

IAC / Financial Services

Doug Lebda

Founder and CEO

LendingTree®



# Overview

## Our Vision and How We Plan to Achieve It

November 11, 2003



## Mission

LendingTree will be the Dominant Lending and Real Estate Exchange Connecting Consumers, Lenders and REALTORS®, Generating \$75 Billion in Gross Transaction Volume in 2008.



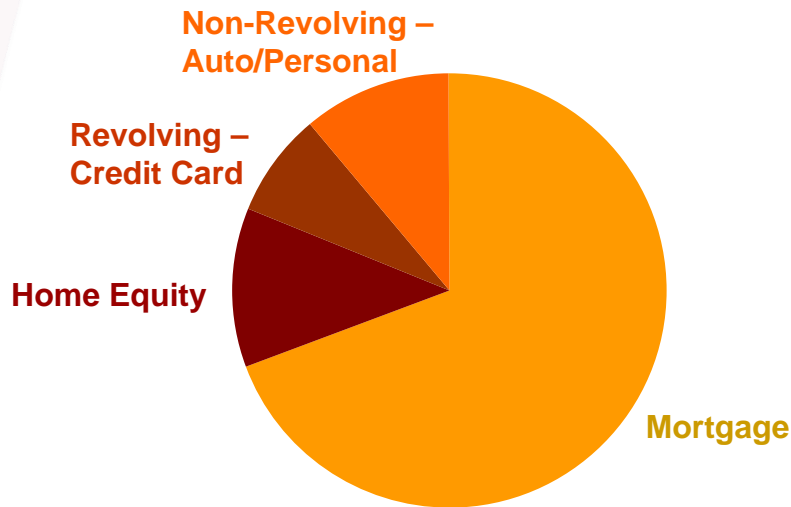
# Agenda

- **Business Overview**
- Historical Performance
- Key Initiatives
- Long Range Plans

# Business Overview - Lending

The U.S. Consumer Lending Market is Extremely Large...

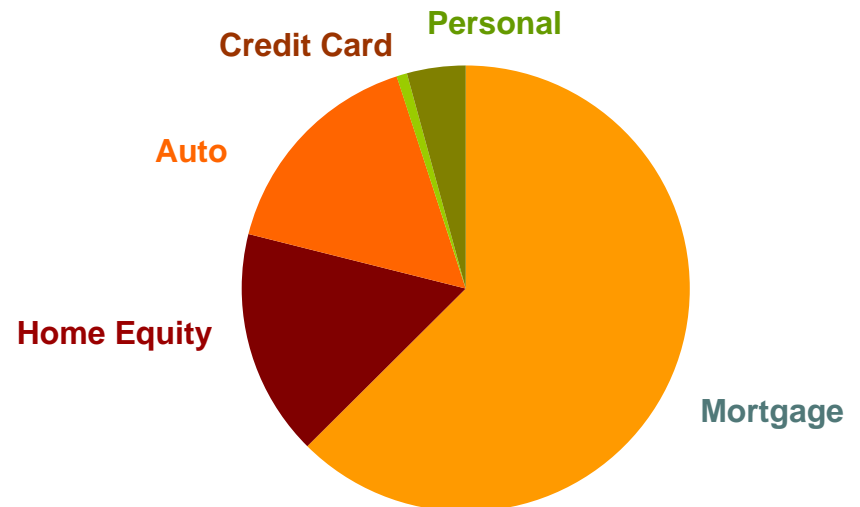
## 2003 Total Debt Outstanding



**\$9.5 Trillion**

Source: Federal Reserve Statistical Release L.218 for Home Mortgage as of June 2003 and Release G.19 for Consumer Credit Debt as of Aug 2003; SMR Home Equity & Subprime Mortgage Loans, 2002.

## 2003 Total Originations by Product



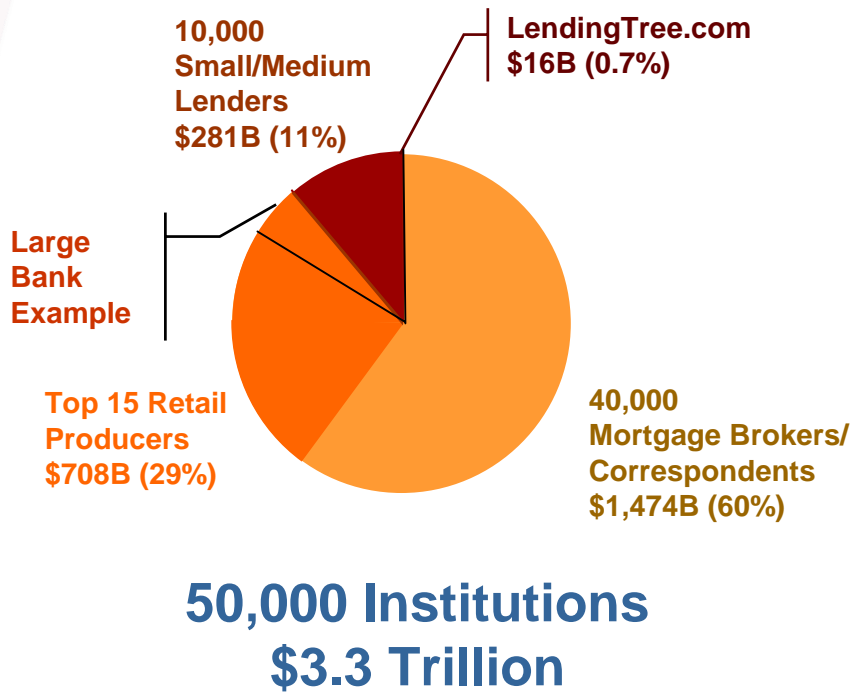
**\$4.7 Trillion**

Note: Mortgage origination includes trailing four quarters ended Q2 2003. Other loan product origination is for 2002.  
Source: MBAA, SMR Home Equity and Subprime Mortgage Loans, 2002, NADA and Manheim Auctions.

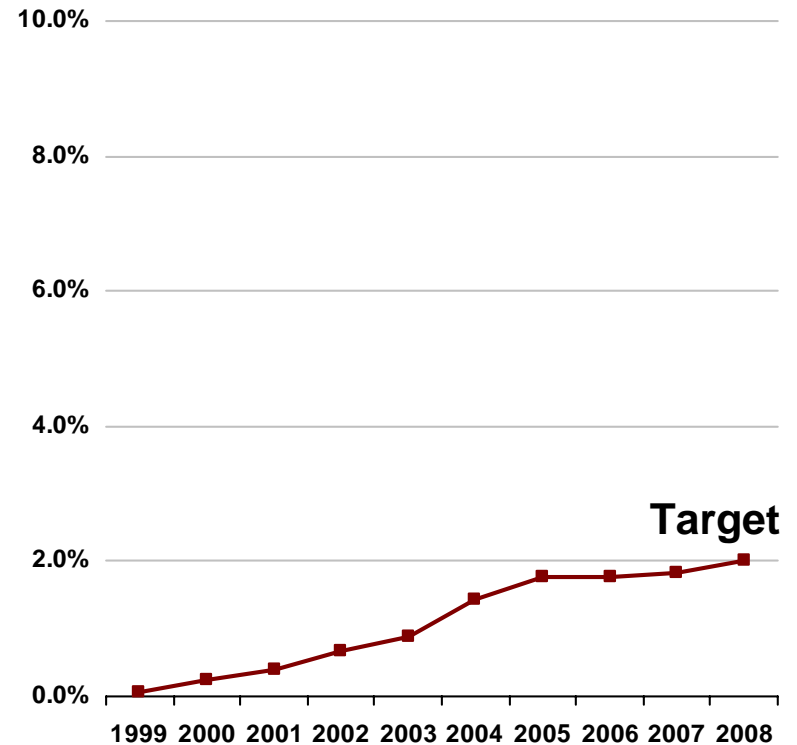
# Business Overview - Lending

...and Highly Fragmented.

