

ZILLOW, INC. OPERATING METRICS (UNAUDITED)



| | 2011 | | | | 2012 | | | | 2013 | | | | 2014 | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| B2C (in thousands) | | | | | | | | | | | | | | | | |
| Average Monthly Unique Users | 17,306 | 20,758 | 24,238 | 23,507 | 31,797 | 33,474 | 36,096 | 34,535 | 46,652 | 54,317 | 61,118 | 54,358 | 70,668 | 81,108 | 85,979 | 76,713* |
| YY % Change | 86% | 93% | 101% | 86% | 84% | 61% | 49% | 47% | 47% | 62% | 69% | 57% | 51% | 49% | 41% | 41% |
| Q/Q % Change | 37% | 20% | 17% | -3% | 35% | 5% | 8% | -4% | 35% | 16% | 13% | -11% | 30% | 15% | 6% | -11% |
| User-Generated Content ¹ additions (at end of period) | 783 | 777 | 810 | 620 | 935 | 1,368 | 1,606 | 2,293 | 2,364 | 3,352 | 4,032 | 4,585 | 5,019 | 6,058 | 6,543 | 4,863 |
| YY % Change | 15% | 12% | 15% | 6% | 19% | 76% | 98% | 270% | 153% | 145% | 151% | 100% | 112% | 81% | 62% | 6% |
| Q/Q % Change | 34% | -1% | 4% | -23% | 51% | 46% | 17% | 43% | 3% | 42% | 20% | 14% | 9% | 21% | 8% | -26% |
| Cumulative User-Generated Content ¹ (at end of period) | 15,529 | 16,307 | 17,117 | 17,737 | 18,672 | 20,040 | 21,647 | 23,940 | 26,304 | 29,656 | 33,688 | 38,273 | 43,292 | 49,350 | 55,893 | 60,756 |
| YY % Change | 22% | 21% | 21% | 20% | 20% | 23% | 26% | 35% | 41% | 48% | 56% | 60% | 65% | 66% | 65% | 59% |
| Q/Q % Change | 5% | 5% | 5% | 4% | 5% | 7% | 8% | 11% | 10% | 13% | 14% | 14% | 13% | 14% | 13% | 9% |
| Consumer Loan Requests (during period) | 984 | 1,218 | 1,673 | 1,667 | 2,609 | 2,876 | 3,155 | 3,197 | 4,523 | 5,330 | 5,921 | 4,447 | 5,874 | 5,467 | 7,009 | 7,378 |
| YY % Change | 573% | 451% | 116% | 142% | 165% | 136% | 89% | 92% | 73% | 85% | 88% | 39% | 30% | 3% | 18% | 66% |
| Q/Q % Change | 43% | 24% | 37% | 0% | 57% | 10% | 10% | 1% | 41% | 18% | 11% | -25% | 32% | -7% | 28% | 5% |
| B2B | | | | | | | | | | | | | | | | |
| Premier Agent Advertisers (at end of period) | 10,710 | 13,385 | 14,876 | 15,799 | 18,616 | 22,696 | 26,703 | 29,473 | 34,030 | 38,807 | 44,749 | 48,314 | 52,968 | 56,818 | 60,877 | 62,305 |
| YY % Change | 212% | 180% | 131% | 95% | 74% | 70% | 80% | 87% | 83% | 71% | 68% | 64% | 56% | 46% | 36% | 29% |
| YY net subscribers additions | 7,272 | 8,608 | 8,428 | 7,697 | 7,906 | 9,311 | 11,827 | 13,674 | 15,414 | 16,111 | 18,046 | 18,841 | 18,938 | 18,011 | 16,128 | 13,991 |
