ZILLOW GROUP, INC.

FORM 8-K
(Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): November 6, 2018

ZILLOW GROUP, INC.
(Exact name of registrant as specified in its charter)

Washington	**001-36853**	**47-1645716**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

1301 Second Avenue, Floor 31, Seattle, Washington	**98101**
(Address of principal executive offices)	**(Zip Code)**

(206) 470-7000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

Zillow Group, Inc. ("Zillow Group" or "the Company") today issued a press release announcing its financial results for the fiscal quarter ended September 30, 2018 . The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 and accompanying supporting tables as Exhibit 99.2 to this Current Report on Form 8-K.

The information in this Item 2.02 and Exhibits 99.1 and 99.2 of this Current Report on Form 8-K shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Chief Financial Officer

On November 6, 2018, Zillow Group announced the appointment of Allen Parker as Zillow Group's Chief Financial Officer, effective November 16, 2018. Mr. Parker will report to Spencer Rascoff, the Company's Chief Executive Officer. Mr. Parker will succeed Jennifer Rock, the Company's Chief Accounting Officer, who has been serving as Zillow Group's Interim Chief Financial Officer since May 2018.

Mr. Parker, age 51, has served in various leadership roles at Amazon.com, Inc., an e-commerce and cloud computing company, since 2005. Mr. Parker served as Vice President, Finance for Amazon Devices, Appstore and Amazon Pay, since October 2011, and, prior to that time, as Vice President, Finance, for Worldwide Operations and Customer Service. Before joining Amazon, Mr. Parker held leadership positions at American Standard, a manufacturer of home fixtures, and General Electric Company, a global digital industrial company. Mr. Parker holds a B.S. in Accounting from the University of Oregon and a degree in International Business - Economics from Nyenrode Business University.

In connection with his appointment, Zillow Group entered into an executive employment agreement with Mr. Parker, effective November 16, 2018. Pursuant to the employment agreement, Mr. Parker's annual salary will be $540,000.00. Mr. Parker will also receive a sign-on bonus of $1,500,000.00 payable in two equal installments, the first of which will be paid within thirty days of his first day of employment, and the second of which will be paid within thirty days of January 1, 2019. The second installment of the sign-on bonus will not be due if Mr. Parker has resigned or announced his intention to resign without "Good Reason" or has been terminated or is in the process of being terminated for "Cause", as such capitalized terms are defined in the employment agreement. The sign-on bonus is subject to certain conditional repayment obligations as set forth in the employment agreement.

Subject to approval by the Zillow Group board of directors or compensation committee thereof, Mr. Parker will be eligible to receive the following equity awards granted under the Zillow Group, Inc. Amended and Restated 2011 Incentive Plan (the "2011 Plan"):

(1) restricted stock units for the number of shares of the Company's Class C capital stock calculated by dividing $5,250,000.00 by the average closing price of the Company's Class C capital stock for the thirty trading days preceding Mr. Parker's first day of employment (the "Initial RSUs"); and

(2) a nonqualified stock option for the same number of shares of the Company's Class C capital stock underlying the Initial RSUs, which option will have a per share exercise price equal to the closing price of the Company's Class C capital stock on the date of grant (the "Initial Option").

With respect to each of the Initial RSUs and the Initial Option, twenty-five percent of the number of shares underlying each award will vest on the one-year anniversary of Mr. Parker's first day of employment. The remainder of the shares underlying each award will vest in substantially equal quarterly installments over the subsequent twelve quarters, in each instance subject to continued employment with the Company.

In connection with the annual review process for performance year 2018, Mr. Parker will be eligible to receive an equity award with an aggregate grant value of $2,500,000.00, which Mr. Parker may elect to receive in the form of a stock option, restricted stock units, or a combination of a stock option and restricted stock units, in accordance with the Company's equity choice program. Such equity award(s) will vest in substantially equal quarterly installments over sixteen quarters, subject to continued employment with the Company on each vesting date.

Mr. Parker will be eligible to participate in Zillow Group's standard benefit programs.

If the Company terminates Mr. Parker's employment for Cause, or if he resigns without Good Reason, he will have no rights to any compensation described in his employment agreement or otherwise, other than obligations accrued by their terms as of his date of separation. If Mr. Parker's employment is terminated without Cause, or if he resigns with Good Reason, he will, in addition to accrued obligations, be entitled to receive: (1) Company-paid COBRA continuation coverage for himself and eligible dependents for up to six months; (2) an amount equal to six months' of his then-current salary; (3) accelerated vesting by an additional twelve months for each of the Initial Option, Initial RSUs, and equity grants received (if any) pursuant to the Company's annual review process for performance years 2018 and thereafter (with accelerated vesting of fifty percent of such awards in the event of termination within eighteen months of a "Change of Control", as defined in the 2011 Plan); and (4) an extension of time during which he may exercise his then-outstanding and vested stock options until the earlier of twelve months from his last day of employment and the latest date upon which such stock options would have expired by their original terms. Payment of the foregoing is subject to effectiveness of a general release and waiver of claims against the Company by Mr. Parker.