## Mortgage Originations by Source



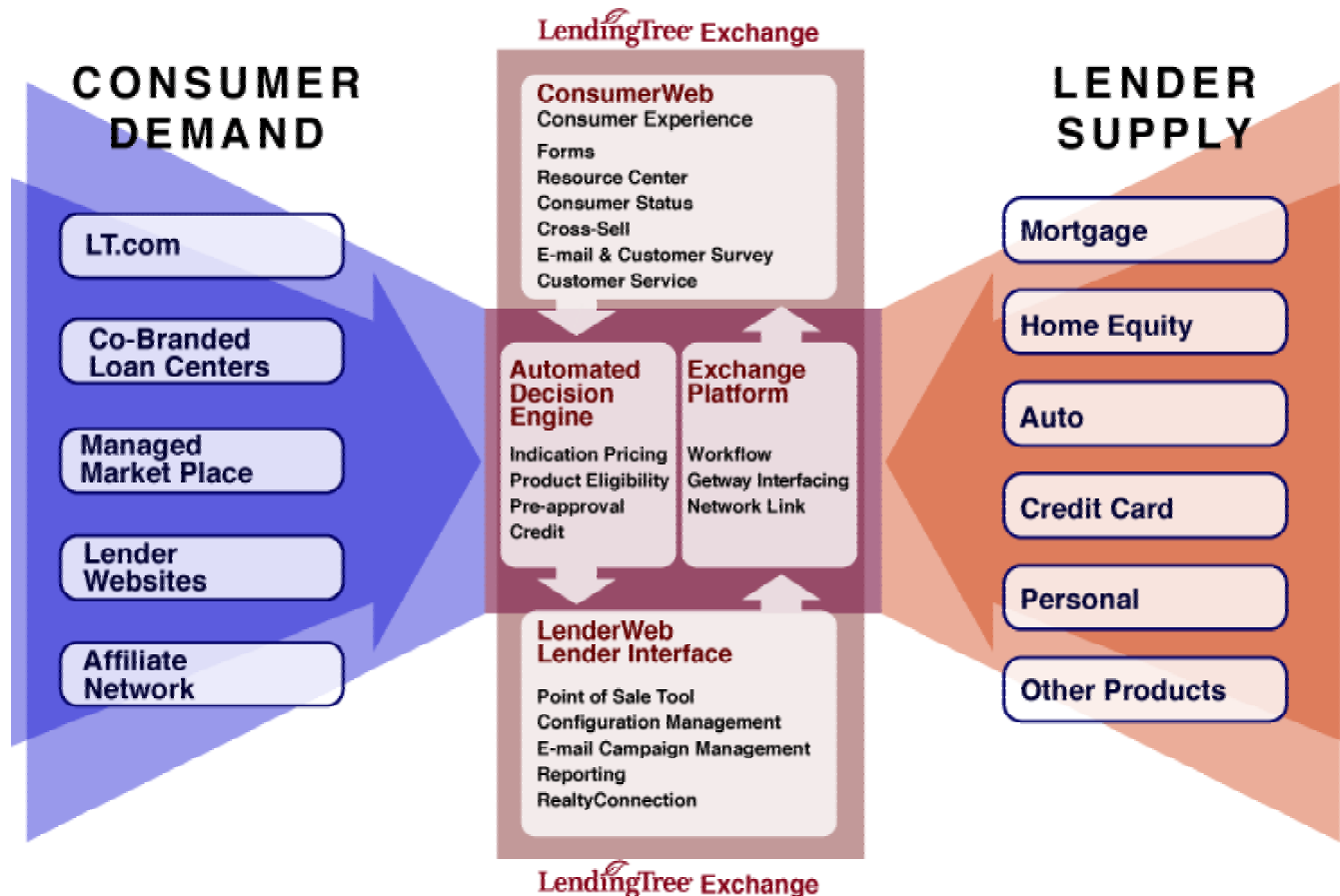
## LendingTree Mortgage Market Share



Source: Inside Mortgage Finance 2003, Wall Street Journal 2003, MBAA.

# Business Overview - Lending

LendingTree Creates an Efficient Exchange Between Consumers and Lenders.



# Business Overview - Lending

A Simple and Understandable Process...

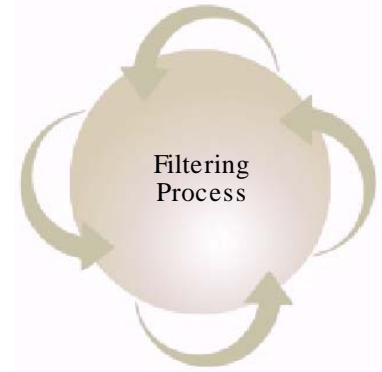
Consumer Access



Loan Request

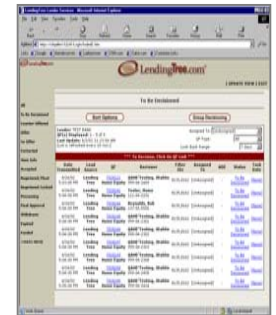


Filters



“Over the last 15 years, I’ve purchased three homes, refinanced and made equity loans, and have never had such a pleasant experience as I am now having utilizing LendingTree.com. Not only do you provide competitive quotes from different lenders, but your website provides the tools needed to easily assess the offers in relation to each other as well as to my needs.”

Lender Evaluation and Response



Loan Offer Communication and Consumer Acceptance





# Business Overview - Lending

A Simple and Understandable Business Model.



# Business Overview – Lending

Loan Pricing Structure is Aligned with Consumer and Lender Goals.

## Standard Fees for Loan Products

	Mortgage	Home Equity	Auto	Personal	Credit Card
<b>Transmit Fees</b>	\$11.00	\$11.00	\$1.00	\$1.00	\$0.00
<b>Closed Loan Fees</b>	\$330 - \$835 <sup>(1)</sup>	\$265	\$108	\$80	\$36

(1) Mortgage Closed Loan Fees are tiered depending on loan size ranging from \$330.00 for loan amounts below \$125,000 and \$835.00 for loan amounts over \$300,700.

# Business Overview – Lending

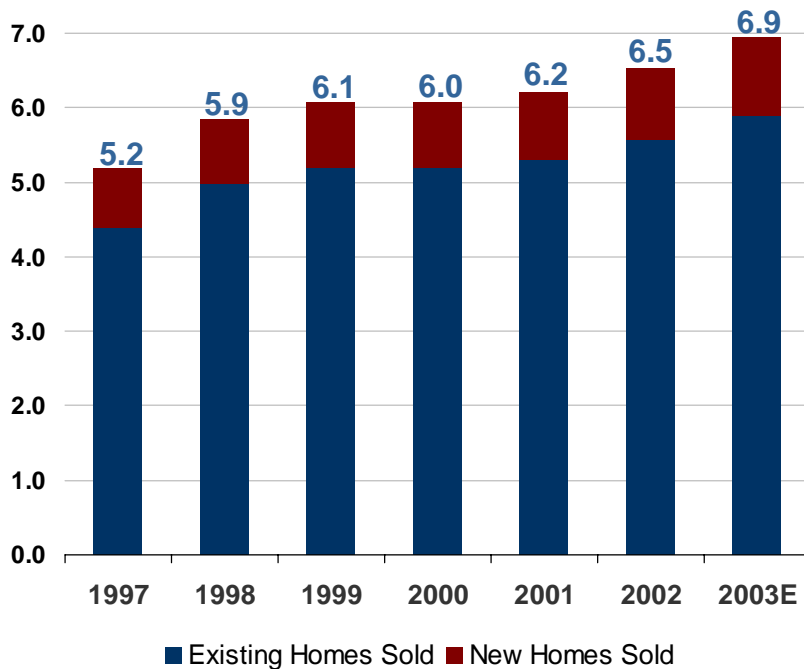
LendingTree is the Leading Lending Exchange and Competition is Primarily with Offline Players.

	Old Landscape (1999)		New Landscape (2003)
<b>Exchanges / Referral Sites</b>	<ul style="list-style-type: none"> <li>▪ Credit Land</li> <li>▪ Home Advisor</li> <li>▪ QuickenLoans</li> <li>▪ Mortgage Bid</li> <li>▪ GetSmart</li> </ul>	<ul style="list-style-type: none"> <li>▪ IMX</li> <li>▪ LoanTrader</li> <li>▪ UltraPrise</li> <li>▪ LendingTree</li> </ul>	<ul style="list-style-type: none"> <li>▪ LendingTree</li> <li>▪ GetSmart</li> <li>▪ Other small players</li> </ul>
<b>Online Lenders</b>	<ul style="list-style-type: none"> <li>▪ E-Loan</li> <li>▪ iOwn</li> <li>▪ Mortgage Bid</li> <li>▪ Next Card</li> </ul>	<ul style="list-style-type: none"> <li>▪ PeopleFirst</li> </ul>	<ul style="list-style-type: none"> <li>▪ E-Loan</li> <li>▪ E*Trade</li> <li>▪ MortgageSelect</li> <li>▪ Quicken Loans</li> <li>▪ Capital One Finance</li> </ul>
<b>Offline Lenders</b>	<ul style="list-style-type: none"> <li>▪ Bank of America</li> <li>▪ BankOne</li> <li>▪ Cendant</li> <li>▪ Chase</li> <li>▪ Citibank</li> <li>▪ Countrywide</li> </ul>	<ul style="list-style-type: none"> <li>▪ IndyMac</li> <li>▪ MortgageIT</li> <li>▪ Wachovia</li> <li>▪ WAMU</li> <li>▪ Wells Fargo</li> </ul>	<ul style="list-style-type: none"> <li>▪ ABN AMRO</li> <li>▪ Ameriquest</li> <li>▪ America's Lending Partners</li> <li>▪ Bank of America</li> <li>▪ BankOne</li> <li>▪ Cendant</li> <li>▪ Chase</li> <li>▪ Citibank</li> <li>▪ Countrywide</li> <li>▪ IndyMac</li> <li>▪ GMAC/Diteck</li> <li>▪ MortgageIT</li> <li>▪ Wachovia</li> <li>▪ WAMU</li> <li>▪ Wells Fargo</li> </ul>

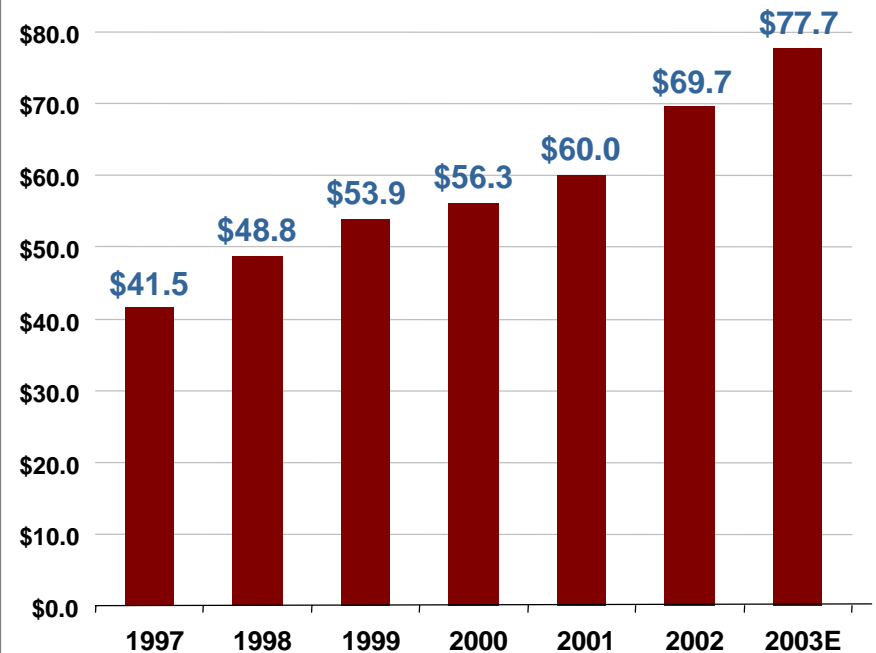
# Business Overview – Real Estate

The Real Estate Market is Very Large...