| Q/Q % Change | 32% | 25% | 11% | 6% | 18% | 22% | 18% | 10% | 15% | 14% | 15% | 8% | 10% | 7% | 7% | 2% |
| Q/Q net subscribers additions | 2,608 | 2,675 | 1,491 | 923 | 2,817 | 4,080 | 4,007 | 2,770 | 4,557 | 4,777 | 5,942 | 3,565 | 4,654 | 3,850 | 4,059 | 1,428 |
| Average Monthly Revenue per Advertiser (ARPA) | \$ 206 | \$ 233 | \$ 242 | \$ 258 | \$ 263 | \$ 263 | \$ 270 | \$ 267 | \$ 259 | \$ 266 | \$ 264 | \$ 271 | \$ 286 | \$ 320 | \$ 349 | \$ 359 |
| YY % Change | n/a | n/a | n/a | n/a | 28% | 13% | 12% | 3% | -2% | 1% | -2% | 1% | 10% | 20% | 32% | 33% |
| Q/Q % Change | n/a | 13% | 4% | 7% | 2% | 0% | 3% | -1% | -3% | 3% | -1% | 3% | 6% | 12% | 9% | 3% |
| Revenue (in thousands) | | | | | | | | | | | | | | | | |
| Marketplace revenue | \$ 6,881 | \$ 9,723 | \$ 11,840 | \$ 13,746 | \$ 16,593 | \$ 19,623 | \$ 23,616 | \$ 26,838 | \$ 31,018 | \$ 36,451 | \$ 40,996 | \$ 46,248 | \$ 53,724 | \$ 62,616 | \$ 72,692 | \$ 78,210 |
| YY % change | 271% | 269% | 226% | 169% | 141% | 102% | 99% | 95% | 87% | 86% | 74% | 72% | 73% | 72% | 77% | 69% |
| Q/Q % change | 35% | 41% | 22% | 16% | 21% | 18% | 20% | 14% | 16% | 18% | 12% | 13% | 16% | 17% | 16% | 8% |
| % of total revenue | 61% | 61% | 62% | 69% | 73% | 71% | 74% | 78% | 80% | 78% | 77% | 79% | 81% | 80% | 82% | 85% |
| Display revenue | \$ 4,379 | \$ 6,122 | \$ 7,217 | \$ 6,145 | \$ 6,240 | \$ 8,142 | \$ 8,299 | \$ 7,499 | \$ 7,948 | \$ 10,469 | \$ 12,315 | \$ 12,100 | \$ 12,519 | \$ 16,059 | \$ 15,954 | \$ 14,119 |
| YY % Change | 26% | 30% | 57% | 38% | 42% | 33% | 15% | 22% | 27% | 29% | 48% | 61% | 58% | 53% | 30% | 17% |
| Q/Q % Change | -2% | 40% | 18% | -15% | 2% | 30% | 2% | -10% | 2% | 32% | 18% | -2% | 3% | 28% | -1% | -12% |
| % of total revenue | 39% | 39% | 38% | 31% | 27% | 29% | 26% | 22% | 20% | 22% | 23% | 21% | 19% | 20% | 18% | 15% |
| TOTAL REVENUE | \$ 11,260 | \$ 15,845 | \$ 19,057 | \$ 19,891 | \$ 22,833 | \$ 27,765 | \$ 31,915 | \$ 34,337 | \$ 38,966 | \$ 46,920 | \$ 53,311 | \$ 58,348 | \$ 66,243 | \$ 78,675 | \$ 88,646 | \$ 92,329 |
| YY % Change | 111% | 116% | 132% | 108% | 103% | 75% | 67% | 73% | 71% | 69% | 67% | 70% | 70% | 68% | 66% | 58% |
| Q/Q % Change | 18% | 41% | 20% | 4% | 15% | 22% | 15% | 8% | 13% | 20% | 14% | 9% | 14% | 19% | 13% | 4% |