The foregoing description of Mr. Parker's employment agreement is qualified in its entirety by reference to the full text of the agreement, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

In connection with Mr. Parker's appointment, Mr. Parker and the Company entered into an indemnification agreement providing for Mr. Parker's contractual rights to indemnification, expense advancement and reimbursement to the fullest extent permitted by the Washington Business Corporation Law, substantially in the form filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference. Mr. Parker also entered into Zillow Group's standard form of employee proprietary rights agreement, which includes confidentiality and non-competition obligations, among others.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act that involve risks and uncertainties. Differences may result from actions taken by the Zillow Group board of directors, as well as from risks and uncertainties beyond the Company's control. Additional factors which could cause results to differ materially from those anticipated in forward-looking statements can be found under the caption "Risk Factors" in Zillow Group, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the Securities and Exchange Commission, or SEC, and for the quarterly period ended September 30, 2018 to be filed with the SEC, and in the Company's other filings with the SEC. Except as may be required by law, Zillow Group does not intend, nor undertake any duty, to update this information to reflect future events or circumstances.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1*	Executive Employment Agreement, dated November 6, 2018, between Zillow Group, Inc. and Allen Parker.
10.2*	Form of Indemnification Agreement between Zillow Group, Inc. and each of its directors and executive officers (Filed as Exhibit 10.9 to Registrant's Current Report on Form 8-K12B filed with the Securities and Exchange Commission on February 17, 2015 and incorporated herein by reference).
99.1	Press release dated November 6, 2018 entitled "Zillow Group Third Quarter 2018 Revenue Increased 22% Year-over-Year" issued by Zillow Group, Inc. on November 6, 2018.
99.2	Supplement entitled "Reported Consolidated Results" issued by Zillow Group, Inc. on November 6, 2018.
*	Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 6, 2018	**ZILLOW GROUP, INC.**	
	By:	/s/ SPENCER M. RASCOFF
	Name:	Spencer M. Rascoff
	Title:	Chief Executive Officer

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (“ ***Agreement*** ”) is entered into as of November 6, 2018, by and between Allen Parker (“ ***Executive*** ”) and Zillow Group, Inc., a Washington corporation (the “ ***Company*** ”).

RECITALS

A. The Company wishes to secure the services of Executive as its Chief Financial Officer pursuant to the terms set forth in this Agreement.

B. Executive wishes to be employed by Company pursuant to the terms set forth in this Agreement.

C. The Company’s offer of employment pursuant to this Agreement is contingent upon Executive’s submission to, and successful completion of, the Company’s background check process.

D. The effective date of this Agreement shall be Executive’s first day of actual work for the Company (should that date come later in time than the date Executive signs this Agreement) (“ ***Effective Date*** ”).

E. The Company and Executive intend that Executive’s first day of actual work will be November 16, 2018 (“ ***Start Date*** ”).

1. EMPLOYMENT

Executive will report to the Company’s Chief Executive Officer. Subject to Section 3.4, changes may be made from time to time by the Company in its sole discretion to the duties, reporting relationships and title of Executive. Executive will perform the duties as are commensurate and consistent with Executive’s position as the Company’s Chief Financial Officer and will devote Executive’s full working time, attention and efforts to the Company and to discharging the responsibilities of Executive’s position, and such other duties as may be assigned from time to time by the Company, which relate to the business of the Company and are reasonably consistent with Executive’s position (excluding periods of vacation, holidays, illness, incapacity and sick leave). During Executive’s employment, Executive will not engage in any business activity that, in the reasonable judgment of the Company’s Chief Executive Officer, conflicts with the duties of Executive under this Agreement, whether or not such activity is pursued for gain, profit or other advantage. Executive agrees to comply with the Company’s standard policies and procedures, including the Company’s Proprietary Rights Agreement (“ ***Confidentiality Agreement*** ”) and Mutual Agreement to Arbitrate Claims (“ ***Arbitration Agreement*** ”), both of which are to be executed by Executive contemporaneously with Executive’s execution of this Agreement, and with all applicable laws and regulations.

2. COMPENSATION AND BENEFITS

The Company agrees to pay or cause to be paid to Executive, and Executive agrees to accept in exchange for the services rendered hereunder, the following compensation and benefits:

2.1 Annual Salary

Executive's compensation shall consist of an annual base salary in the gross amount of Five Hundred Forty Thousand dollars ($540,000.00), payable in accordance with the payroll practices of the Company and subject to applicable deductions and tax withholdings (" ***Salary*** "). Executive's Salary shall be reviewed, and shall be subject to change, by the Company's Board of Directors (or the Compensation Committee thereof) at least annually while Executive is employed hereunder.