### Total Home Sales (units in millions)



### Broker Commissions (\$ in billions)



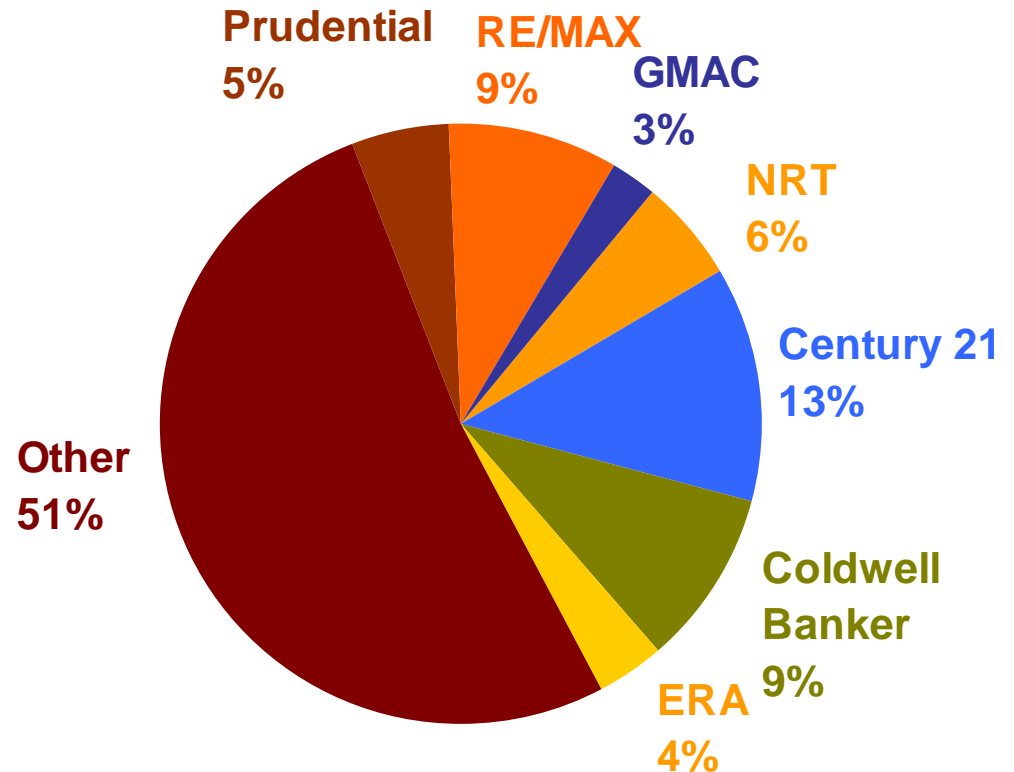
Source: U.S. Bureau of the Census, Construction Reports

Source: U.S. Bureau of Economics – Table 5.6U 2<sup>nd</sup> Quarter 2002

# Business Overview – Real Estate

...and Highly Fragmented with over 80,000 Brokerage Companies and 860,000 REALTORS®.

REALTOR® Breakdown (% of total )

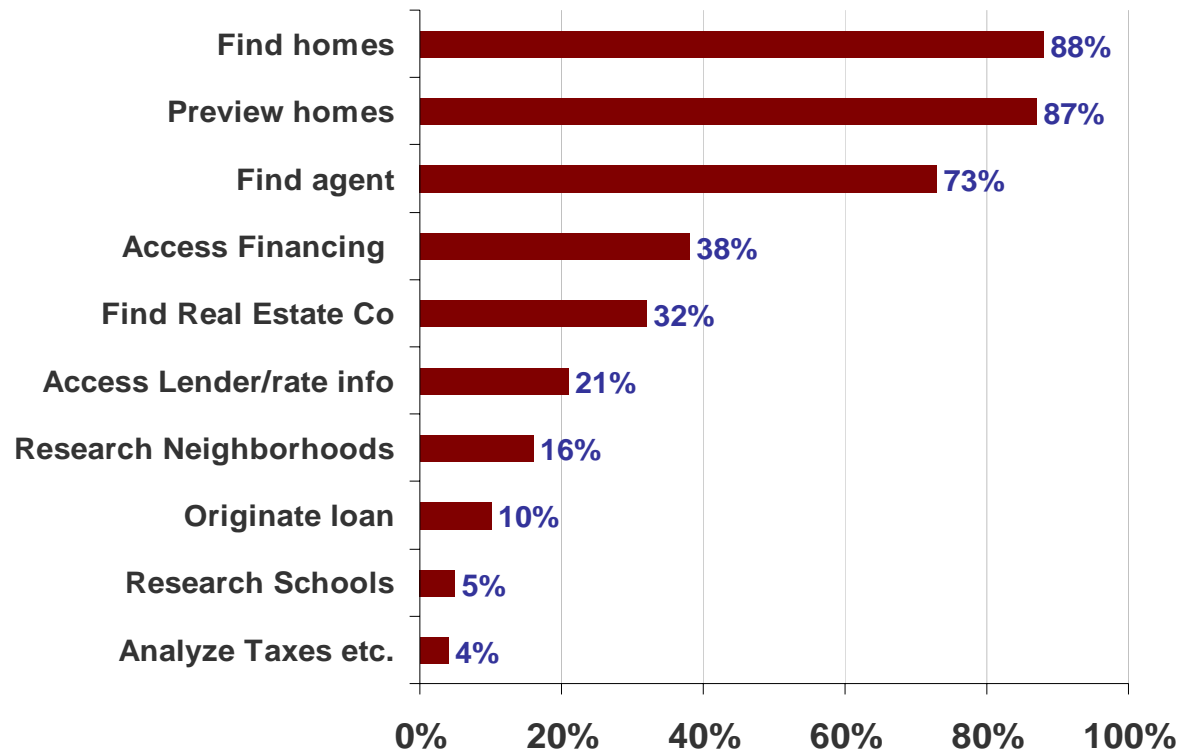


# Business Overview – Real Estate

Consumers are 7.3x More Inclined to Find a REALTOR® on the Internet than Originate a Loan, Highlighting the Real Estate Opportunity for LendingTree.

