into, one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date modifies or supersedes the earlier statement. Any statement so modified will be deemed to constitute a part of this prospectus only as so modified, and any statement so superseded will be deemed not to constitute a part of this prospectus.

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the shares of common stock to which it relates, nor do this prospectus supplement and the accompanying prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in or incorporated by reference into this prospectus concerning our industry and the markets in which we operate, including market position and market opportunity, is based on information from our management s estimates, as well as from industry publications and research, surveys and studies conducted by third parties. The third-party sources from which we have obtained information generally state that the information contained therein has been obtained from sources believed to be reliable, but we cannot assure you that this information is accurate or complete. We have not independently verified any of the data from third-party sources nor have we verified the underlying economic assumptions relied upon by those third parties. Similarly, internal company surveys, industry forecasts and market research, which we believe to be reliable, based upon management s knowledge of the industry, have not been verified by any independent sources. Our internal company surveys are based on data we have collected over the past several years, which we believe to be reliable. Management estimates are derived from publicly available information, our knowledge of our industry, and assumptions based on such information and knowledge, which we believe to be reasonable. However, assumptions and estimates of our future performance, and the future performance of our industry, are subject to numerous known and unknown risks and uncertainties, including those described under the heading Risk Factors in this prospectus supplement and those described elsewhere in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference herein and other documents we file with the SEC from time to time. These and other important factors could result in our estimates and assumptions being materially different from future results. You should read the information contained in, or incorporated by reference into, this prospectus completely and with the understanding that future results may be materially different and worse from what we expect. See the information included under the heading

Cautionary Note Regarding Forward-Looking Statements.

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In this prospectus supplement, unless otherwise indicated, our company, the Company, we, us, LendingTree, o similar phrases refer to LendingTree, Inc., a Delaware corporation, and its consolidated subsidiaries.

NON-GAAP FINANCIAL MEASURE

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contains adjusted EBITDA, a non-GAAP financial measure that may not be directly comparable to adjusted EBITDA used by other companies. For purposes of Regulation G and Section 10(e) of Regulation S-K, a non-GAAP financial measure is a numerical measure of a company s historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statements of operations, balance sheets, or statements of cash flows of the company; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Pursuant to the requirements of Regulation G, the Company has provided a reconciliation of adjusted EBITDA to net income (loss) from continuing operations, the most directly comparable GAAP financial measure. Adjusted EBITDA is provided because it 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 report adjusted EBITDA as a supplemental measure to GAAP. 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. Elsewhere in this prospectus supplement we provide, and encourage investors to examine, the reconciling adjustments between the GAAP and non-GAAP measures discussed above.

TRADEMARKS AND TRADE NAMES

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein include trademarks which are protected under applicable intellectual property laws and are the property of the Company or its subsidiaries. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein also contain trademarks, service marks, trade names and/ or copyrights of other companies, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names.

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PROSPECTUS SUPPLEMENT SUMMARY

This prospectus supplement summary discusses the key aspects of the offering and highlights certain information appearing elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents we incorporate by reference herein and therein. However, as this is a summary, it does not contain all of the information that you should consider before deciding to invest in our common stock. You are encouraged to carefully read this entire prospectus supplement and all of the information incorporated herein by reference, including the information provided under the headings Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the related notes and other information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.

Our Company

We operate what we believe to be the leading online loan marketplace for consumers seeking loans and other credit-based offerings. Our online marketplace provides consumers with access to product offerings from over 400 active lenders (which we refer to as marketplace lenders), including mortgage loans, home equity, reverse mortgage, auto loans, credit cards, personal loans, student loans and small business loans and other related offerings. In addition, we offer tools and resources, including free credit scores, that facilitate comparison shopping for these loan and other credit-based offerings. We seek to match consumers with multiple lenders, who can provide them with competing quotes for the product they are seeking. By providing consumers access to a broad array of credit-based offerings directly from multiple lenders, rather than just multiple quotes from the same lender or indirectly through intermediaries, we believe our marketplace is differentiated from other providers operating loan comparison-shopping marketplaces.

Our strategically designed and executed advertising and marketing campaigns (which we refer to as performance marketing) promote our LendingTree brand and product offerings and 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 loan requests. We then match these loan requests with lenders in our marketplace that are seeking to serve these consumers needs. We generate revenue from these lenders, generally at the time of transmitting a loan request to them, in the form of a match fee. In certain instances outside our mortgage business, we charge other kinds of fees, such as a closed loan or closed sale fees. In addition to our primary loan request business, LendingTree also has click and call products for which lenders pay either front end or back end fees.

We have become what we believe to be the lending marketplace of choice by providing a favorable customer experience. We are continually working to improve the customer experience through our investments in technologically-adept personnel and the use of in-market real-time testing to improve our digital platforms. Additionally, we work with our lenders, including providing training and other resources, to improve the customer experience throughout the loan process. Further, we have been building and improving our My LendingTree platform, which provides a relationship-based customer experience, rather than just a transaction-based experience.

We currently report our revenues in two product categories: (i) mortgage products, and (ii) non-mortgage products. Non-mortgage lending products include home equity loans, reverse mortgages, auto loans, credit cards, personal loans, student loans and small business loans. Non-mortgage products also include home improvement referrals, education enrollment referrals, and other tools and resources, including credit repair and debt consolidation services. For the nine months ended September 30, 2015, mortgage products accounted for $118.4 million, or approximately 67% of total revenue, and non-mortgage products accounted for $57.5 million, or approximately 33% of total revenue.

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We have experienced significant growth since our spinoff from IAC/InterActiveCorp, which we refer to as IAC, in 2008. We have achieved year over year revenue growth in every quarter since the second quarter of 2012. For the years ended December 31, 2013 and 2014, our total revenue was $139.2 million and $167.4 million, respectively, representing an increase of 20%. For the nine months ended September 30, 2014 and 2015, our total revenue was $123.5 million and $175.9 million, respectively, representing an increase of 42%. While continuing to invest in our business, we have continued to see strong growth in profitability. For the years ended December 31, 2013 and 2014, our Adjusted EBITDA was $18.7 million and $21.8 million, respectively, representing a year-over-year increase of 17%. For the nine months ended September 30, 2014 and 2015, our Adjusted EBITDA was $15.8 million and $28.8 million, respectively, representing an increase of 82%. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Three and Nine Months ended September 30, 2015 and 2014 Adjusted EBITDA and Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Years ended December 31, 2014, 2013 and 2012 Adjusted EBITDA for a reconciliation of Adjusted EBITDA to net income (loss) from continuing operations, the most directly comparable GAAP financial measure, and the definition of Adjusted EBITDA.

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 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 into a separate publicly-traded company. 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.

Competitive Strengths

Strong Brand. The LendingTree brand is one of our key competitive advantages. LendingTree was launched nationally in 1998 in order to serve consumers seeking home mortgage loans by matching them with various lenders. Over the last seventeen years, we have invested significantly in this brand to gain widespread consumer recognition.

More recently, we have actively sought to expand the suite of loan and credit-based offerings we provide, in order to both leverage the applicability of the LendingTree brand as well as more fully serve the needs of consumers and lenders. 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. LendingTree has an industry-leading 68% aided brand awareness and, to date, has invested approximately $1.5 billion in the development of our brand.

The financial services industry has expanded its online service offerings in recent years similar to the online expansions historically experienced by the travel industry. The mortgage segment of the financial services industry is experiencing the same trend, although the migration to expanded online service offerings appears to be still in its initial stages. Other lending categories, such as personal loans, credit cards and small business loans, are moving online as well and we believe that LendingTree is well-positioned to capture this shift due to our brand recognition.