2.2 Signing Bonus

In connection with his hire and anticipated successful integration into the Company, Executive shall also receive a signing bonus in the gross amount of One Million Five Hundred Thousand dollars ($1,500,000.00) (" ***Signing Bonus*** "). The Company will pay the Signing Bonus to Executive in two installments. The first installment will be a lump sum payment in the gross amount of Seven Hundred Fifty Thousand dollars ($750,000.00), less applicable deductions and tax withholdings, made by the Company within thirty (30) days of the Start Date. The second installment will be a lump sum payment in the gross amount of Seven Hundred Fifty Thousand dollars ($750,000.00), less applicable deductions and tax withholdings, made by the Company within thirty (30) days following January 1, 2019; provided that, the second installment of the Signing Bonus shall not be due or payable to Executive if he has been or is in the process of being terminated for Cause, or resigned or announced his intention to resign without Good Reason, by the date when the installment payment would otherwise be payable. If Executive resigns without Good Reason within twelve (12) months of Executive's first day of actual work for the Company, Executive will be responsible for reimbursing the Company a prorated portion of the Signing Bonus based on a fraction equal to Executive's completed days of employment divided by 360; *provided* that Executive shall not be responsible for any reimbursement payments if he is terminated without Cause or resigns for Good Reason.

2.3 Bonus and Equity Awards

Executive shall be eligible to participate in the Company's incentive bonus plans as may be adopted from time to time by the Board of Directors (or the Compensation Committee thereof), subject to and in accordance with the terms and conditions of such plans. Subject to approval by the Board of Directors (or the Compensation Committee thereof), Executive shall be eligible to receive the following equity awards (" ***Awards*** ") under the Zillow Group, Inc. Amended and Restated 2011 Incentive Plan or any successor plan thereto (" ***Plan*** "):

(a) Within thirty (30) days of the Effective Date, restricted stock units (" ***RSUs*** ") for that number of shares of the Company's Class C Capital Stock calculated by dividing $5,250,000 by the average closing price of the Company's Class C Capital Stock on the thirty (30) trading days preceding the Effective Date (" ***Initial RSUs*** "), such Initial RSUs to vest and be settled in one (1) share of Class C Capital Stock for each share subject to the Initial RSUs that vests in accordance with the vesting schedule set forth in Section 2.3(c) of this Agreement. The Initial RSUs shall have the terms and conditions as set forth in a Restricted Stock Unit Award Notice and a Restricted Stock Unit Award Agreement to be executed by Executive and the Company pursuant to the Plan. To the extent there is a conflict between this Agreement and the applicable terms of the Restricted Stock Unit Award Notice and a Restricted Stock Unit Award Agreement, the applicable terms of this Agreement will govern.

(b) A nonqualified stock option for the same number of shares of the Company's Class C Capital Stock underlying the Initial RSUs (the *"* ***Initial Option*** , *"* and together with the Initial RSUs, the " ***Initial Awards*** "). The Initial Option will have a ten (10)-year term (subject to earlier termination in the event of Executive's termination of employment), a per share exercise price equal to the closing price of the Company's Class C Capital Stock on the date of grant, and will vest in accordance with the vesting schedule set forth in Section 2.3(c) of this Agreement. The Initial Option shall have the terms and conditions as set forth in a Nonqualified Stock Option Grant Notice and a Nonqualified Stock Option Agreement to be executed by Executive and the Company pursuant to the Plan. To the extent there is a conflict between this Agreement and the applicable terms of the Nonqualified Stock Option Grant Notice and a Nonqualified Stock Option Agreement, the applicable terms of this Agreement will govern.

(c) Each Initial Award shall vest as to 25% of the total number of shares subject to the applicable Initial Award on the one-year anniversary of the Effective Date. The remainder of each Initial Award shall vest thereafter in substantially equal installments on a quarterly basis on each of the Company's established quarterly vesting dates over the following twelve (12) quarters (such quarterly vesting dates based on those generally applicable to equity awards granted under the Plan). Vesting of the Initial Awards shall be subject to Executive's continued employment with the Company on an applicable vesting date.

(d) Executive will be eligible to participate in the Company's 2018 year-end annual review process and will be eligible to receive annual equity awards beginning in calendar year 2019 and each subsequent year of employment (each, an " ***Annual Award*** "). Executive shall be eligible to receive an Annual Award for calendar year 2019 with an aggregate grant value of $2,500,000. Executive may elect to receive the Annual Award for calendar year 2019 in the form of 100% RSUs, 100% nonqualified stock options or a combination of RSUs and stock options in 25% increments, in accordance with the Company's Equity Choice Program. The maximum number of shares of capital stock of the Company, or any successor company, underlying any elected RSUs under the 2019 Annual Award shall be determined by dividing (i) the portion of the $2,500,000 Annual Award elected by Executive to be in the form of RSUs, by (ii) the average closing price of the Company's capital stock over the thirty (30)-day trading period preceding the launch of the year-end review process, which is expected to occur on approximately January 2, 2019, with any fractional share rounded to the nearest whole share (0.5 to be rounded up) (" ***2019 Annual Award RSUs*** "). The maximum number of shares of capital stock of the Company, or any successor company, underlying an elected stock option shall be determined by multiplying the number of shares subject to the 2019 Annual Award RSUs by three (3) (e.g., if the Annual Award is granted solely as a stock option). The vesting schedule, grant date, exercise price and other terms of 2019 Annual Awards shall be determined by the Company and generally shall be consistent with the Company's equity award policies and practices with respect to individuals serving in comparable positions receiving equity awards in connection with the annual review process; provided, however, that the 2019 Annual Award will vest in substantially equal quarterly installments on each of the Company's established quarterly vesting dates over the following sixteen (16) quarters (such quarterly vesting dates based on those generally applicable to equity awards granted under the Plan).