¹ User-generated content is defined as any content contributed by a user through Zillow, Inc.'s mobile apps or websites, including images, home edits, comments, reviews, ratings, past transactions data, and Digs boards, among other contributions.

Note: n/a - Average Monthly Revenue per Advertiser (ARPA) has not been disclosed for the periods prior to 2011 in our filings with the Securities and Exchange Commission, thus YY % and Q/Q % change could not be calculated.

* For December 2014, the reported monthly unique user metric was estimated by Zillow based on historical trends by calculating the percentage change in monthly unique users from November 2013 to December 2013 and multiplying that percentage change by the reported November 2014 monthly unique users. Zillow transitioned to an upgraded version of the Google Analytics measurement service, Universal Analytics, in the month of December 2014 on both its mobile application and website platforms. As a result, Zillow is not able to provide an accurate count of the monthly unique users as reported by the service for December 2014.

ZILLOW, INC. OPERATING METRICS (UNAUDITED)



| | 2011 | | | | 2012 | | | | 2013 | | | | 2014 | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Adjusted EBITDA¹ (in thousands) | | | | | | | | | | | | | | | | |
| Net income (loss) | \$ (826) | \$ 1,576 | \$ (570) | \$ 922 | \$ 1,724 | \$ 1,332 | \$ 2,334 | \$ 549 | \$ (3,747) | \$ (10,232) | \$ (1,189) | \$ 2,715 | \$ (6,259) | \$ (10,477) | \$ (15,977) | \$ (10,897) |
| % of revenue | -7% | 10% | -3% | 5% | 8% | 5% | 7% | 2% | -10% | -22% | -2% | 5% | -9% | -13% | -18% | -12% |
| Other income | (39) | (5) | (36) | (25) | (31) | (34) | (39) | (38) | (55) | (115) | (70) | (145) | (219) | (284) | (265) | (317) |
| Depreciation and amortization expense | 1,526 | 1,868 | 2,035 | 1,761 | 2,336 | 2,749 | 3,617 | 4,071 | 4,779 | 5,155 | 5,877 | 7,443 | 8,074 | 8,596 | 9,039 | 9,915 |
| % of revenue | 14% | 12% | 11% | 9% | 10% | 10% | 11% | 12% | 12% | 11% | 11% | 13% | 12% | 11% | 10% | 11% |
| Share-based compensation expense | 390 | 413 | 488 | 654 | 1,418 | 1,225 | 1,712 | 2,256 | 4,146 | 10,467 | 3,768 | 5,055 | 7,132 | 8,410 | 8,634 | 9,909 |
| % of revenue | 3% | 3% | 3% | 3% | 6% | 4% | 5% | 7% | 11% | 22% | 7% | 9% | 11% | 11% | 10% | 11% |
| Acquisition-related costs ¹ | 57 | - | - | 288 | - | 716 | - | 551 | - | - | 201 | 175 | - | 184 | 13,200 | 8,109 |
| Income tax (benefit) / expense | - | - | - | - | - | - | - | - | - | - | (4,265) | 154 | - | - | - | - |
| Facility exit charge | - | - | 1,737 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Impairment of certain acquired intangible assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,259 |
| Adjusted EBITDA | \$ 1,108 | \$ 3,852 | \$ 3,654 | \$ 3,600 | \$ 5,447 | \$ 5,988 | \$ 7,624 | \$ 7,389 | \$ 5,123 | \$ 5,275 | \$ 4,322 | \$ 15,397 | \$ 8,728 | \$ 6,429 | \$ 14,631 | \$ 19,978 |
| % of revenue | 10% | 24% | 19% | 18% | 24% | 22% | 24% | 22% | 13% | 11% | 8% | 26% | 13% | 8% | 17% | 22% |
| Non-GAAP EPS² reconciliation (in thousands, except per share data) | | | | | | | | | | | | | | | | |
| Net income (loss), as reported | \$ (826) | \$ 1,576 | \$ (570) | \$ 922 | \$ 1,724 | \$ 1,332 | \$ 2,334 | \$ 549 | \$ (3,747) | \$ (10,232) | \$ (1,189) | \$ 2,715 | \$ (6,259) | \$ (10,477) | \$ (15,977) | \$ (10,897) |
| Share-based compensation expense | 390 | 413 | 488 | 654 | 1,418 | 1,225 | 1,712 | 2,256 | 4,146 | 10,467 | 3,768 | 5,055 | 7,132 | 8,410 | 8,634 | 9,909 |
| Acquisition-related costs | 57 | - | - | 288 | - | 716 | - | 551 | - | - | 201 | 175 | - | 184 | 13,200 | 8,109 |
| Income tax (benefit) expense | - | - | - | - | - | - | - | - | - | - | (4,265) | 154 | - | - | - | - |
| Facility exit charge | - | - | 1,737 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Impairment of certain acquired intangible assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,259 |
| Net income (loss), adjusted | \$ (379) | \$ 1,989 | \$ 1,655 | \$ 1,864 | \$ 3,142 | \$ 3,273 | \$ 4,046 | \$ 3,356 | \$ 399 | \$ 235 | \$ (1,485) | \$ 8,099 | \$ 873 | \$ (1,883) | \$ 5,857 | \$ 10,380 |