We believe we are a leader in the refinance and purchase mortgage, personal loan and auto loan comparison-shopping categories and we believe that our strong brand and key product initiatives will help us to achieve our goal of being number one or two in all loan comparison-shopping categories.

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Marketing Capabilities. Through efforts, such as our recognizable television commercials and our proprietary market research, we maintain a strong offline presence that reinforces our name with consumers, which is designed to enhance our digital marketing efforts.

Our marketing efforts cast a wide net across a broad mix of marketing channels. We believe that we have the industry s best marketing program, with the following attributes:

- Industry-leading brand awareness;
- Best-in-class talent across marketing channels;
- Leading-edge technology and analytically driven marketing campaign optimization; and
- Data-driven results, web analytics, form optimization, and marketing channel performance.

In our marketing efforts, there is significant carry-over across product lines. For example, when we spend advertising dollars on our refinance mortgage product, we generally experience increased purchase mortgage volume as well as personal loan volume. Also, virtually all of our new advertisements are written and produced by our internal team. By reducing our reliance on outside agencies, we have improved our speed to market while reducing production expenses.

Expansive Product Offering. We have expanded our product offering from our original focus on mortgages to include home equity loans, reverse mortgages, auto loans, credit cards, personal loans, student loans and small business loans. As a result of this expansion, we believe we are in a better position to realize economies of scale and become the online loan marketplace of choice for consumers and lenders. We believe this diversification leaves us well-positioned as more consumers look for more categories of loans and other credit-based offerings online.

Operating Leverage. Our cost structure provides us with the flexibility to react to changes in the business cycle. Our largest expense is working media expense, which includes but is not limited to television, radio, print, paid search, organic search, display, native, email, direct mail, partnerships, affiliate and social media, and which, for the nine months ended September 30, 2015, represented 60% of total revenue. During economic downturns such expenses can be scaled back. Conversely, during periods of economic expansion, we can increase working media expense to continue to attract consumers and further increase the strength of our brand.

Strategies

Continue to Invest in Marketing. We will continue to scale our marketing operations and invest to fortify the LendingTree brand. Our latest round of advertising and marketing aims to continue to establish LendingTree as the brand that consumers see as the place to shop for money across all lending categories. My LendingTree will play an important role in our model going forward. We will look to continue to enroll customers on My LendingTree, creating an ongoing revenue stream for us and enabling us to increase our marketing spend to capture a bigger market share.

Grow Non-Refinance-Mortgage Products. In operating our core mortgage business, we will seek to win more purchase mortgage business as increasing interest rates are likely to reduce total industry refinance originations and shift mortgage origination mix to purchase mortgages. We are focused on growing our non-mortgage lending businesses and developing new product offerings and enhancements to improve the experiences of consumers and lenders as they interact with us. We will look to develop such new offerings through internal product development efforts, strategic business relationships with third parties and selective acquisitions. By expanding our portfolio of loan and credit-based offerings, we are growing and diversifying

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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.

Expand My LendingTree Capabilities. 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 new platform enables us to observe consumers credit profiles and then identify and alert them to loan and other credit-based offerings on our marketplace that may be more favorable than the loans they have at a given point in time. This is designed to provide consumers with measurable savings opportunities over their lifetimes.

We have grown My LendingTree s user base to approximately 2 million consumers as of October 2015. We recently rolled out the release of a new alert functionality within My LendingTree. This new feature is designed to create an improved user experience, providing calculations of savings opportunities that consumers may realize and recommended courses of action. As of September 30, 2015, we have identified approximately $500 million in potential savings opportunities for consumers and we plan to continue to roll out new features and alert functionalities.

Shift from Transactional to Relationship Model. Our goal has been to build a relationship-focused business with consumers incorporating multiple products, rather than one that is purely transactional and focused on mortgages. This fundamental shift from transactional to relationship-focused has required the synchronization of our expertise in marketing, technology and brand awareness, and has led to the emergence of the My LendingTree platform. We believe that there is significant crossover between our product offerings, allowing for cross-selling opportunities across products. For this reason, we believe that our marketing and advertising efforts on behalf of individual products will benefit many of our other product offerings. Consumers will begin to recognize the LendingTree brand, positioning us to become the place to shop for money as opposed to a place to shop for a particular loan product.

Shift to Mobile. More and more people today are using their mobile devices as the sole source for shopping and comparing products. More than 50% of LendingTree s traffic is via the mobile channel. We plan to continue to refine and build out the capabilities of our mobile platforms to ensure a positive customer experience.

Recent Development

On October 22, 2015, we established a $125.0 million five-year senior secured revolving credit facility which matures on October 22, 2020. The proceeds of 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 November 2, 2015, we did not have any borrowings outstanding under the revolving credit facility. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Three and Nine Months ended September 30, 2015 and 2014 Financial Position, Liquidity and Capital Resources Senior Secured Revolving Credit Facility.

Our principal executive offices are located at 11115 Rushmore Drive, Charlotte, North Carolina 28277, and our telephone number at that address is (704) 541-5351. We maintain a corporate website at *www.lendingtree.com* and an investor relations website at *www.investors.lendingtree.com*. None of the information on (or accessible through) our websites is incorporated by reference in this prospectus supplement, or in any other filings with, or in any information furnished or submitted to, the SEC.

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The Offering

The following summary contains basic information about this offering and our common stock and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete description of our common stock, see Description of Capital Stock in the accompanying prospectus.

Common stock offered by the Company	725,000 shares
Common stock offered by the selling stockholder	125,000 shares
Common stock to be outstanding after this offering	12,266,850 shares
Option to purchase additional shares	The underwriters have an option for a period of 30 days to purchase up to 127,500 additional shares of our common stock from us.
Use of Proceeds	We estimate that the net proceeds of the offering to us, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately $77.6 million (or approximately $91.4 million if the underwriters exercise their option to purchase additional shares in full). We will not receive any net proceeds from the sale of common stock by the selling stockholder. We expect to use the net proceeds of the offering to us for general corporate purposes, including but not limited to, working capital and potential acquisitions. Pending use of the net proceeds to us, we intend to invest these net proceeds in short-term interest-bearing investment grade instruments. See Use of Proceeds.
Risk Factors	You should read the Risk Factors section of this prospectus supplement beginning on page S-11 for a discussion of factors to consider before deciding to purchase shares of our common stock.
Dividend Policy	On December 26, 2012, we paid a special dividend of $1.00 per share to our shareholders of record as of December 17, 2012. Other than the special dividend, we have not declared or paid a cash dividend on our common stock during the three most recent fiscal years. We have no current intention to declare or pay cash dividends on our common stock in the foreseeable future. Investors should not purchase our common stock with the expectation of receiving cash dividends.

NASDAQ Global Select Market symbol TREE

The number of shares of our common stock to be outstanding after this offering is based on 11,541,850 shares of our common stock issued and outstanding as of October 28, 2015, including 87,762 shares of unvested restricted stock subject to repurchase by us, and excludes:

1,916,411 shares of our common stock issuable upon the exercise of stock options outstanding as of October 28, 2015, at a weighted-average exercise price of $18.75 per share;

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- 241,409 shares issuable upon the settlement of restricted stock units, as of October 28, 2015; and

- 486,941 additional shares of our common stock available for future issuance, as of October 28, 2015, under the 2008 Stock and Annual Incentive Plan.