(e) Awards shall be subject to applicable deductions and tax withholdings upon vesting or exercise of the Awards, as applicable. For the avoidance of doubt, any adjustments to the Awards shall be governed by Section 15 of the Plan and shall be consistent with adjustments made to other awards outstanding under the Plan held by the Company's executive officers.

2.4 Benefits

Executive shall be eligible to participate, subject to and in accordance with applicable eligibility and other requirements, in such employee benefit plans, policies, programs and arrangements as are generally provided to the Company's similarly situated executives, which shall include, at a minimum, basic health, dental and vision insurance.

2.5 Vacation and Other Paid Time Off Benefits

Each calendar year, Executive shall be entitled to that number of weeks of paid vacation per year equal to those provided in accordance with the plans, policies, programs and arrangements as are generally provided to the Company's similarly situated executives. Executive also shall be provided such holidays and sick leave as the Company makes available to all of its other employees.

3. TERMINATION

3.1 Employment At Will

Executive acknowledges and understands that employment with the Company is terminable at will and can be terminated by either party for no reason or for any reason not otherwise specifically prohibited by law. Nothing in this Agreement is intended to alter Executive's at-will employment status or obligate the Company to continue to employ Executive for any specific period of time, or in any specific role or geographic location. Except as expressly provided for in this Agreement, upon any termination of employment, Executive shall not be entitled to receive any payments or benefits under this Agreement other than unpaid Salary earned through the date of termination and unused vacation that has accrued as of the date of Executive's termination of employment that would be payable under the Company's standard policy (collectively, the " ***Accrued Obligations*** "). Any Accrued Obligations due under this Agreement shall be paid in a lump sum on the next regularly scheduled payroll date following the date on which Executive's employment terminated

3.2 Automatic Termination on Death or Total Disability

This Agreement and Executive's employment hereunder shall terminate automatically upon the death or Total Disability of Executive. " ***Total Disability*** " shall mean a mental or physical impairment of Executive that is expected to result in death or that has lasted or is expected to last for a continuous period of twelve (12) months or more and that causes Executive (i) to be unable to perform his or her material duties for the Company, (ii) to be unable to engage in any substantial gainful activity, or (iii) to lose legal capacity. Executive and the Company hereby acknowledge that Executive's ability to perform Executive's duties is the essence of this Agreement. Termination hereunder shall be deemed to be effective (a) at the end of the calendar month in which Executive's death occurs or (b) immediately upon a determination by the Board of Directors (or the Compensation Committee thereof) of Executive's Total Disability. In the case of termination of employment under this Section 3.2, Executive shall not be entitled to receive any payments or benefits under this Agreement other than any Accrued Obligations.

3.3 Termination for Cause; Resignation

The Company may terminate Executive's services and this Agreement for Cause (as defined in **Appendix A**), effective immediately upon notice of termination. Upon termination of Executive's employment for Cause, or upon Executive's voluntary separation from Employment without Good Reason **(as defined in Appendix A)** , all compensation described herein shall cease as of the termination date, and Executive shall have no rights to any other compensation or payments under this Agreement or otherwise, other than any Accrued Obligations.

3.4 Termination of Employment Without Cause or for Good Reason

(a) If (1) the Company terminates Executive's employment without Cause, or (2) Executive resigns for Good Reason, then Executive shall be entitled to receive the below termination payments and benefits; provided, however, that this Section 3.4(a) shall not apply to, and shall have no effect in connection with, any termination to which Section 3.2 or Section 3.3 of this Agreement applies:

(i) any Accrued Obligations;

(ii) COBRA continuation coverage for Executive and his eligible dependents paid in full by the Company, so long as Executive has not become actually covered by the medical plan of a subsequent employer during any such month and is otherwise entitled to COBRA continuation coverage, with such payments for up to a maximum of six (6) months following the date of termination. After such period, Executive is responsible for paying the full cost for any additional COBRA continuation coverage to which Executive is then entitled;

(iii) an amount equal to six (6) months' Salary, at the rate in effect immediately prior to termination, payable to Executive in accordance with the terms below (" ***Severance Payments*** ");

(iv) accelerated vesting by an additional twelve (12) months of Executive's then outstanding Awards that vest based on Executive's continued employment or service; provided, however, that in the event such termination occurs in connection with or within eighteen (18) months following a Change of Control (as defined in the Plan), fifty percent (50%) of Executive's then outstanding Awards that vest based on Executive's continued employment or service shall become vested immediately prior to such termination (subject to any greater acceleration that applies under the terms of the Plan in the event such Awards are not assumed or substituted for in a Change of Control); and

(v) an extension of the time period during which Executive may exercise Executive's then outstanding and vested stock options (taking into account the accelerated vesting provided in this Section 3.4(a)), until the earlier of (A) twelve (12) months from the date of termination, or (B) the latest date upon which such stock options would have expired by their original terms under any circumstances.