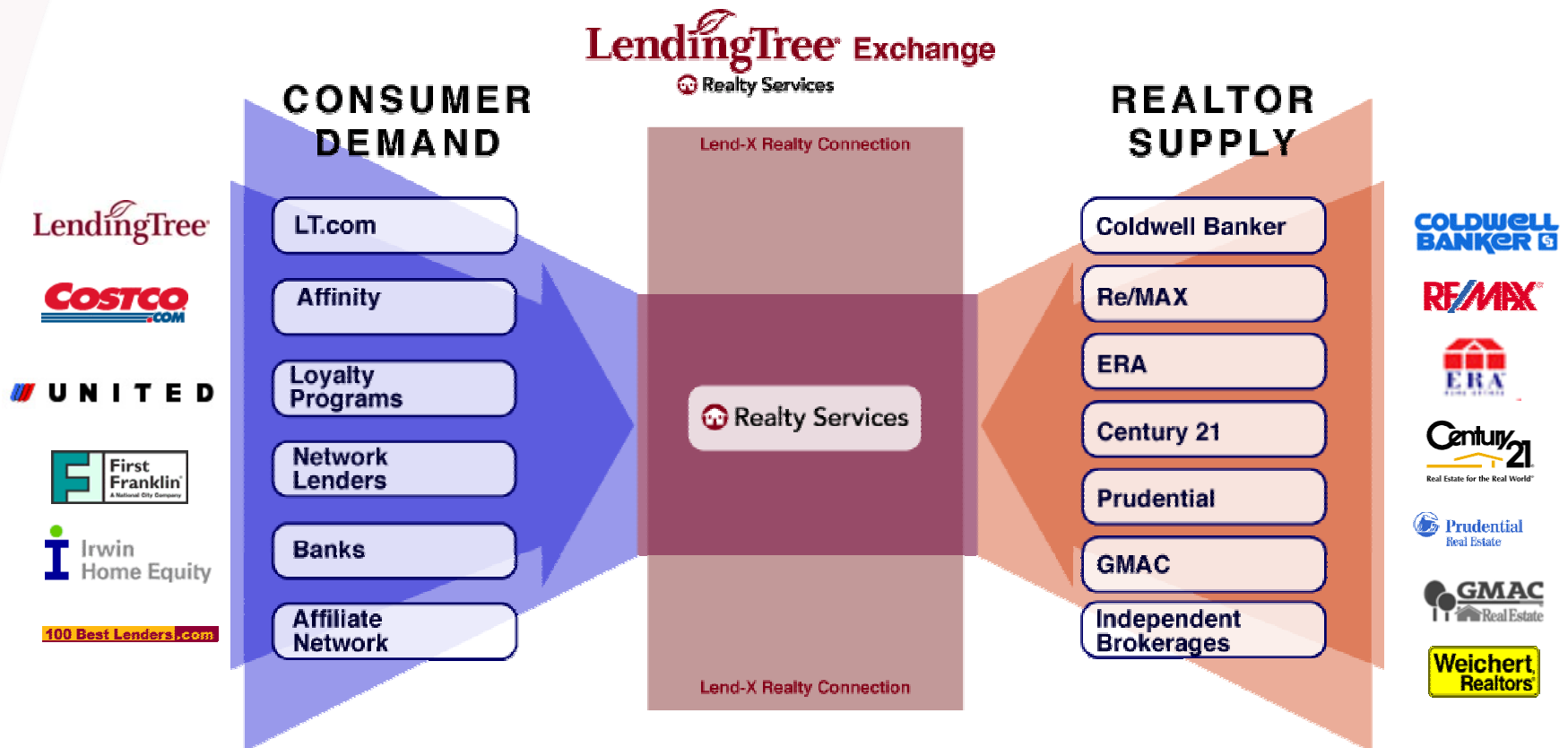
## How Consumers Use the Internet to Facilitate Real Estate Transactions

% of Internet Consumers Using Function



# Business Overview – Real Estate

Realty Services is an Efficient Exchange Between Consumers and REALTORS®...



# Business Overview – Real Estate

LendingTree Has a Simple Process to Help Consumers Through a Complex Transaction and Earn up to \$2,000.





# Business Overview – Real Estate

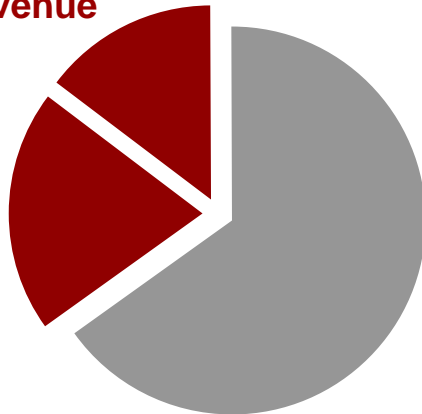
How LendingTree Makes Money in Real Estate.

Assume Home Price = \$225,000

## One Sided Transaction (Buy or Sell)

LendingTree  
Net Revenue  
\$1,362

Consumer  
Rebate  
\$1,000



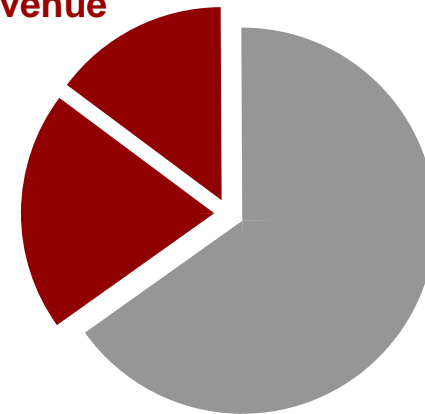
Realtor  
Commission  
\$4,388

Total Commission @ 3%  
\$6,750

## Double Sided Transaction (Buy or Sell)

LendingTree  
Net Revenue  
\$2,725

Consumer  
Rebate  
\$2,000



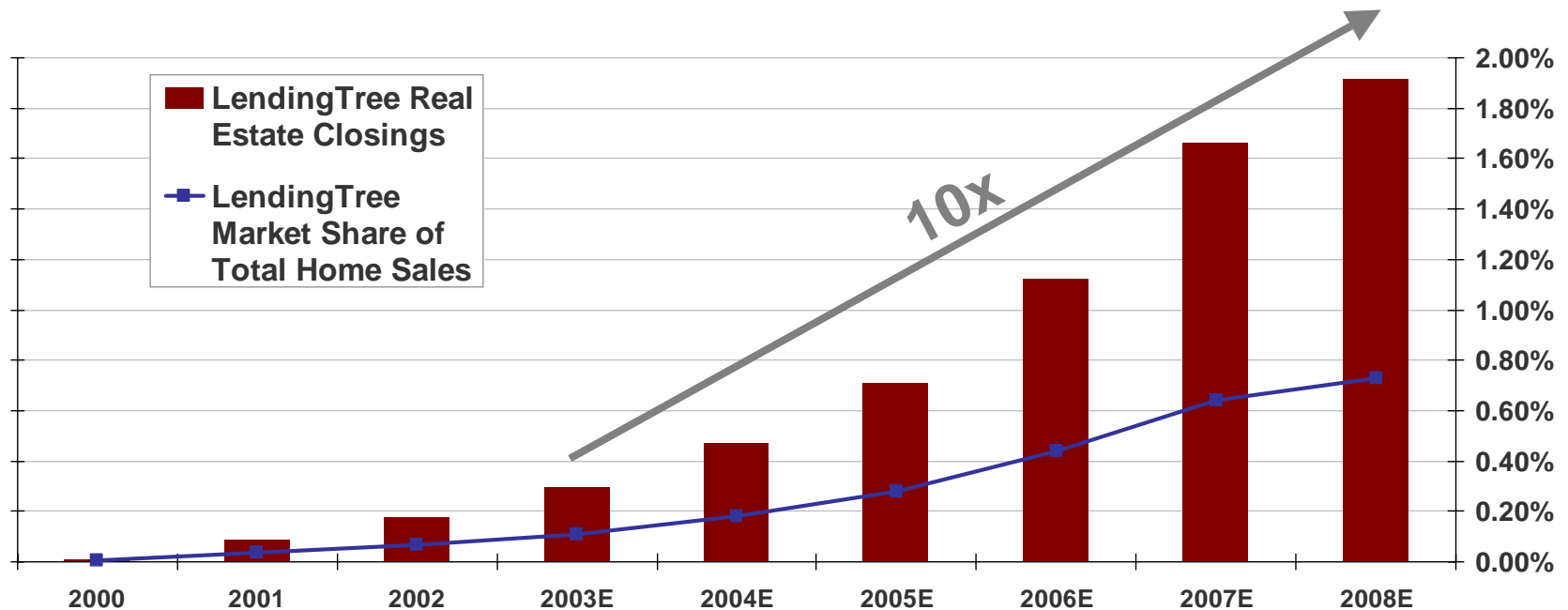
Realtor  
Commission  
\$8,775

Total Commission @ 6%  
\$13,500

# Business Overview-Real Estate

In 2003, LendingTree expects to facilitate an estimated .11% of total home sales. Our five-year projection calls for ten-fold growth.

## LendingTree Projected Realty Closings





# Agenda

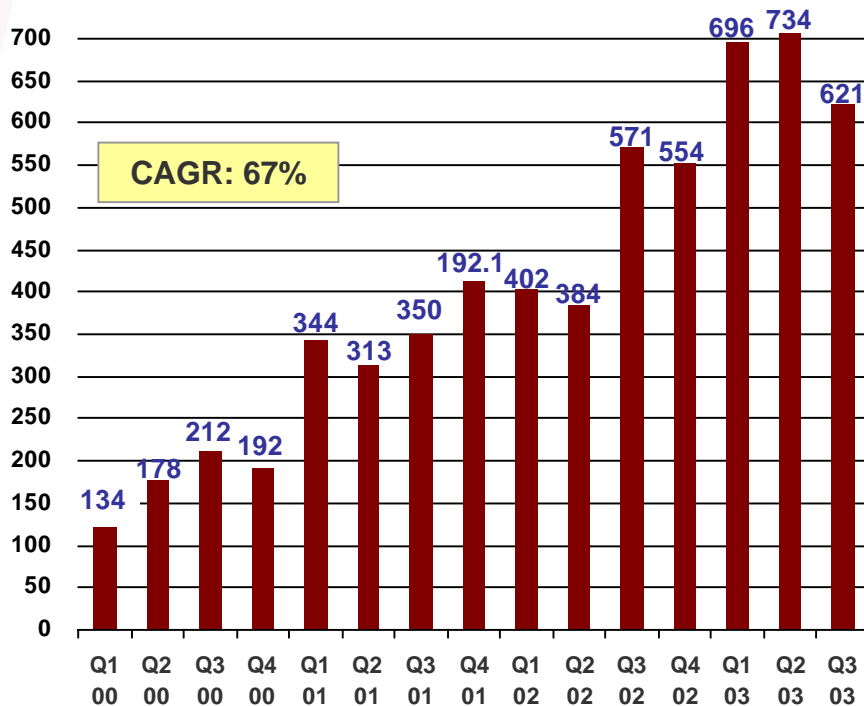
- Business Overview
- **Historical Performance**
- Key Initiatives
- Long Range Plans

# Historical Performance

Lending and Real Estate Exchange Volume Has Grown Substantially...