Unless otherwise indicated, this prospectus supplement reflects and assumes the following:

- no exercise of outstanding stock options described above;

- no exercise by the underwriters of their option to purchase up to 127,500 additional shares of our common stock from us; and

- no purchases of shares of our common stock by our existing stockholders in this offering.

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SUMMARY FINANCIAL DATA

The following table sets forth our summary historical consolidated financial data as of, and for each of the years ended, December 31, 2012, 2013 and 2014 and our unaudited consolidated financial data as of, and for the nine months ended, September 30, 2014 and 2015. Our summary consolidated financial data for each of the years ended December 31, 2012, 2013 and 2014 and as of December 31, 2013 and 2014 are derived from our audited consolidated financial statements that are included in our Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated by reference in this prospectus supplement. Our summary consolidated financial data as of December 31, 2012 are derived from our audited consolidated financial statements that are not incorporated by reference in this prospectus supplement. Our summary consolidated financial data for the nine months ended September 30, 2014 and 2015 and as of September 30, 2015 are derived from our unaudited consolidated financial statements that are included in our Quarterly Report on Form 10-Q for the three-months ended September 30, 2015 and incorporated by reference in this prospectus supplement. Our summary financial data as of September 30, 2014 are derived from our unaudited consolidated financial statements that are not incorporated by reference herein. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

The summary historical consolidated data presented below should be read in conjunction with the sections entitled Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and the related notes and other financial data included elsewhere in this prospectus supplement or incorporated herein by reference. The results included here and elsewhere in this prospectus supplement or incorporated herein by reference are not necessarily indicative of future performance.

	Year Ended December 31,			Nine Months Ended September 30,	
	2012	**2013**	**2014**	**2015**	**2014**
	(Dollars in thousands, except share and per share data)				
Results of Operations:					
Revenue	$ 77,443	$ 139,240	$ 167,350	$ 175,875	$ 123,486
Net income (loss) from continuing operations	(2,249)	(673)	(487)	19,235	(2,596)
Income (loss) from discontinued operations	48,874	4,620	9,849	(3,238)	(3,679)
Net income (loss) and comprehensive income (loss)	$ 46,625	$ 3,947	9,362	$ 15,997	$ (6,275)
Weighted average shares outstanding:					
Basic	10,695	11,035	11,188	11,378	11,180
Diluted	10,695	11,035	11,188	12,379	11,180
(Loss) income per share from continuing operations					
Basic	$ (0.21)	$ (0.06)	$ (0.04)	$ 1.69	$ (0.23)
Diluted	$ (0.21)	$ (0.06)	$ (0.04)	$ 1.55	$ (0.23)
Income (loss) per share from discontinued operations					
Basic	$ 4.57	$ 0.42	$ 0.88	$ (0.28)	$ (0.33)
Diluted	$ 4.57	$ 0.42	$ 0.88	$ (0.26)	$ (0.33)
Net income (loss) per share					
Basic	$ 4.36	$ 0.36	$ 0.84	$ 1.41	$ (0.56)

Diluted	$ 4.36	$ 0.36	$ 0.84	$ 1.29	$ (0.56)
Cash dividend per share	$ 1.00	$	$	$	$
Financial Position (at period end):					
Cash and cash equivalents	$ 80,190	$ 91,667	$ 86,212	$ 106,251	$ 83,631
Total assets	$ 143,171	$ 152,644	$ 139,891	$ 174,784	$ 142,049
Total long-term liabilities	$ 5,883	$ 5,437	$ 4,889	$ 5,042	$ 5,062
Total shareholders equity	$ 82,922	$ 87,008	$ 96,366	$ 112,794	$ 79,328
Other Financial Information					
Adjusted EBITDA	$ 3,779	$ 18,717	$ 21,827	$ 28,837	$ 15,792

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Adjusted EBITDA

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

Definition of Adjusted EBITDA

We report Adjusted EBITDA as operating income or loss (which excludes interest expense and taxes) adjusted to exclude 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) adjustments for acquisitions or dispositions, 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. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Three and Nine Months ended September 30, 2015 and 2014 Adjusted EBITDA and Managements s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Years ended December 31, 2014, 2013 and 2012 Adjusted EBITDA for more information.

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

	Year Ended December 31,			Nine Months Ended September 30,	
	2012	**2013**	**2014**	**2015**	**2014**
Adjusted EBITDA	**$ 3,779**	**$ 18,717**	**$ 21,827**	**$ 28,837**	**$ 15,792**
Adjustments to reconcile net income (loss) from continuing operations:					
Amortization of intangibles	(358)	(147)	(136)	(124)	(96)
Depreciation	(4,105)	(3,501)	(3,245)	(2,135)	(2,541)
Restructuring and severance	57	(159)	(373)	(422)	(232)
Loss on disposal of assets	(738)	(165)	(282)	(102)	(237)
Impairment of long-lived assets			(805)		
Non-cash compensation	(4,587)	(5,627)	(7,277)	(6,233)	(4,823)
Discretionary cash bonus		(920)			
Trust contribution		(350)			
Estimated settlement for unclaimed property				(134)	
Acquisition expense			(60)	(84)	(114)
Litigation settlements and contingencies	3,101	(8,955)	(10,618)	663	(10,430)

Interest expense				(63)	(1)
Other expense, net	(881)	(19)	(2)		
Income tax (expense) benefit	1,483	453	484	(968)	86
Net income (loss) from continuing operations	**$ (2,249)**	**$ (673)**	**$ (487)**	**$ 19,235**	**$ (2,596)**

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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 prospectus supplement, the accompanying prospectus, and the information incorporated by reference herein and therein. If any of the risks described below, or incorporated by reference into this prospectus supplement 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 Note Regarding Forward-Looking Statements.

Risks Related to our Business

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 marketplace lenders to close loans, and adverse economic trends limit the ability of our marketplace lenders 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. Conversely, during periods with decreased interest rates, marketplace lenders have less incentive to use our marketplaces, or in the case of sudden increases in consumer demand, our marketplace lenders may lack the ability to support sudden increases in volume.

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 during 2013 and 2014, the failure to sustain such improvements could have adverse effects on us and our marketplace lenders. Further, our business could be adversely affected by the actions and commercial soundness of other businesses in the financial services sector. 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 mortgage industry. Any such disruption could have a material and adverse effect on our business, financial condition and results of operations.

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Our recent revenue growth has been driven in significant part 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.

We re-launched our personal loan product in the third quarter of 2013. Revenue from personal loan offerings substantially increased in 2014 compared to 2013 and in the first nine months of 2015 compared to the first nine months of 2014, and was responsible for a significant portion of the $15.5 million increase in non-mortgage revenue for the year ended December 31, 2014 and the $35.0 million increase in non-mortgage revenue for the first nine months of 2015. 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 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 loan 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 or increased borrower default levels, which may occur upon adverse changes in regional, national or global economic conditions. 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.

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 if these business become more significant components of our total revenue. See Business Seasonality. Any of these seasonal trends, or the combination of them, may negatively impact the price of our common stock.

We depend on relationships with marketplace lenders 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 participating on our marketplaces and our continuing relationships with such lenders. Marketplace lenders could, for any reason, experience financial difficulties and cease participating on our lender marketplace, 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 marketplace lenders from time to time. The occurrence of one or more of these events with a significant number of marketplace lenders could, alone or in combination, have a material and adverse effect on our business, financial condition and results of operations.

Marketplace lenders affiliated with our marketplaces are not precluded from offering products and services outside of our marketplaces.