(b) As a condition to receiving the payments and benefits under this Section 3.4 other than the Accrued Obligations, Executive shall execute (and not revoke within the applicable revocation period) a general release and waiver of all claims against the Company, which release and waiver shall be in a form mutually acceptable to the Company and Executive. Such release and waiver shall be delivered to the Company no later than the date specified by the Company (which date shall in no event be later than twenty-one (21) days or forty-five (45) days, as applicable, after the date on which Executive is presented with the terms of the release and waiver). In addition, payment of the amounts and benefits under this Section 3.4, other than the Accrued Obligations, are contingent on Executive's full and continued compliance with the Company's Confidentiality Agreement, as the same may be amended from time to time.

(c) Notwithstanding the foregoing, termination of employment by Executive will not be for Good Reason unless (1) Executive notifies the Company in writing of the existence of the condition which Executive believes constitutes Good Reason within thirty (30) days of the initial existence of such condition (which notice specifically identifies such condition), (2) the Company fails to remedy such condition within thirty (30) days after the date on which it receives such notice (the " ***Remedial Period*** "), and (3) Executive actually terminates employment within thirty (30) days after the expiration of the Remedial Period and before the Company remedies such condition. If Executive terminates employment before the expiration of the Remedial Period or after the Company remedies the condition (even if after the end of the Remedial Period), then Executive's termination will not be considered to be for Good Reason.

(d) Subject to Section 3.4(b), Severance Payments under Section 3.4(a)(iii) shall be paid to Executive through the Company's normally scheduled payroll during the six (6) month period commencing within sixty (60) days following the date on which Executive's employment was terminated without Cause or Executive resigned for Good Reason; provided, however, that in the event such sixty (60) day period begins in one taxable year of Executive and ends in a second taxable year of Executive, the Company shall not make any Severance Payments to Executive until the second taxable year. Each such payment shall be treated as a separate payment for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the " ***Code*** "), including the rules and regulations thereunder (" ***Code Section 409A*** "). Notwithstanding the foregoing, if any payments and benefits payable pursuant to Section 3.4(a) constitute a "deferral of compensation" subject to Code Section 409A (after taking into account, to the maximum extent possible, any applicable exemptions), then the applicable provisions of Section 13 hereof shall apply.

4. ASSIGNMENT

This Agreement is personal to Executive and shall not be assignable by Executive. The Company may assign its rights hereunder to (a) any successor employer; (b) any other corporation resulting from any merger, consolidation or other reorganization to which the Company is a party; (c) any other corporation, partnership, association or other person to which the Company may transfer all or substantially all of the assets and business of the Company existing at such time; or (d) any subsidiary, parent or other affiliate of the Company. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

5. AMENDMENTS IN WRITING

No amendment, modification, waiver, termination or discharge of any provision of this Agreement, or consent to any departure therefrom by either party hereto, shall in any event be effective unless the same shall be in writing, specifically identifying this Agreement and the provision intended to be amended, modified, waived, terminated or discharged and signed by the Company and Executive, and each such amendment, modification, waiver, termination or discharge shall be effective only in the specific instance and for the specific purpose for which given. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by the Company and Executive.

6. NOTICES

Every notice relating to this Agreement shall be in writing and shall be given by personal delivery, by a reputable same-day or overnight courier service (charges prepaid), by registered or certified mail (postage prepaid, return receipt requested) or by facsimile to the recipient with a confirmation copy to follow the next day to be delivered by personal delivery or by a reputable same-day or overnight courier service to the appropriate party's address or fax number below (or such other address and fax number as a party may designate by notice to the other parties):

If to the Company: Zillow Group, Inc.

1301 Second Avenue, Floor 31

Seattle, Washington 98101

Email: legal@zillowgroup.com

Attn: General Counsel

If to the Executive: Allen Parker

***

(to address most recently on file with Company)

7. APPLICABLE LAW

This Agreement shall in all respects, including all matters of construction, validity and performance, be governed by, and construed and enforced in accordance with, the laws of the State of Washington, without regard to any rules governing conflicts of laws.

8. ENTIRE AGREEMENT

This Agreement, on and as of the Effective Date, constitutes the entire agreement between the Company and Executive with respect to the subject matter hereof, and all prior or contemporaneous oral or written communications, understandings or agreements between the Company and Executive with respect to such subject matter are hereby superseded in their entirety, except as otherwise provided herein. Executive expressly acknowledges that he has contemporaneously executed, and is bound by, the Confidentiality Agreement and Arbitration Agreement, during and after his employment with Company.