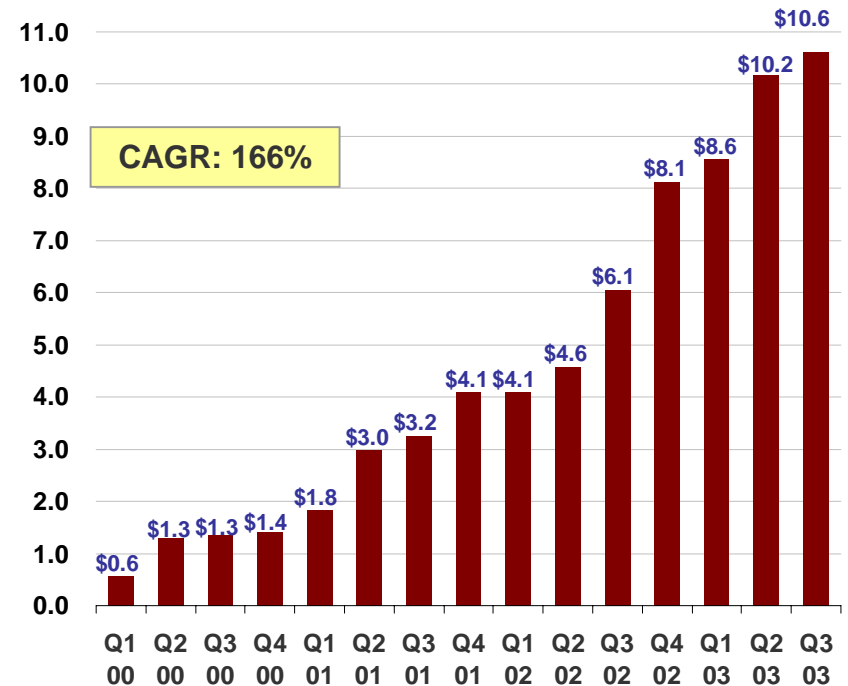
## Total Transmitted QFs

(in thousands)



## Total \$ Transacted

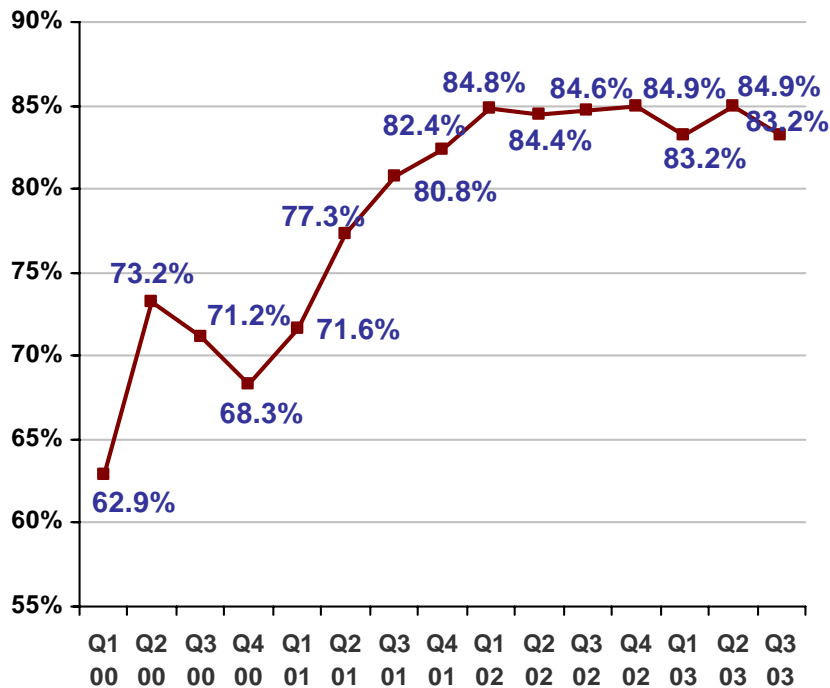
(\$ in billions)



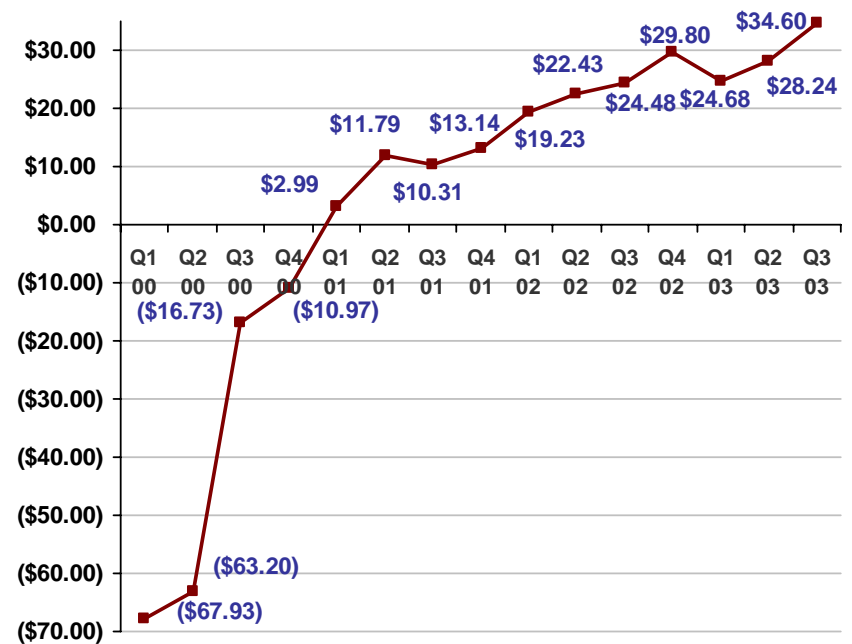
# Historical Performance

...While Margins Continue to be Strong...

## Total Gross Margin %



## Total Contribution Margin per Transmit

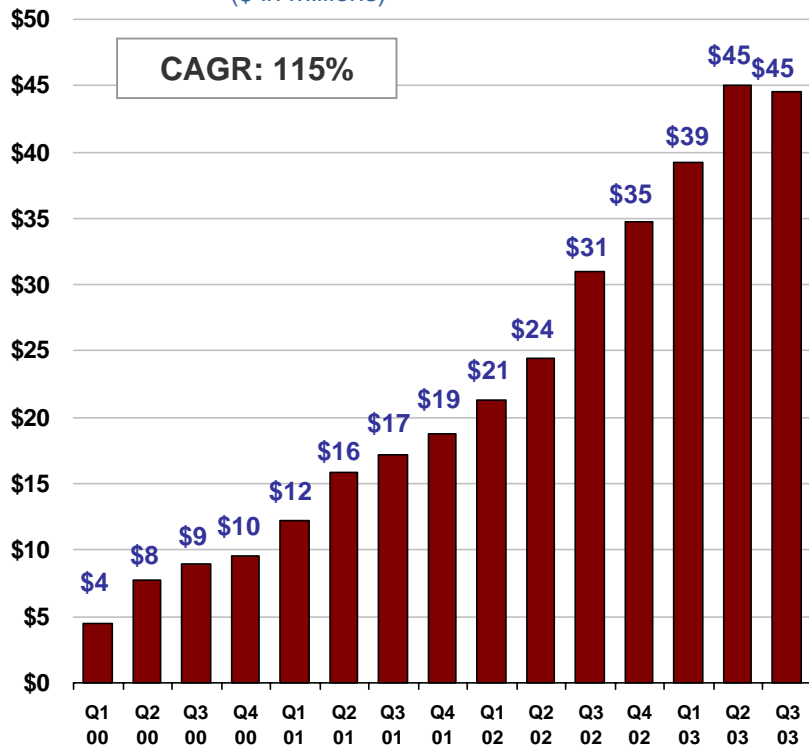


# Historical Performance

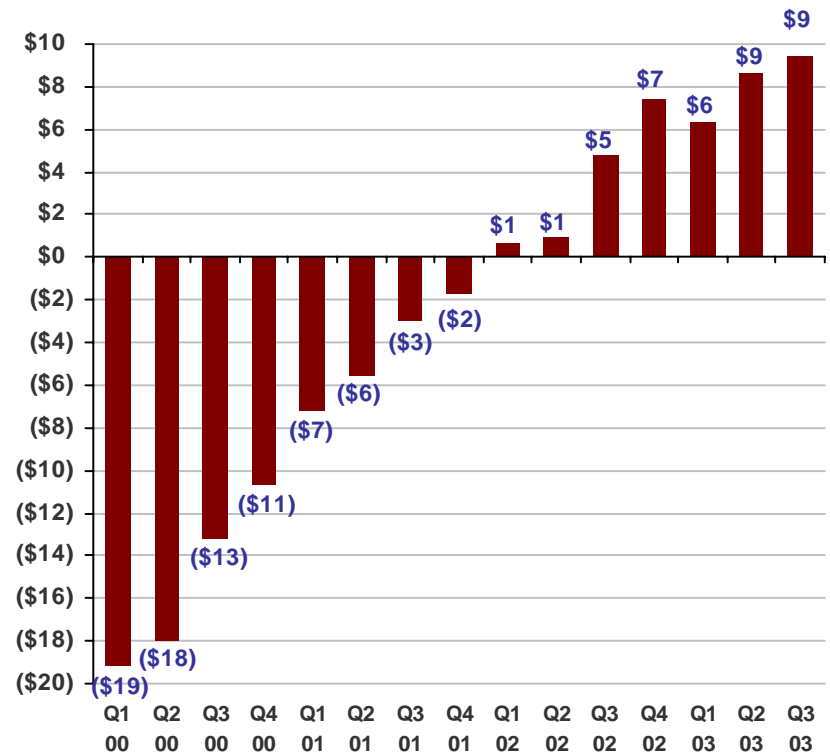
...Translating into Significant Revenue and OIBA Growth.