| Non-GAAP net income (loss) per share - basic | \$ (0.03) | \$ 0.14 | \$ 0.07 | \$ 0.07 | \$ 0.11 | \$ 0.11 | \$ 0.13 | \$ 0.10 | \$ 0.01 | \$ 0.01 | \$ (0.04) | \$ 0.21 | \$ 0.02 | \$ (0.05) | \$ 0.15 | \$ 0.26 |
| Non-GAAP net income (loss) per share - diluted | \$ (0.03) | \$ 0.08 | \$ 0.06 | \$ 0.06 | \$ 0.10 | \$ 0.10 | \$ 0.13 | \$ 0.09 | \$ 0.01 | \$ 0.01 | \$ (0.04) | \$ 0.19 | \$ 0.02 | \$ (0.05) | \$ 0.13 | \$ 0.24 |
| Basic shares for non-GAAP EPS | 13,347 | 13,940 | 24,020 | 27,748 | 28,348 | 28,946 | 30,040 | 33,408 | 33,770 | 34,553 | 36,667 | 39,050 | 39,322 | 39,800 | 40,296 | 40,600 |
| Diluted shares for non-GAAP EPS ³ | 13,347 | 24,106 | 28,388 | 30,592 | 30,994 | 31,320 | 32,230 | 36,292 | 36,756 | 37,633 | 36,667 | 42,116 | 42,378 | 39,800 | 43,539 | 43,161 |
| Other (in thousands) | | | | | | | | | | | | | | | | |
| Total cash and cash equivalents and investments | \$ 15,554 | \$ 16,161 | \$ 95,813 | \$ 92,136 | \$ 98,310 | \$ 69,602 | \$ 228,882 | \$ 203,483 | \$ 204,131 | \$ 208,058 | \$ 424,574 | \$ 437,726 | \$ 447,363 | \$ 457,872 | \$ 458,450 | \$ 455,920 |
| Cash, cash equivalents, and investments per basic share | \$1.17 | \$1.16 | \$3.99 | \$3.32 | \$3.47 | \$2.40 | \$7.62 | \$6.09 | \$6.04 | \$6.02 | \$11.58 | \$11.21 | \$11.38 | \$11.50 | \$11.38 | \$11.23 |
| Net cash provided by operating activities | \$ 3,484 | \$ 4,852 | \$ 5,683 | \$ 807 | \$ 6,498 | \$ 10,566 | \$ 5,436 | \$ 13,112 | \$ 2,289 | \$ 6,257 | \$ 3,990 | \$ 18,762 | \$ 14,205 | \$ 14,670 | \$ 4,482 | \$ 12,162 |
| % of revenue | 31% | 31% | 30% | 4% | 28% | 38% | 17% | 38% | 6% | 13% | 7% | 32% | 21% | 19% | 5% | 13% |
| Capital expenditures | \$ 1,236 | \$ 1,999 | \$ 4,225 | \$ 226 | \$ 2,525 | \$ 3,373 | \$ 3,754 | \$ 6,339 | \$ 5,944 | \$ 5,052 | \$ 5,438 | \$ 5,613 | \$ 7,872 | \$ 7,501 | \$ 8,906 | \$ 8,316 |
| % of revenue | 11% | 13% | 22% | 1% | 11% | 12% | 12% | 18% | 15% | 11% | 10% | 10% | 12% | 10% | 10% | 9% |
| Deferred revenue | \$ 4,762 | \$ 5,647 | \$ 5,734 | \$ 5,769 | \$ 6,533 | \$ 8,699 | \$ 8,720 | \$ 8,349 | \$ 7,779 | \$ 9,308 | \$ 10,893 | \$ 12,298 | \$ 12,140 | \$ 14,037 | \$ 14,721 | \$ 15,356 |
| % of revenue | 42% | 36% | 30% | 29% | 29% | 31% | 27% | 24% | 20% | 20% | 20% | 21% | 18% | 18% | 17% | 17% |
| Sales and marketing expense ⁴ | \$ 5,484 | \$ 5,630 | \$ 7,035 | \$ 7,576 | \$ 8,315 | \$ 12,153 | \$ 14,118 | \$ 14,519 | \$ 19,794 | \$ 32,924 | \$ 31,195 | \$ 24,978 | \$ 34,898 | \$ 48,075 | \$ 46,934 | \$ 37,818 |
| YY % Change | 76% | 50% | 73% | 86% | 52% | 116% | 101% | 92% | 138% | 171% | 121% | 72% | 76% | 46% | 50% | 51% |
| % of revenue | 49% | 36% | 37% | 38% | 36% | 44% | 44% | 42% | 51% | 70% | 59% | 43% | 53% | 61% | 53% | 41% |

¹ We have retroactively recast general and administrative expenses going back to 2011 to exclude the impact of acquisition-related costs, which are now presented on a separate line item in our statements of operations. This change impacts our statement of operations, as well as the calculations of Adjusted EBITDA and non-GAAP EPS.

² Non-GAAP net income (loss) per share excludes the impact of share-based compensation expense, acquisition-related costs, the 2011 facility exit charge, impairment of certain acquired intangible assets, and income taxes.

³ For periods in which Zillow reported a GAAP net loss and non-GAAP net income, weighted-average shares used for the computation of diluted non-GAAP income per share include the impact of potentially dilutive shares. Please refer to the "Net Income (Loss) Per Share" notes to Zillow's financial statements as filed with the Securities and Exchange Commission for additional discussion of the impact of potentially dilutive shares.

⁴ Sales and marketing expense in 2Q13 includes a one-time \$7.1 million acceleration of share-based compensation related to a prior acquisition. Excluding this item, sales and marketing expense in 2Q13 was \$25.8 million, representing growth of 113% year-over-year and 55% of revenue.