9. SEVERABILITY

If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any action in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

10. WAIVERS

No delay or failure by any party hereto in exercising, protecting, or enforcing any of its rights, titles, interests, or remedies hereunder, and no course of dealing or performance with respect thereto, shall constitute a waiver thereof. The express waiver by a party hereto of any right, title, interest, or remedy in a particular instance or circumstance shall not constitute a waiver thereof in any other instance or circumstance. All rights and remedies shall be cumulative and not exclusive of any other rights or remedies.

11. HEADINGS

All headings used herein are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, this Agreement.

12. COUNTERPARTS

This Agreement, and any amendment or modification entered into pursuant to Section 5 hereof, may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same instrument.

13. CODE SECTION 409A

The Company makes no representations or warranties to Executive with respect to any tax, economic or legal consequences of this Agreement or any payments or other benefits provided hereunder, including without limitation under Code Section 409A, and no provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with Code Section 409A from Executive or any other individual to the Company or any of its affiliates. Executive, by executing this Agreement, shall be deemed to have waived any claim against the Company and its affiliates with respect to any such tax, economic or legal consequences. However, the parties intend that this Agreement and the payments and benefits provided hereunder be exempt from the requirements of Code Section 409A, and the rules and regulations issued thereunder, to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Code Section 409A is applicable to this Agreement, the parties intend that this Agreement and any payments and benefits hereunder comply with the deferral, payout and other limitations and restrictions imposed under Code Section 409A so as to avoid the imputation of any tax, penalty or interest under Code Section 409A. Notwithstanding anything herein to the contrary, this Agreement shall be construed, interpreted, operated and administered in a manner consistent with such intentions. Without limiting the generality of the foregoing, and notwithstanding any other provision of this Agreement to the contrary:

(a) To the extent Code Section 409A is applicable to this Agreement, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder (a " ***Separation from Service*** "), and, for purposes of any such provision of this Agreement, references to "terminate," "termination," "termination of employment," "resigns" and like terms shall mean Separation from Service.

(b) If Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Executive's Separation from Service, Executive shall not be entitled to any payment or benefit on account of Executive's Separation from Service, until the earlier of (1) the date which is six (6) months after Executive's Separation from Service for any reason other than death, or (2) the date of Executive's death. The provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A on Executive. Any amounts otherwise payable to Executive upon or in the six (6) month period following Executive's Separation from Service that are not so paid by reason of this Section 13(b) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after Executive's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of Executive's death).

IN WITNESS WHEREOF , the parties have executed and entered into this Agreement on the date first set forth above.

ALLEN PARKER

/s/ Allen Parker

ZILLOW GROUP, INC.

By /s/ Spencer M. Rascoff

Its Chief Executive Officer

APPENDIX A

DEFINITIONS

Capitalized terms used below that are not defined in this ***Appendix A*** have the meanings set forth in the Executive Employment Agreement (" ***Agreement*** ") to which this ***Appendix A*** is attached. As used in the Agreement.

1. " ***Cause*** " means the occurrence of one or more of the following events:

(a) willful misconduct, insubordination or dishonesty in the performance of Executive's duties or a knowing and material violation of the Company's policies and procedures in effect from time to time which results in a material adverse effect on the Company;

(b) the continued failure of Executive to satisfactorily perform his duties after receipt of written notice that identifies the areas in which Executive's performance is deficient;

(c) willful actions in bad faith or intentional failures to act in good faith by Executive with respect to the Company that materially impair the Company business, goodwill or reputation;

(d) conviction of Executive of a felony or misdemeanor, conduct by Executive that the Company reasonably believes violates any statute, rule or regulation governing the Company, or conduct by Executive that the Company reasonably believes constitutes unethical practices, dishonesty or disloyalty and that results in a material adverse effect on the Company;

(e) current use by Executive of illegal substances; or

(f) any material violation by Executive of this Agreement or the Company's Confidential Information, Inventions, Nonsolicitation and Noncompetition Agreement.

2. " ***Good Reason*** " means that Executive, without Executive's express, written consent, has:

(a) incurred a material reduction in Executive's annual Salary or bonus opportunity (except for reductions in connection with a general reduction in annual Salary for all executives of the Company by an average percentage that is not less than the percentage reduction of Executive's annual Salary);

(b) suffered a material breach of this Agreement by the Company;

(c) incurred a material reduction in authority, duties or responsibilities at the Company or with respect to a termination in connection with a Change of Control, relative to authority, duties or responsibilities immediately prior to the Change of Control; or

(d) been required to relocate more than fifty (50) miles from Executive's residence located in the Seattle, Washington area, or in the event the parties mutually agree that Executive would reside elsewhere, Executive's then current place of residence, in order to continue to perform the duties and responsibilities of Executive's position (not including customary travel as may be required by the nature of Executive's position).

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ZILLOW GROUP THIRD QUARTER 2018 REVENUE INCREASED 22% YEAR-OVER-YEAR

- Traffic to Zillow Group brands' mobile apps and websites reached an all-time high of more than 195 million unique users in July 2018.
- Visits to Zillow Group brands' mobile apps and websites, including Zillow, Trulia, StreetEasy and RealEstate.com, increased 13% year-over-year to approximately 1.9 billion.