## Total Revenue

(\$ in millions)



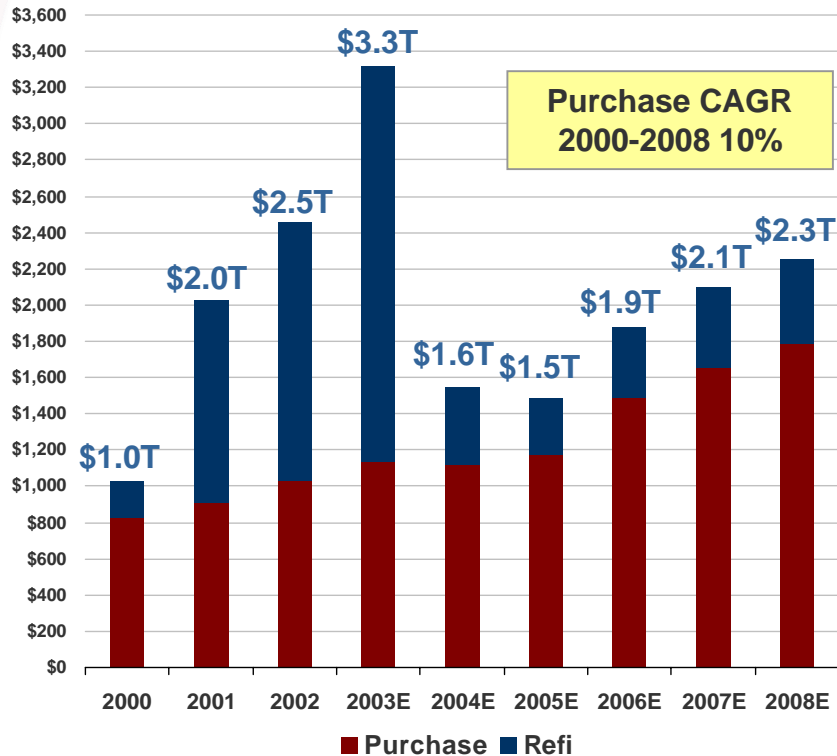
## Total OIBA



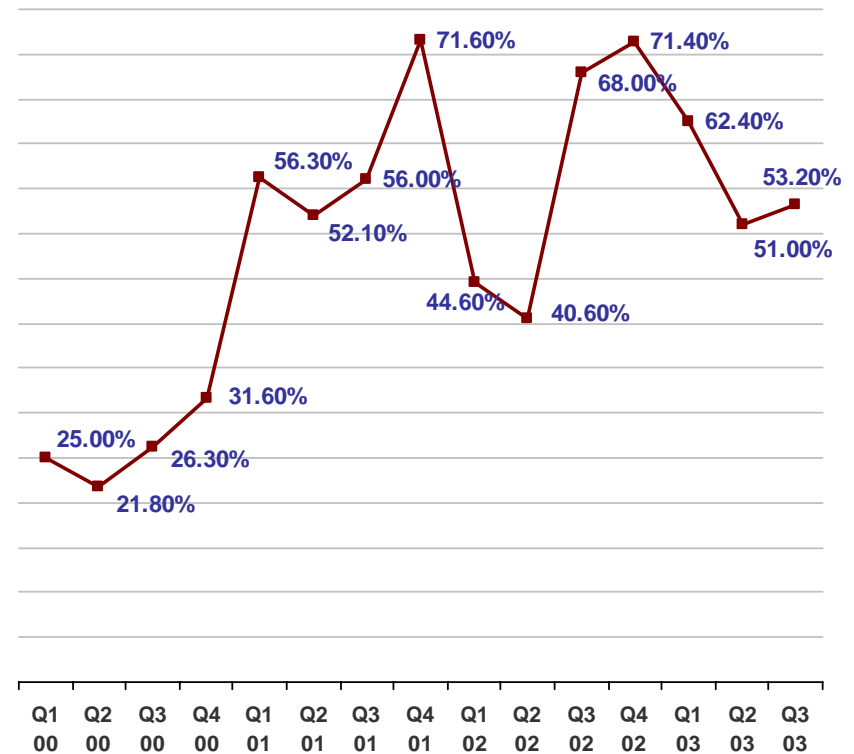
# Historical Performance

While Refinance Mortgage Volume Clearly Improved Results in 2002 and 2003...

## Total Mortgage Origination (\$ in B)



## LendingTree Refinance Mix



Source: MBAA Oct 03 Forecast (2003-2005), Morgan Stanley Feb 2003 (2006-2008)

# Historical Performance

...Improved Lender Metrics Help Offset Volume Declines...

## High/Increasing Interest Rates Q2 2002

Completed QFs  
100 QFs

Transmit Rate - 83%  
83 QFs

Multiple Transmits per QF  
3.11

Close Rate  
7.9%

Multiple Referrals  
258

Total Closings  
20

## Low/Declining Interest Rates Q1 2003

Completed QFs  
244 QFs

Transmit Rate - 79%  
193 QFs

Multiple Transmits per QF  
2.84

Close Rate  
10.3%

Multiple Referrals  
548

Total Closings  
56

## High/Increasing Interest Rates Q3 2003

Completed QFs  
174 QFs

Transmit Rate - 84%  
146 QFs

Multiple Transmits per QF  
3.02

Close Rate  
12.0%

Multiple Referrals  
441

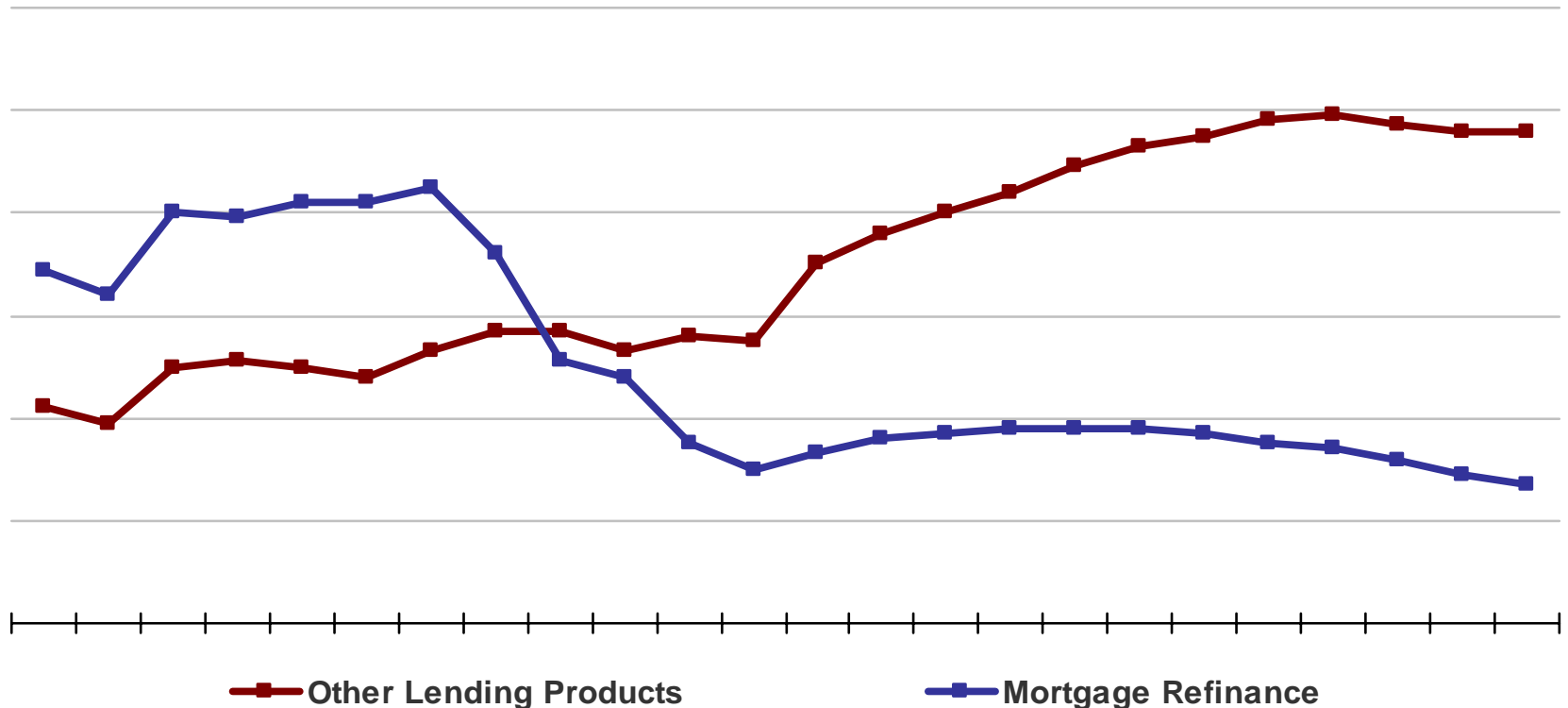
Total Closings  
53



# Historical Performance

...And Other Lending Product Revenue is Increasing as a Percentage of Total Lending Revenue.

