

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Attached Statement](#)

Horizontal lines for providing the applicable Internal Revenue Code section(s) and subsection(s).

18 Can any resulting loss be recognized? ▶ [See Attached Statement](#)

Horizontal lines for providing information regarding the recognition of a resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attached Statement](#)

Horizontal lines for providing any other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ _____ Date ▶ _____

Print your name ▶ Kathleen Philips Title ▶ CFO & Treasurer - Zillow Group, Inc.

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Zillow, Inc.
FEIN: 20-2000033
Attachment to Form 8937

Part II Line 14 – Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

Completion of a stock dividend of our new Class C Capital stock on a two-for-one basis for our outstanding common Class A common stock and Class B Capital stock, with a record date of July 31, 2015 and a dividend payment date of August 14, 2015. On August 17, 2015, the new Class C Capital stock began trading on the NASDAQ Global Select Market under the original ticker symbol Z ("Z Share") and the Class A common stock began trading on the NASDAQ Global Select Market under the ticker symbol ZG ("ZG Share").

Part II Line 15 – Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

The tax basis of a share of Class A common stock will be divided between the share of Class A common stock and the two new shares of Class C Capital stock in proportion to the fair market values of the Class A common stock and Class C Capital stock. A reasonable approach for allocating basis is to use the respective averages of the highest and lowest quoted selling prices on the first date of trading (August 17, 2015) of the ZG Shares and Z Shares. As described below, 32.55% of the shareholder's tax basis in a share of Class A common stock would be allocated to a ZG Share and 33.72% would be allocated to each of the two Z Shares received. Shareholders should consult their tax advisors regarding this allocation.

Class B Capital stock is non-transferable unless first converted to Class A common stock, dictated by the bylaws of the corporation to be convertible on a 1:1 basis. Class A common stock fair market value will be used in lieu of a value for Class B shares since Class B shares are not traded on the open market, and Class B shares can only be traded after first being converted to Class A shares. Therefore, the tax basis of a share of Class B Capital stock will be divided between the share of Class B Capital stock and the two new Class C Capital stock based on respective averages of the highest and lowest quoted selling prices on the first date of trading (August 17, 2015) of the ZG Shares and Z Shares. As described below, 32.55% of the shareholder's tax basis in a share of Class B Capital stock would be allocated to the Class B share, and 33.72% would be allocated to each of the two Z Shares received. Shareholders should consult their tax advisors regarding this allocation.

Part II Line 16 – Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates:

The allocation of basis between ZG and Z reasonably can be reasonably estimated based on the averages of highest and lowest quoted selling prices of a ZG Share and Z Share on the NASDAQ Global Select Market, on the first day of trading after the split. On August 17, 2015, the highest quoted price of a ZG Share was \$26.00 and a Z Share was \$26.72, while the lowest quoted price of a ZG Share was \$23.30 and a Z Share was \$24.35.

Therefore, the average of the highest and lowest quoted selling prices of a ZG Share is \$24.65, and the average of the highest and lowest quoted selling prices of a Z Share is \$25.53.

Thus, the calculation representing the percentage of tax basis allocated to a ZG Share is: $\$24.65/(\$24.65+\$25.53+\$25.53) = 32.55\%$. The calculation representing the percentage of tax basis allocated to each of the two Z Shares is: $\$25.53/(\$24.65+\$25.53+\$25.53) = 33.72\%$.

Since Class B Capital Stock can only be traded after first being converted to ZG Shares, the fair market value of a Z Share will be used to calculate the tax basis allocation for Class B Capital Stock shareholders. The calculation representing the percentage of tax basis allocated to a share of Class B Capital Stock is: $\$24.65/(\$24.65+\$25.53+\$25.53) = 32.55\%$. The calculation representing the percentage of tax basis allocated to each share of the two Z Shares is: $\$25.53/(\$24.65+\$25.53+\$25.53) = 33.72\%$.

Part II Line 17 – List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

IRC Sections 305(a), 307(a), and 2031 (Treas. Reg. Section 20.2031-2(b)).

Part II Line 18 – Can any resulting loss be recognized?

No tax gain or loss will result from this event.

Part II Line 19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The reportable tax year is 2015 for shareholders reporting taxable income on a calendar year basis.