SEATTLE - November 6, 2018 - Zillow Group, Inc. (NASDAQ:Z) (NASDAQ:ZG), which houses a portfolio of the largest and most vibrant real estate and home-related brands on mobile and the web, today announced its financial results for the three months ended September 30, 2018. In a separate news release today, Zillow Group also announced the appointment of Allen Parker as its new Chief Financial Officer.

"Zillow Group is undergoing a period of transformational innovation, including our new Premier Agent ® lead validation and distribution process, Zillow Offers ™, and now mortgage origination, which together will provide more of an end-to-end real estate transaction experience for consumers," said Zillow Group CEO Spencer Rascoff. "We believe that these changes will have positive long-term effects for consumers, our industry partners and our business. It will take time for advertisers to adapt to these changes, but we are confident that they set us up for long-term growth."

Complete financial results can be found in the investor relations section of Zillow Group's website at http://investors.zillowgroup.com/results.cfm.

Third Quarter and Year to Date 2018 Financial Highlights

The following table sets forth our financial highlights for the periods presented (in thousands, unaudited):

	Three Months Ended September 30,		2017 to 2018 % Change	Nine Months Ended September 30,		2017 to 2018 % Change
	2018	2017		2018	2017	
Revenue:						
IMT segment:						
Premier Agent	$ 232,703	$ 197,054	18 %	$ 677,320	$ 562,081	21 %
Rentals	37,319	28,438	31 %	99,670	73,693	35 %
Mortgages	18,438	20,869	(12)%	56,766	62,075	(9)%
Other (1)	43,616	35,478	23 %	123,445	96,615	28 %
Total IMT segment revenue	332,076	281,839	18 %	957,201	794,464	20 %
Homes segment	11,018	—	N/A	11,018	—	N/A
Total revenue	$ 343,094	$ 281,839	22 %	$ 968,219	$ 794,464	22 %
Other Financial Data:						
Income (loss) before income taxes:						
IMT segment	$ 818	$ 9,247		$ (9,670)	$ (17,204)	
Homes segment	(16,010)	—		(35,206)	—	
Total income (loss) before income taxes	$ (15,192)	$ 9,247		$ (44,876)	$ (17,204)	
Net income (loss)	$ (492)	$ 9,206		$ (22,176)	$ (17,245)	
Adjusted EBITDA (2):						
IMT segment	$ 77,856	$ 70,957		$ 193,580	$ 165,456	
Homes segment	(11,691)	—		(25,105)	—	
Total Adjusted EBITDA	$ 66,165	$ 70,957		$ 168,475	$ 165,456	
Percentage of Revenue:						
Income (loss) before income taxes:						
IMT segment	— %	3%		(1)%	(2)%	
Homes segment	(145)%	N/A		(320)%	N/A	
Total income (loss) before income taxes	(4)%	3%		(5)%	(2)%	
Net income (loss)	— %	3%		(2)%	(2)%	
Adjusted EBITDA:						
IMT segment	23 %	25%		20 %	21 %	
Homes segment	(106)%	N/A		(228)%	N/A	
Total Adjusted EBITDA	19 %	25%		17 %	21 %	

(1) Other revenue primarily includes revenue generated by new construction and display, as well as revenue from the sale of various other marketing and business products and services to real estate professionals.

(2) See below for more information regarding our presentation of Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, which is net income (loss) on a consolidated basis and income (loss) before income taxes for each segment, for each of the periods presented.

Additional Third Quarter 2018 Highlights

- More than 186 million average monthly unique users accessed Zillow Group brands' mobile apps and websites, an increase of 7% year-over-year. Zillow Group brands' mobile apps and websites reached an all-time traffic high of more than 195 million unique users in July 2018.
- Visits to Zillow Group brands' mobile apps and websites Zillow®, Trulia®, StreetEasy® and RealEstate.com increased 13% year-over-year to approximately 1.9 billion.
- Purchased 168 homes and sold 36 homes through Zillow Offers.
- Revenue from Premier Agent advertisers who have been on Zillow Group's platform for more than one year grew 26% compared to the prior year.

- New sales to existing Premier Agent advertisers, or those that were paying advertisers at the beginning of the quarter, accounted for 54% of total bookings.
- Premier Agent advertisers spending more than $5,000 per month grew 31% year-over-year on a total dollar basis and 33% year-over-year in total number.

Business Outlook - Fourth Quarter and Full Year 2018

The following table presents Zillow Group's business outlook for the periods presented (in millions, unaudited):

Zillow Group Outlook as of November 6, 2018	Three Months Ended December 31, 2018	Year Ending December 31, 2018
Revenue:		
IMT segment:		
Premier Agent	$221 to $225	$898 to $902
Rentals	$35 to $36	$135 to $136
Mortgages	$21 to $22	$77 to $78
Other	$43 to $44	$167 to $168
Total IMT segment revenue	$320 to $327	$1,277 to $1,284
Homes segment	$20 to $30	$30 to $40
Total revenue	$340 to $357	$1,307 to $1,324
Adjusted EBITDA*:		
IMT segment	$44 to $51	$238 to $245
Homes segment	$(18) to $(13)	$(43) to $(38)
Total Adjusted EBITDA	$26 to $38	$195 to $207
Weighted average shares outstanding — basic	203.0 to 205.0	197.0 to 199.0
Weighted average shares outstanding — diluted	212.0 to 214.0	206.0 to 208.0

In addition, Zillow Group expects to hold 300 to 550 homes in inventory as related to the Homes segment as of December 31, 2018.