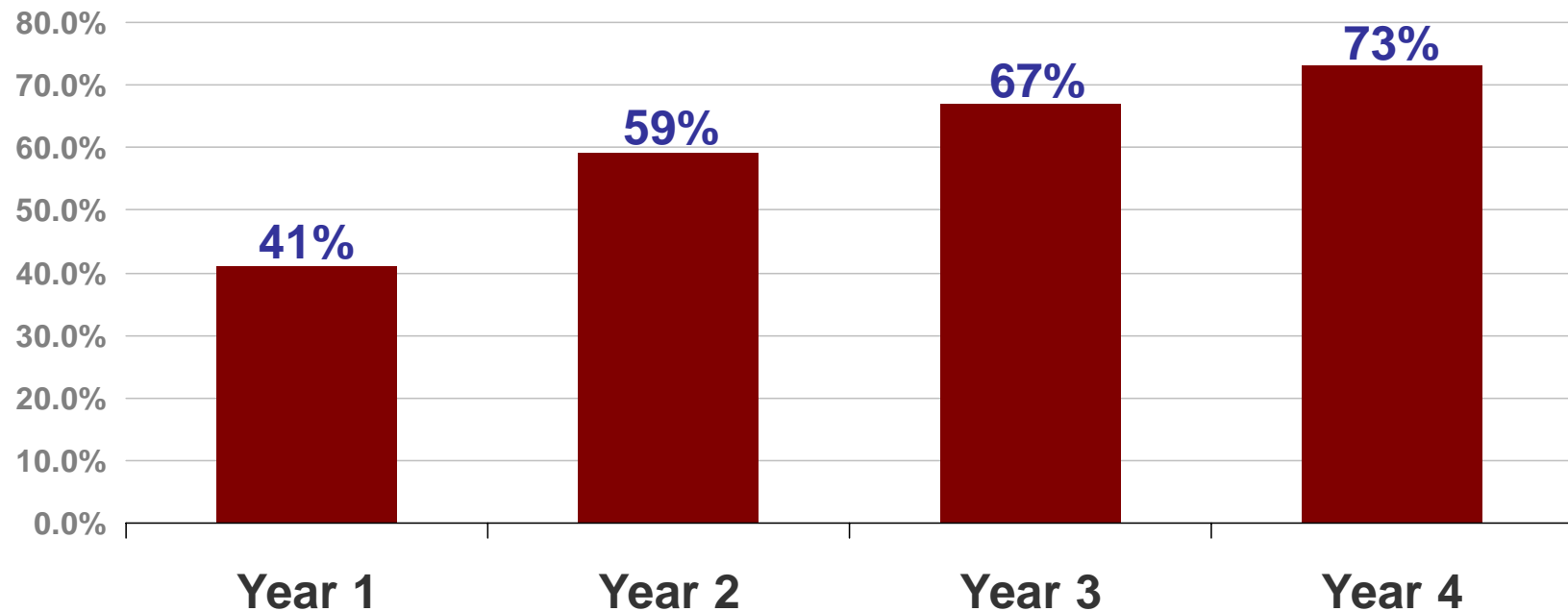
## Mortgage Refinance Revenue vs. Other Lending Product Revenue 2003-2004



# Historical Performance

Strong Brand Awareness Enables Us to Drive Volume and Share When Lenders Need It Most.

## LendingTree Total Brand Awareness



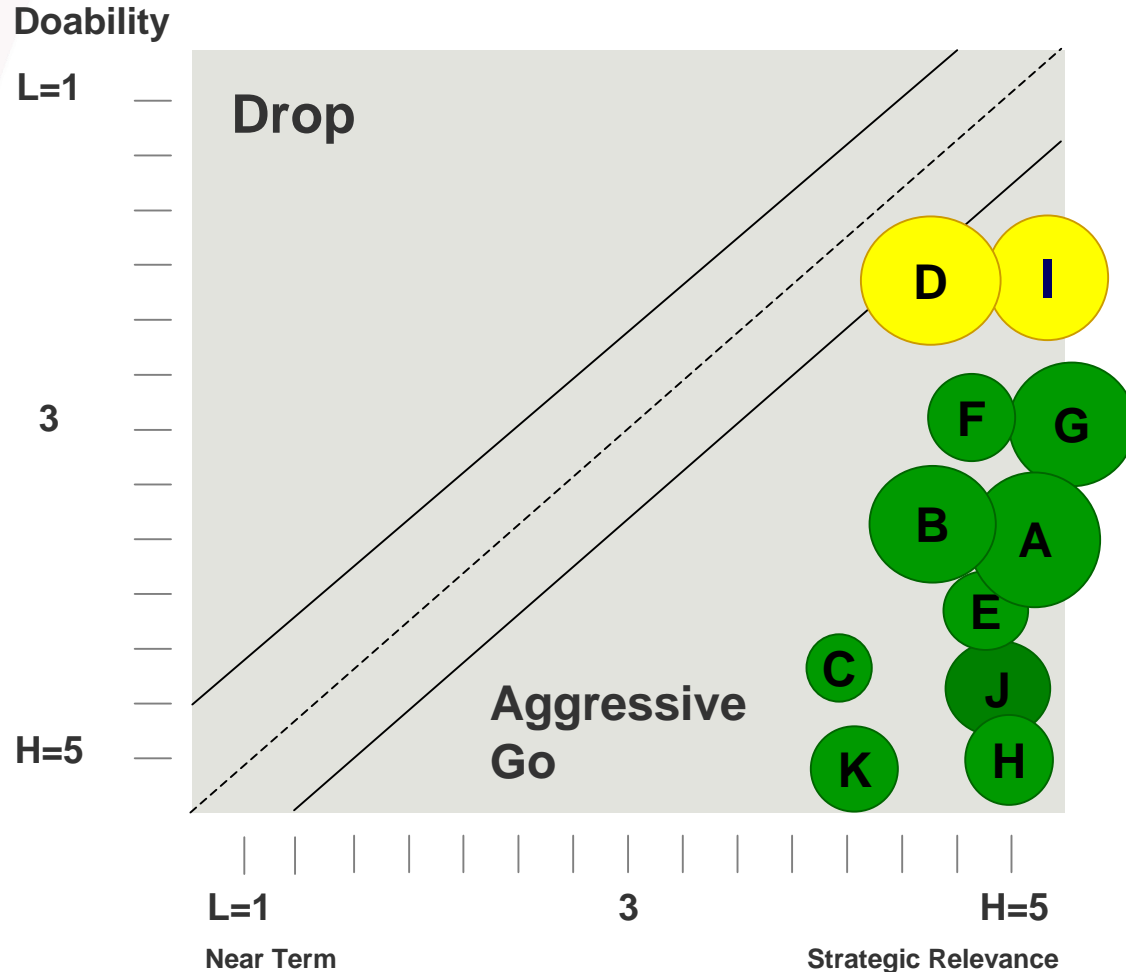


# Agenda

- Business Overview
- Historical Performance
- **Key Initiatives**
- Long Range Plans




# Key Initiatives

A Rigorous Process is in Place to Prioritize New Initiatives.



- A. Initiative A
- B. Initiative B
- C. Initiative C
- D. Initiative D
- E. Initiative E
- F. Initiative F
- G. Initiative G
- H. Initiative H
- I. Initiative I
- J. Initiative J
- K. Initiative K

**Impact at Full Implementation:**

-  Small
-  Medium
-  Large

-  Hold
-  Explore
-  Go

# Key Initiatives

## 2004 Major Strategic Initiatives

Resulting From This Process are a Number of Initiatives for the Next Year

- GetSmart Transition
- Realty Services Product Evolution
- Home Listings
- Access to Capital
- 100% Instant Offer
- Title / Vendor Management
- e-Sign Technology
- LenderWeb Apex
- Lender Sales Excellence
- Benchmarking



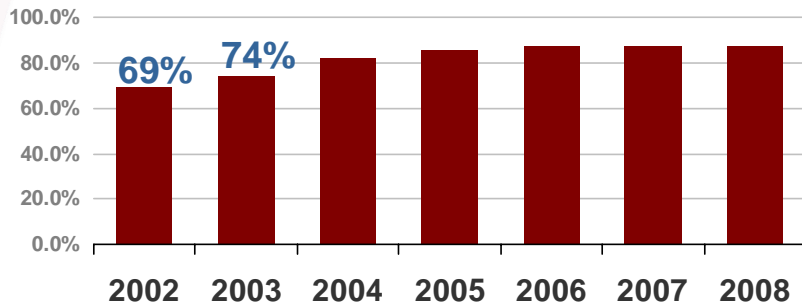
# Agenda

- Business Overview
- Historical Performance
- Key Initiatives
- **Long Range Plans**

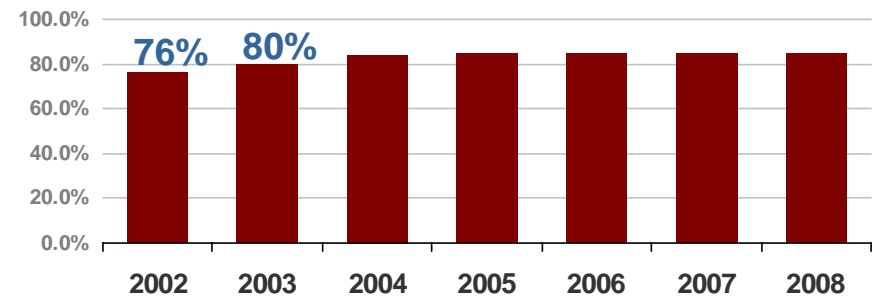
# Long Range Plans

Modest Improvements in Core Metrics, Such as Transmit Rates and Closing Rates...