Because our businesses do not have exclusive relationships with marketplace lenders, consumers may obtain loans from these third-party service providers without having to use our marketplaces. Marketplace lenders can offer loans 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. Marketplace lenders may also offer loans 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 services directly from marketplace lenders as opposed to through our marketplaces, our business, financial condition and results of operations could be materially and adversely affected.

Some of our lending services are new to the market and may fail to achieve or maintain customer acceptance and profitability.

In 2013, we expanded our lending offerings by launching LoanExplorer, a rate table loan marketplace, and loan marketplaces for reverse mortgages and credit card offerings, and we also re-launched a loan marketplace for personal loans. In 2014, we launched a new student loan offering and marketplaces for student loan refinancings and small business loans. We do not have as much experience with these products as with the mortgage marketplaces. Accordingly, these new offerings may be subject to greater risks than our more mature mortgage marketplaces.

The success of these and other 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 and lenders;
- market acceptance by consumers and lenders;
- 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 lead purchasers.

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

Marketplace lenders and lead purchasers 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 marketplace lenders and lead purchasers 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.

Litigation and indemnification of secondary market purchasers could have a material and adverse effect on our business, financial condition, results of operations and liquidity. If we cannot settle any then-existing and certain future contingent liabilities to secondary market purchasers, a portion of the purchase price for the sale of LendingTree Loans assets will remain in escrow indefinitely.

In connection with the sale of loans to secondary market purchasers, Home Loan Center, Inc., which we refer to as HLC, may be liable for certain indemnification, repurchase and premium repayment obligations. For

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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 also agreed to repurchase loans or indemnify secondary market purchasers for losses due to early payment defaults (*i.e.,* late payments during a limited time period immediately following HLC s origination of the loan). Further, HLC agreed to repay all or a portion of the initial premiums paid by secondary market purchasers in instances where the borrower prepays the loan within a specified period of time. HLC has made payments for these liabilities in the past and expects to make payments for these liabilities in the future.

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. Approximately $16.1 million is being held in escrow in accordance with the agreement with Discover Financial Services, which we refer to as Discover, for these obligations that remain with us following the sale. As a result of a settlement agreement in 2014 with a secondary market purchaser of loans, we expect $12.1 million of such amount to be released from escrow in December 2015. 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. The occurrence of indemnification claims, repurchase obligations or premium repayments beyond our reserves for these contingencies, or our inability to settle with secondary market purchasers, may have a material and adverse effect on our business, financial condition and results of operations.

The asset purchase agreement for the sale of substantially all of the operating assets of our LendingTree Loans business may expose us to contingent liabilities.

Under the asset purchase agreement we entered into in May 2011(as amended) with Discover Bank, a wholly-owned subsidiary of Discover, we have agreed to indemnify Discover for a breach or inaccuracy of any representation, warranty or covenant made by us in the asset purchase agreement, for any liability of ours that was not assumed by Discover pursuant to the terms of the asset purchase agreement, for any claims by our stockholders against Discover and for our failure to comply with any applicable bulk sales law, subject to certain limitations. Discover submitted a claim for indemnification relating to our sale prior to the closing of certain loans that were listed in the asset purchase agreement as to be conveyed to Discover at closing. In May 2013, the claim was resolved. The occurrence of additional indemnification claims may have a material and adverse effect on our financial condition and results of 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 a history of incurring operating losses, including for the 2014 and 2013 years, and although our performance over the last few years has been improving, we have an accumulated deficit of $798.2 million at December 31, 2014. 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.

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

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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.

Failure to maintain brand recognition and attract and retain customers 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 requests for our marketplace lenders and lead purchasers and generate repeat visits from consumers, our businesses must promote and maintain their various brands successfully. 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.

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 of operating capital on, and devote significant resources to, branding, advertising and other marketing initiatives, which may not be successful or cost-effective. To date, we have invested approximately $1.5 billion in the development of our brand. The failure of our businesses to maintain the recognition of their respective brands and attract and retain customers 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.

We depend on search engines and other online sources to attract visitors to our websites, and if we are unable to attract these visitors and convert them into loan requests for our marketplace lenders and lead purchasers 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 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 listing, and algorithmic searches, that depend upon the searchable content on our sites. Search engines and other online sources revise their algorithms 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 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.

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.

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For example, the number of individuals who access the internet through devices other than a personal computer, such as personal digital assistants, mobile telephones, 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, we may lose market share, which could materially and adversely affect our business, financial condition and results of operations.

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 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, which we refer to as FTC, and Federal Communications Commission, which we refer to as FCC, has resulted in restrictions on telephone calls to residential and wireless telephone subscribers.

Additional federal, state, and in some instances local, laws regulate residential 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 the Federal Real Estate Settlement Procedures Act, which we refer to as 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 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.

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. In 2008, Congress mandated that all states adopt certain minimum standards for the licensing of individuals involved in mortgage lending or loan brokering, and many state legislatures and state agencies have adopted or are in the process of adopting or implementing additional licensing, continuing education and similar requirements on mortgage lenders, brokers and their employees. Compliance with these new requirements may

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render it more difficult for us and our marketplace lenders to operate or may raise our internal costs or the costs of our marketplace lenders, 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 marketplace lenders 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.

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, secondary market purchaser, 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 real estate brokerage 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

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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.

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.

The Dodd-Frank Wall Street Reform and Consumer Protection Act and related legislative and regulatory actions have had and may have a significant impact on our business, results of operations and financial condition.

In July 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, which we refer to as the Dodd-Frank Act, which contains a comprehensive set of provisions designed to govern the practices and oversight of financial institutions and other participants in the financial markets. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new rules and regulations, many of which have not yet been adopted and to prepare numerous studies and reports for Congress, which could result in additional legislative or regulatory action. The Dodd-Frank Act, as well as other legislative and regulatory changes, could have a significant impact on us by, for example, requiring us to change our business practices, limiting our ability to pursue business opportunities, imposing additional costs on us, limiting fees we can charge, impacting the value of our assets, or otherwise adversely affecting our businesses. Among other things, the Dodd-Frank Act established the Consumer Financial Protection Bureau to regulate consumer financial services and products, including credit, savings and payment products. The effect of the Dodd-Frank Act on our business and operations has been and could continue to be significant, depending upon remaining implementing regulations, the actions of our competitors and the behavior of other marketplace participants. In addition, we have been, and likely will continue to be, required to invest significant management time and resources to address the various provisions of the Dodd-Frank Act and the numerous regulations that are required to be issued under it.

In light of recent 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.

If marketplace lenders 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 marketplace lenders and produce these documents for examination by state regulators. While marketplace lenders 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 our common stock, 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.

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 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.

A breach of our network security or the misappropriation or misuse of personal consumer information may have a material and adverse impact on our business, financial condition and results of operations.

Any penetration of network security or other misappropriation or misuse of personal consumer information maintained by us or our third-party marketing partners could cause interruptions in the operations of our businesses and subject us to increased costs, litigation and other liabilities. Claims could also be made against us or our third-party marketing partners for other misuse of personal information, such as for unauthorized purposes or identity theft, which could result in litigation and financial liabilities, as well as administrative action from governmental authorities. Real or perceived security breaches could also significantly damage our reputation with consumers and third parties with whom we do business.

We may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. We also face risks associated with security breaches affecting third parties with whom we are affiliated or otherwise conduct business with online. 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.

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The collection, processing, storage, use and disclosure of personal data 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 the storing, sharing, use, disclosure and protection of 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. We could be materially and adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies, 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 businesses may also become exposed to potential liabilities as a result of differing views on the privacy of consumer and other user data collected by these businesses. Our failure, and/or the failure by the various third party vendors and service providers with whom we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any compromise of security that results in the unauthorized release 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 by governmental agencies and/or consumers, one or all of which could materially and adversely affect our business, financial condition and results of operations.