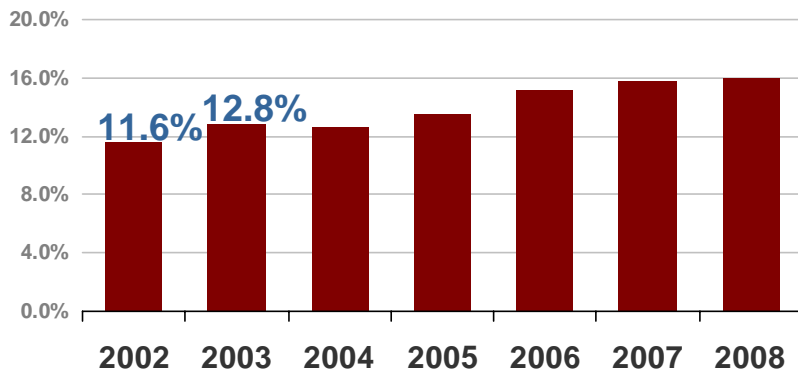
## Mortgage Transmit Rate



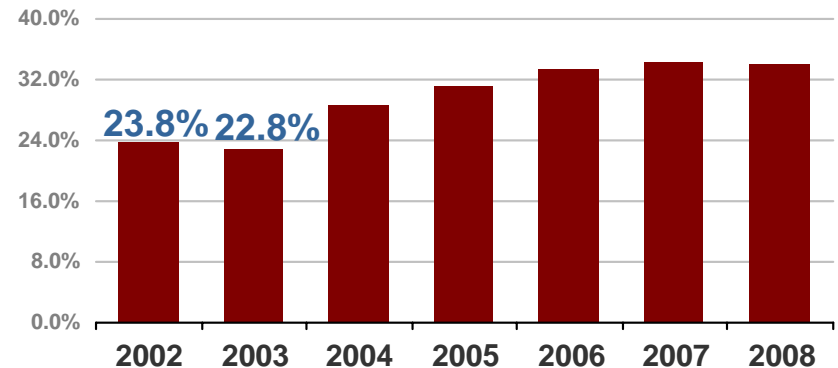
## Home Equity Transmit Rate



## Mortgage Close Rates



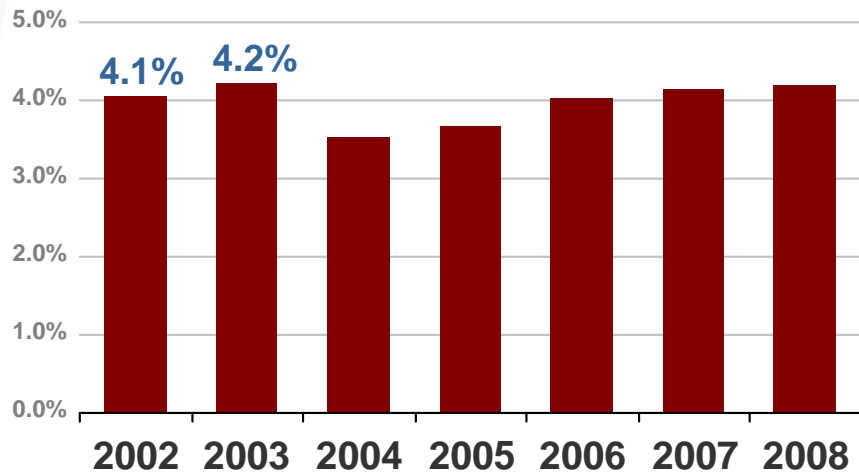
## Home Equity Close Rates



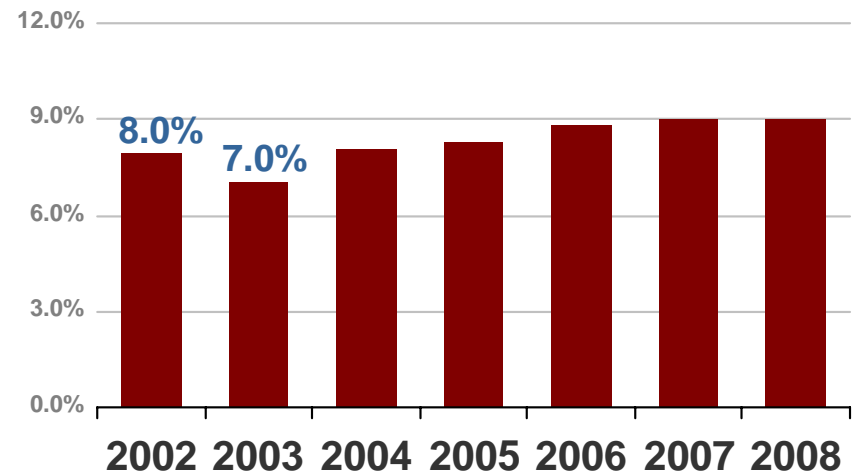
# Long Range Plans

...Particularly With Small Changes in the Average Closing Rates Per Lender...

## Average Lender Close Rate Mortgage



## Average Lender Close Rate Home Equity



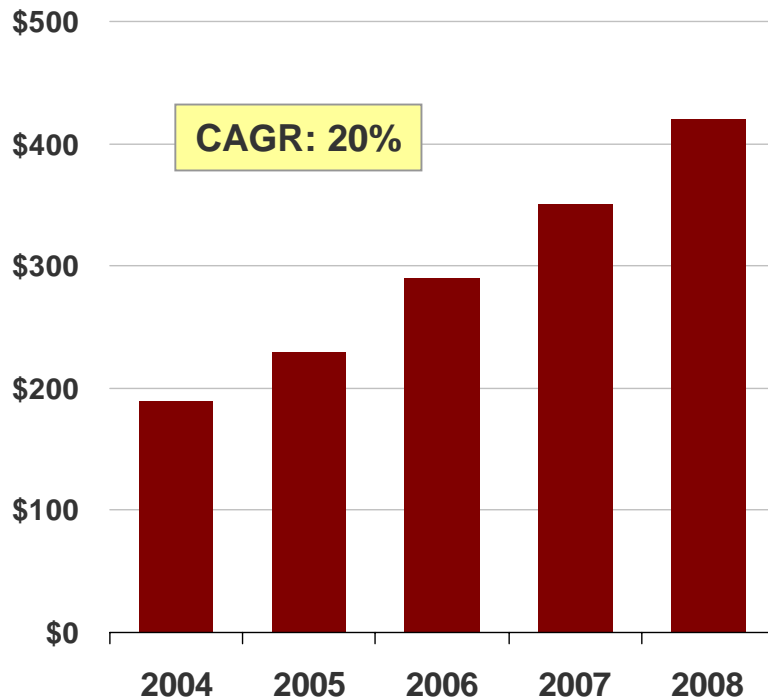


# Long Range Plans

...Will Add Significantly to Our Financial Results.

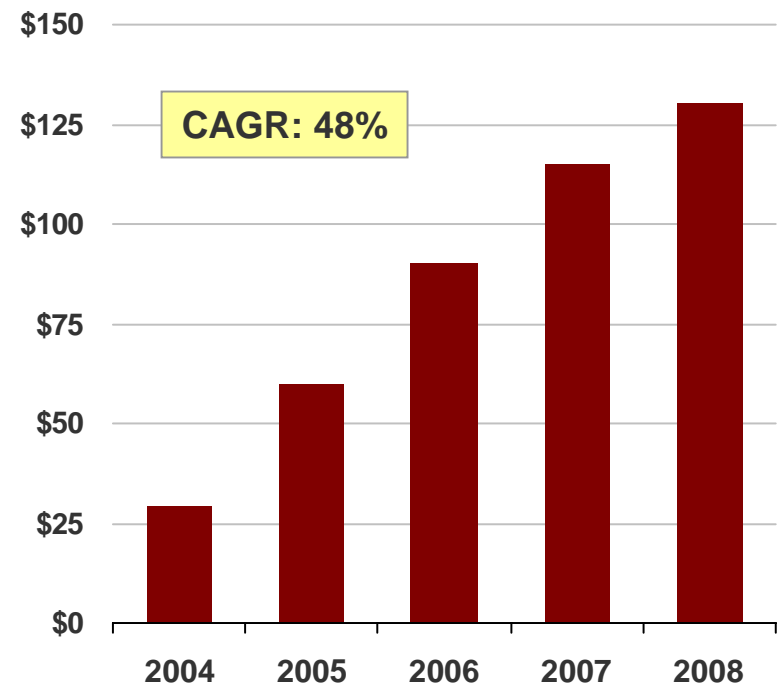
## Total Revenue (Excludes GetSmart)

(\$ in millions)



## Total OIBA (Excludes GetSmart)

(\$ in millions)



IAC/Financial Services

Q&A