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 copyrighted 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 we 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 March 2014, a federal jury found our two issued patents invalid. In November 2014, we filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit and our appelate brief was filed in September 2015. 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 of 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. In 2014, we participated in a jury trial for the litigation described in Note 11 Contingencies Intellectual Property Litigation Zillow in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 and Note 10 Contingencies Specific Matters Intellectual Property Litigation Zillow in the notes to our consolidated financial statements included in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2015, each of which is incorporated by reference into this prospectus supplement. The legal expenses associated with this jury trial were material and negatively affected our results of operations for 2014.

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. Management of our risks in some cases depends upon the use of analytical and/or forecasting models. If the models that we use to mitigate these risks are inadequate, we may incur increased losses. In addition, 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.

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 our goodwill or amortizable 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, which we refer to as 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.

We compete with a number of other internet-based lead generation companies, and we face the possibility of new competitors.

We currently compete with a number of other internet-based lead generation 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 marketplace lender demand before we do. Other newcomers, including major search engines and content aggregators, may be able to leverage their existing products and services 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 marketplace lenders, our business, financial condition and results of operations could be materially and adversely affected.

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 such facility could impair our rights to the assets that have been pledged as collateral under the facility.

On October 22, 2015, our wholly-owned subsidiary LendingTree, LLC entered into a $125.0 million five-year senior secured revolving credit facility which matures on October 22, 2020. The proceeds of the revolving credit facility can be used to finance working capital needs, capital expenditures, and general corporate purposes, including to finance permitted acquisitions. We do not currently have any borrowings outstanding under the revolving credit facility.

The revolving credit facility contains certain restrictive covenants, which include a consolidated debt to consolidated EBITDA ratio and a consolidated EBITDA to consolidated interest expense 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;

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- make loans and investments;
- enter into mergers or make certain fundamental changes;
- make certain restricted payments, including dividends, distributions 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, 100% of the assets, including 100% of its equity in all of its subsidiaries. The obligations under this facility are unconditionally guaranteed on a senior basis by LendingTree, Inc. and specific subsidiaries of LendingTree, LLC, which guarantees are secured by a pledge as collateral, subject to certain customary exclusions, of 100% of each such guarantor s assets, including 100% of its equity in all of its subsidiaries.

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.

Risks Related to this Offering and 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 September 30, 2015, 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 $139.59 per share. If the market price of our shares declines significantly, the value of an investment in our common stock would decline. 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 results;

failure to meet analysts earnings estimates;

publication of research reports about us, our marketplace lenders 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 preference or common shares we may issue in the future;

- changes in our dividend payment policy or failure to execute our existing policy;
- actions by shareholders;
- changes in market valuations of similar companies;
- 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;
- changes or proposed changes in laws or regulations affecting our industry or enforcement of these laws and regulations, or announcements relating to these matters; and
- the risks identified in this prospectus supplement, in the documents incorporated herein by reference and in other documents we file with the SEC from time to time or reasons unrelated to our performance.

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.

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 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 Liberty Interactive Corporation, including its predecessor which we refer to as Liberty Interactive, Liberty Interactive and its permitted transferees are entitled to three demand registration rights (and unlimited piggyback registration rights) in respect of the shares of our common stock received by Liberty Interactive as a result of the spin-off and other shares of our common stock acquired by Liberty Interactive 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. As described elsewhere in this prospectus supplement, Liberty Interactive will not be entering into a lock-up agreement in connection with this offering. Therefore, it is possible that Liberty Interactive will exercise a demand registration right prior to the expiration of the lock-up agreements signed by our executive officers and directors.

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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 October 28, 2015, Douglas Lebda, our Chairman and Chief Executive Officer, and Liberty Interactive beneficially owned approximately 22.4% and 24.0%, respectively, of our outstanding common stock. Liberty Interactive also has the right to nominate 20% of the total number of directors serving on the board, rounded up. Two of the seven directors, Neal Dermer and Craig Troyer, were nominated by Liberty Interactive. Following the sale of shares by Mr. Lebda in connection with the offering, Mr. Lebda is expected to beneficially own approximately 20.2% of our outstanding common stock.

Therefore, for the foreseeable future, Mr. Lebda and Liberty Interactive will each have influence over our management and affairs and all matters requiring shareholder 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 Liberty Interactive may not necessarily align with the interests of our other stockholders. Mr. Lebda or Liberty Interactive 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. While Mr. Lebda has signed a lock-up agreement in connection with this offering, Liberty Interactive will not be signing a lock-up agreement in connection with this offering. Therefore, Liberty Interactive may sell some of their shares under Rule 144 (subject to volume limitations) or through the exercise of its demand registration rights. In addition, 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.

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 articles 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

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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.

On December 26, 2012, we paid a special dividend of $1.00 per share to our shareholders of record as of December 17, 2012. Other than the special dividend, we have not declared or paid a cash dividend on our common stock during the three 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 Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Three and Nine Months ended September 30, 2015 and 2014 Financial Position, Liquidity and Capital Resources Senior Secured Revolving Credit Facility. 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 management will have broad discretion as to the use of proceeds from this offering, you may not agree with the manner in which we use the proceeds and our use of those proceeds may not yield a favorable return on investment.

We intend to use the proceeds of the offering for general corporate purposes, including but not limited to, working capital and potential acquisitions. We have not designated the amount of net proceeds we will use for any particular purpose and our management will retain broad discretion to allocate the net proceeds of the offering. The net proceeds may be applied in ways with which some investors in the offering may not agree. Moreover, our management may use the proceeds for corporate purposes that may not increase our market value or make us more profitable. In addition, it may take us some time to effectively deploy the proceeds from the offering. Until the proceeds are effectively deployed, our return on equity and earnings per share may be negatively impacted. Management s failure to use the net proceeds of the offering effectively could have an adverse effect on our business, financial condition and results of operations.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein, contain forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995, as amended. All statements other than statements of historical fact included in this prospectus supplement, the accompanying prospectus, or the documents incorporated by reference herein or therein, are forward looking statements.

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. The use of words such as anticipates, estimates, expects, projects, intends, plans and believes, among others, generally identify forward-looking statements. 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. Although we believe that these forward-looking statements are based upon reasonable assumptions, they are subject to numerous known and unknown risks and uncertainties and are made in light of information currently available to us. Many important factors, including those described under the heading Risk Factors beginning on page S-11 of this prospectus supplement and those described elsewhere herein or in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, may adversely and materially affect our results as indicated in forward-looking statements. You should read this prospectus supplement, the accompanying prospectus, and the documents we incorporate by reference herein and therein completely and with the understanding that our actual future results may be materially different and worse from what we expect.

Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Forward-looking statements speak only as of the date they were made, and, except to the extent required by law or the rules of the NASDAQ Stock Market, we undertake no obligation to update or review any forward-looking statement because of new information, future events or other factors. You should, however, review the risks and uncertainties we describe in the reports we will file from time to time with the SEC after the date of this prospectus supplement. See the information included under the heading Where You Can Find More Information located on page S-77.

Forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the forward-looking statements discussed in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements when making an investment decision.

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USE OF PROCEEDS

We estimate that the net proceeds from the offering of shares of common stock by us, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately $77.6 million (or approximately $91.4 million if the underwriters exercise their option to purchase additional shares in full). We will not receive any net proceeds from the sale of common stock by the selling stockholder. We expect to use the net proceeds of the offering to us for general corporate purposes, including but not limited to, working capital and potential acquisitions. Pending use of the net proceeds to us, we intend to invest these net proceeds in short-term interest-bearing investment grade instruments.

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MARKET PRICE OF COMMON STOCK

Our common stock is currently quoted on the NASDAQ Global Select Market under the symbol TREE. The following table sets forth, for the periods indicated, the high and low intraday sale prices of our common stock as reported by the NASDAQ Global Select Market.

Year Ended December 31, 2013	**High**	**Low**
First Quarter	$ 18.75	$ 16.00
Second Quarter	21.49	16.33
Third Quarter	26.84	16.54
Fourth Quarter	33.24	26.30
Year Ended December 31, 2014	**High**	**Low**
First Quarter	$ 35.05	$ 29.76
Second Quarter	31.66	22.94
Third Quarter	36.00	24.61
Fourth Quarter	48.84	33.72
Year Ended December 31, 2015	**High**	**Low**
First Quarter	$ 58.00	$ 38.85
Second Quarter	78.78	54.32
Third Quarter	139.59	73.56
Fourth Quarter (through November 5, 2015)	127.72	85.18

On November 5, 2015, the last reported sale price of our common stock on the NASDAQ Global Select Market was $120.25. As of October 30, 2015, there were 11,541,850 shares of our common stock outstanding, which was held of record by 876 stockholders.

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DIVIDEND POLICY

On December 26, 2012, we paid a special dividend of $1.00 per share to our stockholders of record as of December 17, 2012. Other than the special dividend, we have not declared or paid a cash dividend on our common stock during the three most recent fiscal years. 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.

The revolving credit facility contains certain restrictions on our ability to pay dividends. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Three and Nine Months ended September 30, 2015 and 2014 Financial Position, Liquidity and Capital Resources Senior Secured Revolving Credit Facility.

Additionally, our ability to pay dividends to our stockholders is subject to the restrictions set forth in the Delaware General Corporation Law, or DGCL. The DGCL provides that a corporation may pay a dividend to its stockholders only out of surplus, as determined under the DGCL or in case there is no such surplus, out of the company s net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Investors should not purchase our common stock with the expectation of receiving cash dividends.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2015, on:

- an actual basis; and

- on an as adjusted basis after giving effect to the sale of 725,000 shares of common stock by us in this offering and assuming the underwriters do not exercise their option to purchase additional shares.

You should read this table in conjunction with our consolidated financial statements and the notes thereto incorporated by reference herein, and the Selected Financial Data and Use of Proceeds sections of this prospectus supplement, together with the other information included or incorporated by reference in the prospectus supplement and the accompanying prospectus.

	As of September 30, 2015	
	Actual	**As Adjusted**
	(Dollars in thousands, except share amounts)	
Cash and cash equivalents	$ 106,251	$ 183,926
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; 13,013,767 shares issued (actual) and 11,540,240 shares outstanding (actual); and 13,738,767 shares issued (as adjusted) and 12,265,240 shares outstanding (as adjusted)(1)	130	137
Additional paid-in-capital	910,399	988,039
Accumulated deficit	(782,174)	(782,174)
Treasury stock; 1,473,527 shares	(15,561)	(15,561)
Total shareholders equity	112,794	190,441
Total capitalization	$ 112,794	$ 190,441

(1) The number of shares of our common stock to be outstanding after this offering is based on 11,540,240 shares of our common stock issued and outstanding as of September 30, 2015, including 87,762 shares of unvested restricted stock subject to repurchase by us, and excludes:

- 1,918,021 shares of our common stock issuable upon the exercise of stock options outstanding as of September 30, 2015, at a weighted-average exercise price of $18.76 per share;

- 241,409 shares issuable upon the settlement of restricted stock units, as of September 30, 2015; and

486,441 additional shares of our common stock available for future issuance, as of September 30, 2015, under the 2008 Stock and Annual Incentive Plan.

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SELECTED FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data as of and for each of the five years ended December 31, 2010, 2011, 2012, 2013 and 2014 and our unaudited consolidated financial statements as of and for the nine months ended September 30, 2014 and 2015. Our selected consolidated financial data for the years ended December 31, 2012, 2013 and 2014 and as of December 31, 2013 and 2014 are derived from our audited consolidated financial statements that are included in our Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated by reference in this prospectus supplement. Our selected consolidated financial data for the years ended December 31, 2010 and 2011 and as of December 31, 2010, 2011 and 2012 are derived from our audited consolidated financial statements that are not incorporated by reference in this prospectus supplement. Our unaudited consolidated financial data for the nine months ended September 30, 2014 and 2015 and as of September 30, 2015 are derived from our unaudited consolidated financial statements that are included in our Quarterly Report on Form 10-Q for the three months ended September 30, 2015 and incorporated by reference in this prospectus supplement. Our selected consolidated financial data as of September 30, 2014 are derived from our unaudited consolidated financial statements that are not incorporated by reference in this prospectus supplement. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

The selected historical consolidated data presented below should be read in conjunction with the sections entitled Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and the related notes and other financial data included elsewhere in this prospectus supplement or incorporated herein by reference. The results included here and elsewhere in this prospectus supplement are not necessarily indicative of future performance.

	Year Ended December 31,					Nine Months Ended September 30,	
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2014**
	(Dollars in thousands, except share and per share data)						
Results of Operations:							
Revenue	$ 59,918	$ 54,617	$ 77,443	$ 139,240	$ 167,350	$ 175,875	$ 123,486
Net income (loss) from continuing operations	(26,604)	(49,710)	(2,249)	(673)	(487)	19,235	(2,596)
Income (loss) from discontinued operations	8,427	(9,793)	48,874	4,620	9,849	(3,238)	(3,679)
Net income (loss) and comprehensive income (loss)	$ (18,177)	$ (59,503)	$ 46,625	$ 3,947	9,362	$ 15,997	$ (6,275)
Weighted average shares outstanding:							
Basic	10,433	10,377	10,695	11,035	11,188	11,378	11,180
Diluted	10,433	10,377	10,695	11,035	11,188	12,379	11,180
(Loss) income per share from continuing operations							
Basic	$ (2.55)	$ (4.79)	$ (0.21)	$ (0.06)	$ (0.04)	$ 1.69	$ (0.23)
Diluted	$ (2.55)	$ (4.79)	$ (0.21)	$ (0.06)	$ (0.04)	$ 1.55	$ (0.23)
Income (loss) per share from discontinued operations							

Basic	$ 0.81	$ (0.94)	$ 4.57	$ 0.42	$ 0.88	$ (0.28)	$ (0.33)
Diluted	$ 0.81	$ (0.94)	$ 4.57	$ 0.42	$ 0.88	$ (0.26)	$ (0.33)
Net income (loss) per share							
Basic	$ (1.74)	$ (5.73)	$ 4.36	$ 0.36	$ 0.84	$ 1.41	$ (0.56)
Diluted	$ (1.74)	$ (5.73)	$ 4.36	$ 0.36	$ 0.84	$ 1.29	$ (0.56)
Cash dividend per share	$	$	$ 1.0	$	$	$	$
Financial Position (at period end):							
Cash and cash equivalents	$ 68,819	$ 45,541	$ 80,190	$ 91,667	$ 86,212	$ 106,251	$ 83,631
Total assets	$ 282,802	$ 331,340	$ 143,171	$ 152,644	$ 139,891	$ 174,784	$ 142,049
Total long-term liabilities	$ 29,648	$ 5,544	$ 5,883	$ 5,437	$ 4,889	$ 5,042	$ 5,062
Total shareholders equity	$ 101,821	$ 45,471	$ 82,922	$ 87,008	$ 96,366	$ 112,794	$ 79,328

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes incorporated herein by reference. This discussion contains forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus supplement, particularly in the section entitled Risk Factors in this prospectus supplement.

Company Overview

LendingTree, Inc., formerly known as Tree.com, Inc., is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC.

LendingTree operates what we believe to be the leading online marketplace for consumers seeking a broad array of loan types and other credit-based offerings. We offer consumers tools and resources, including free credit scores, that help them to comparison-shop for mortgage loans, home equity, reverse mortgage, auto loans, credit cards, personal loans, student loans and small business loans and other related offerings. We primarily seek to match in-market consumers with multiple lenders on our marketplace who can provide them with competing quotes for the loans or credit-based offerings they are seeking. We also serve as a valued partner to lenders seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer loan inquiries we generate with these lenders.

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. We believe this new platform will enable us to provide consumers with measurable savings opportunities over their lifetimes, as we are able to observe their credit profiles and then identify loan and credit-based opportunities on our marketplace that may be more favorable than the loans they may have at a given point in time, which we can alert them to.

The LendingTree Loans business is presented as discontinued operations in the consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows that are incorporated herein by reference 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.

Reportable and Operating Segments

During the first quarter of 2015, management made certain changes to its organizational structure that impacted its previous operating segments. As a result, management concluded it had one reportable segment representing our Lending activities. Previously reported results for the three and nine months ending September 30, 2014 have been revised to conform to our single reportable segment at September 30, 2015. Previously reported segment results for the years ended December 31, 2014, 2013 and 2012 reflect our prior segment reporting and have not been revised.

Seasonality

Revenue is subject to the cyclical and seasonal trends of the U.S. housing and mortgage markets. Home sales 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, these trends in our businesses are not absolute and there have been exceptions to them. For example, in

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recent periods additional factors affecting the mortgage and real estate markets have impacted customary seasonal trends.

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.

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. Typically, a decline in mortgage interest rates will lead to reduced lender demand, as there are more consumers in the marketplace seeking financing and, accordingly, lenders receive more organic lead volume. Conversely, an increase in mortgage interest rates will typically lead to an increase in lender demand, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases.

HISTORICAL 30-YEAR FIXED MORTGAGE RATES

According to Freddie Mac, since the end of 2013, 30-year fixed mortgage interest rates have generally declined, reaching a monthly average of 3.67% in January 2015, its lowest since May 2013. Since January 2015, mortgage interest rates have generally risen. On a quarterly basis, mortgage interest rates in the third quarter of 2015 averaged 3.95%, as compared to 3.83% in the second quarter of 2015 and 4.14% in the third quarter of 2014.

HISTORICAL MIX OF MORTGAGE ORIGINATION DOLLARS

Typically, as mortgage interest rates rise, there are less consumers in the marketplace seeking refinancings and, accordingly, the mix of mortgage origination dollars moves towards purchase mortgages. According to Mortgage Bankers Association, or MBA, data, total refinance origination dollars decreased to 37% of total mortgage origination dollars in the third quarter of 2015, as a result of the rise in average mortgage interest rates.

Looking forward, MBA is projecting mortgage interest rates to climb during the remainder of 2015, to an average 4.0% on 30-year fixed rate mortgages in the fourth quarter of 2015 and an average 3.9% for the full-year 2015. According to MBA projections, despite the anticipated rise in interest rates during the fourth quarter of 2015, the mix of mortgage origination dollars will move towards refinance mortgages, likely due to a slower U.S. real estate market during the winter holiday season, with the refinance share representing 42% of the fourth quarter of 2015 and 43% of the full-year 2015.

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. Over the last few years, the U.S. real estate market has been recovering, albeit slowly.

Despite continued indications of economic recovery, in 2014, existing home sales nationwide declined approximately 3% over 2013, according to the National Association of Realtors, or NAR, likely due to lessening housing affordability and higher mortgage interest rates. However, sales of existing homes in the second half of 2014 were up 6% from the first half of the year, as economic growth accelerated, housing inventory increased and sales prices moderated. This momentum has continued into 2015 with the first half of 2015 with existing home sales nationwide up 1% over the second half of 2014.

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For the remainder of 2015, the NAR expects economic recovery to continue. Existing home sales nationwide are expected to increase approximately 5% over the first half of 2015, resulting in full-year 2015 growth of over 7%, while supporting sales price growth of approximately 6%.

Results of Operations for the Three and Nine Months ended September 30, 2015 and 2014

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	$ Change	% Change	2015	2014	$ Change	% Change
				(Dollars in thousands)				
Mortgage products	$ 44,171	$ 32,026	$ 12,145	38%	$ 118,367	$ 100,936	$ 17,431	17%
Non-mortgage products	25,633	9,280	16,353	176%	57,508	22,550	34,958	155%
Revenue	**69,804**	**41,306**	**28,498**	**69%**	**175,875**	**123,486**	**52,389**	**42%**
Costs and expenses:								
Cost of revenue (exclusive of depreciation shown separately below)	2,436	2,110	326	15%	6,402	5,670	732	13%
Selling and marketing expense	48,901	27,168	21,733	80%	118,615	83,581	35,034	42%
General and administrative expense	7,069	6,590	479	7%	21,336	18,201	3,135	17%
Product development	2,675	1,658	1,017	61%	7,238	5,416	1,822	34%
Depreciation	764	840	(76)	(9)%	2,135	2,541	(406)	(16)%
Amortization of intangibles	25	41	(16)	(39)%	124	96	28	29%
Restructuring and severance	28	7	21	300%	422	232	190	82%
Litigation settlements and contingencies	133	2,338	(2,205)	(94)%	(663)	10,430	(11,093)	(106)%
Total costs and expenses	**62,031**	**40,752**	**21,279**	**52%**	**155,609**	**126,167**	**29,442**	**23%**
Operating income (loss)	**7,773**	**554**	**7,219**	**1,303%**	**20,266**	**(2,681)**	**22,947**	**856%**
Other income (expense), net:								
Interest expense	(1)	(1)		%	(63)	(1)	(62)	(6,200)%

Income (loss) before income taxes	**7,772**	**553**	**7,219**	**1,305%**	**20,203**	**(2,682)**	**22,885**	**853%**
Income tax (expense) benefit	(389)	2	(391)	(19,550)%	(968)	86	(1,054)	(1,226)%
Net income (loss) from continuing operations	**7,383**	**555**	**6,828**	**1,230%**	**19,235**	**(2,596)**	**21,831**	**841%**
Loss from discontinued operations, net of tax	(1,295)	(174)	(1,121)	(644)%	(3,238)	(3,679)	441	12%
Net income (loss) and comprehensive income (loss)	**$ 6,088**	**$ 381**	**$ 5,707**	**(1,498)%**	**$ 15,997**	**$ (6,275)**	**$ 22,272**	**355%**

Revenue

Revenue increased in the third quarter and first nine months of 2015 compared to the third quarter and first nine months of 2014 due to increases in our non-mortgage products of $16.4 million and $35.0 million, respectively, and in our mortgage products of $12.1 million and $17.4 million, respectively.

Our non-mortgage products include the following non-mortgage lending products: reverse mortgages, home equity loans, auto loans, credit cards, personal loans, student loans and small business loans. Our non-mortgage products also include home improvement referrals, education enrollment referrals and other tools and resources, including credit repair and debt consolidation services. The increase in revenue from our non-mortgage products is primarily due to increases in revenue from our personal loans product and our credit cards product. Revenue from our personal loans product increased $11.9 million and $28.4 million, respectively, in the

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third quarter and first nine months of 2015 compared to the third quarter and first nine months of 2014 due to growing awareness in the market of the product, an increase in lenders on our exchange, increases in revenue earned per matched consumer and increased marketing efforts. Revenue from our credit cards product increased $2.5 million and $2.9 million, respectively, in the third quarter and first nine months of 2015 compared to the third quarter and first nine months of 2014 due to an increase in payouts from issuers in addition to increased marketing efforts. Revenue from each of our non-mortgage lending products increased in the third quarter and first nine months of 2015 compared to the third quarter and first nine months of 2014.

The increase in revenue from our mortgage products in the third quarter of 2015 compared to the third quarter of 2014 is primarily due to an increase in revenue from our refinance product, although revenue from our purchase product also increased. The increase in revenue from our mortgage products in the first nine months of 2015 compared to the first nine months of 2014 is primarily due to an increase in revenue from our refinance product, partially offset by a decrease in revenue from our purchase product. Mortgage interest rates were lower in the third quarter and first nine months of 2015 compared to the third quarter and first nine months of 2014, causing an increase in sales of the refinance product. Additionally, revenue from our refinance product increased in the third quarter of 2015 compared to the third quarter of 2014 due to increased demand of both new and existing lenders on our marketplace.

The number of consumers matched on our lending marketplace increased by 73% in the third quarter of 2015 compared to the third quarter of 2014 and by 82% in the first nine months of 2015 compared to the first nine months of 2014, while our average revenue earned from marketplace lenders per matched consumer decreased by 1% in the third quarter of 2015 compared to the third quarter of 2014 and decreased by 21% in the first nine months of 2015 compared to the first nine months of 2014. The decrease in revenue earned per matched consumer was primarily due to the increased relative contribution of our non-mortgage lending products, which have lower revenue per matched consumer rates than our mortgage products. Additionally, there was a reduction in revenue per matched consumer in our mortgage products in the first nine months of 2015 compared to the first nine months of 2014.

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 call centers, third-party customer call center fees, credit scoring fees, credit card fees and website network hosting and server fees.

Cost of revenue increased in the third quarter of 2015 from the third quarter of 2014, primarily due to increases of $0.3 million in compensation and benefits as a result of increases in headcount and $0.2 million in credit card fees, partially offset by a $0.1 million decrease in credit scoring fees and a $0.1 million decrease in licenses and permits.

Cost of revenue increased in the first nine months of 2015 from the first nine months of 2014, primarily due to increases of $0.7 million in compensation and benefits as a result of increases in headcount and $0.4 million in credit card fees, partially offset by a $0.4 million decrease in credit scoring fees.

Cost of revenue as a percentage of revenue decreased slightly from 5% for the third quarter and first nine months of 2014 to 3% for the third quarter of 2015 and 4% for the first nine months of 2015.

Selling and marketing expense

Selling and marketing expense consists primarily of advertising and promotional expenditures, fees paid to lead sources 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.

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The increases in selling and marketing expense in the third quarter and first nine months of 2015 compared to the third quarter and first nine months of 2014 were primarily due to increases in advertising and promotional expense of $20.9 million and $33.1 million, respectively, as discussed below. In addition, selling and marketing expense increased in the third quarter and first nine months of 2015 compared to the third quarter and first nine months of 2014 due to an increase in compensation and benefits of $0.9 million and $1.9 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:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	$ Change	% Change	2015	2014	$ Change	% Change
				(Dollars in thousands)				
Online	$ 34,412	$ 20,501	$ 13,911	68%	$ 85,135	$ 63,597	$ 21,538	34%
Broadcast	8,614	2,792	5,822	209%	18,304	8,475	9,829	116%
Other	2,459	1,333	1,126	84%	5,477	3,720	1,757	47%
Total advertising expense	**$ 45,485**	**$ 24,626**	**$ 20,859**	**85%**	**$ 108,916**	**$ 75,792**	**$ 33,124**	**44%**

We increased our advertising expenditures in the third quarter of 2015 compared to the third quarter of 2014 and the first nine months of 2015 compared to the first nine months of 2014, in order to generate additional lending lead volume to meet the increased demand of lenders on our marketplace.

We will continue to adjust selling and marketing expenditures dynamically in relation to anticipated revenue opportunities.

General and administrative expense

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

General and administrative expense increased in the third quarter of 2015 from the third quarter of 2014, primarily due to increases in compensation and benefits of $0.2 million, increases in recruiting expenses of $0.1 million, increases in computer software maintenance of $0.3 million, increases in travel and entertainment expenses of employees of $0.2 million, and increases in potential acquisition expenses of $0.2 million, partially offset by decreases in professional fees of $0.3 million, decreases in loss on fixed assets of $0.1 million, and decreases of franchise taxes of $0.2 million.

General and administrative expense as a percentage of revenue decreased to 10% in the third quarter of 2015 compared to 16% in the third quarter of 2014.

General and administrative expense increased in the first nine months of 2015 from the first nine months of 2014, primarily due to increases in compensation and benefits of $2.0 million, increases in recruiting expenses of $0.2 million, increases in professional fees of $0.4 million, increases in computer software maintenance of $0.4 million, increases in travel and entertainment expenses of employees of $0.3 million and increases in potential acquisition expenses of $0.2 million, partially offset by decreases in franchise taxes of $0.2 million and a decrease of $0.2 million related to an acquisition completed in the second quarter of 2014.

General and administrative expense as a percentage of revenue decreased to 12% in the first nine months of 2015 compared to 15% in the first nine months of 2014.

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Product development

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

Product development expense increased in the third quarter of 2015 compared to the third quarter of 2014, and the first nine months of 2015 compared to the first nine months of 2014, primarily due to increases in compensation and other employee-related costs. We increased headcount in 2015 compared to 2014, in order to support planned product launches for 2015.

Litigation settlements and contingencies

Litigation settlements and contingencies consists of expenses related to actual or anticipated litigation settlements, in addition to legal fees incurred in connection with various patent litigation claims we are pursuing.

During the first quarter of 2014, we participated in a jury trial for the Zillow litigation, described in Note 11 Contingencies Intellectual Property Litigation Zillow in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 and Note 10 Contingencies Specific Matters Intellectual Property Litigation Zillow in the notes to our consolidated financial statements included in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2015, each of which is incorporated by reference into this prospectus supplement. The legal expenses associated with this jury trial and post-trial motions increased our litigation settlements and contingencies expense for the first nine months of 2014. In addition, in October 2014, the court awarded NexTag s attorney fees and costs totaling $2.3 million, which we reserved for in the third quarter of 2014. We appealed the award of NexTag s attorney fees and costs in November 2014 and in June 2015, we reached a settlement agreement with NexTag for $1.1 million. During the first nine months of 2015, we recorded $0.7 million in income primarily due to an adjustment in the reserve for NexTag attorney fees and costs associated with this matter, partially offset by legal fees.

Income tax expense

Tax expense for the third quarter and first nine months of 2015 is primarily comprised of the federal Alternative Minimum Tax and state tax.

For the third quarter of 2015 and 2014 and for the first nine months of 2015 and 2014, the effective tax rates varied from the statutory rate primarily due to the existence of a valuation allowance that has been provided to offset our net deferred tax asset and state taxes.

The