* Zillow Group has not provided a quantitative reconciliation of forecasted Adjusted EBITDA to forecasted GAAP net income (loss) for total Adjusted EBITDA or to forecasted GAAP income (loss) before income taxes for segment Adjusted EBITDA within this earnings release because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence. These items include, but are not limited to: income taxes which are directly impacted by unpredictable fluctuations in the market price of the company's capital stock; depreciation and amortization expense from new acquisitions; impairments of assets; and acquisition-related costs. These items, which could materially affect the computation of forward-looking GAAP net income (loss) and income (loss) before income taxes, are inherently uncertain and depend on various factors, many of which are outside of Zillow Group's control. For more information regarding the non-GAAP financial measures discussed in this release, please see "Use of Non-GAAP Financial Measures" below.

Conference Call and Webcast Information

Zillow Group will host a live conference call and webcast to discuss the results today at 2 p.m. Pacific Time (5 p.m. Eastern Time). A Quarterly Update letter will be posted to the Quarterly Results section of Zillow Group's investor relations website at http://investors.zillowgroup.com/results.cfm prior to the live conference call and webcast.

Zillow Group's management will answer questions submitted via Slido, in addition to answering questions from dialed-in participants, during the live conference call. Questions may be submitted at www.slido.com using the event code #ZEarnings.

A link to the live webcast and recorded replay of the conference call will be available on the investor relations section of Zillow Group's website. The live call may also be accessed via phone at (877) 643-7152 toll-free domestically and at (443) 863-7921 internationally.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which involve risks and uncertainties, including, without limitation, statements regarding the acquisition of Mortgage Lenders of America, L.L.C. ("MLOA"), plans for the integration of MLOA with Zillow Offers, Zillow Group's business and financial outlook, strategic priorities, market opportunities, and operational plans for 2018 and beyond. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "continue," "business outlook," "forecast," "estimate," "outlook," "guidance," or similar expressions constitute forward-looking statements. Forward-looking statements are made based on assumptions as of November 6, 2018, and although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee these results. Differences in Zillow Group's actual results from those described in these forward-looking statements may result from actions taken by Zillow Group as well as from risks and uncertainties beyond Zillow Group's control. Factors that may contribute to such differences include, but are not limited to, Zillow Group's ability to execute on strategy; Zillow Group's ability to maintain and effectively manage an adequate rate of growth; Zillow Group's ability to innovate and provide products and services that are attractive to its users and advertisers; Zillow Group's investment of resources to pursue strategies that may not prove effective; Zillow Group's ability to compete successfully against existing or future competitors; the impact of the real estate industry on Zillow Group's business; the impact of pending legal proceedings described in Zillow Group's filings with the Securities and Exchange Commission, or SEC; Zillow Group's ability to successfully integrate and realize the benefits of its past or future strategic acquisitions or investments; Zillow Group's ability to maintain or establish relationships with listings and data providers; the reliable performance of Zillow Group's network infrastructure and content delivery processes; and Zillow Group's ability to protect its intellectual property. The foregoing list of risks and uncertainties is illustrative, but is not exhaustive. For more information about potential factors that could affect Zillow Group's business and financial results, please review the "Risk Factors" described in Zillow Group's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the SEC and for the quarterly period ended September 30, 2018 to be filed with the SEC, and in Zillow Group's other filings with the SEC. Except as may be required by law, Zillow Group does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

Use of Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, this press release includes references to Adjusted EBITDA, on both a consolidated basis and for each segment and including forecasted Adjusted EBITDA, which are non-GAAP financial measures. We have provided a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, which is net income (loss) on a consolidated basis and income (loss) before income taxes for each segment, within this earnings release.

Adjusted EBITDA is a key metric used by our management and board of directors to measure operating performance and trends and to prepare and approve our annual budget. The exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not consider the potentially dilutive impact of share-based compensation;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect impairment costs;
- Adjusted EBITDA does not reflect acquisition-related costs;
- Adjusted EBITDA does not reflect interest expense or other income;
- Adjusted EBITDA does not reflect income taxes; and
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income (loss) and income (loss) before income taxes and our other GAAP results.

About Zillow Group

Zillow Group (NASDAQ: Z) (NASDAQ: ZG) operates the largest portfolio of real estate and home-related brands on mobile and the web which focus on all stages of the home lifecycle: renting, buying, selling and financing. Zillow Group is committed to empowering consumers with unparalleled data, inspiration and knowledge around homes, and connecting them with great real estate professionals. The Zillow Group portfolio of consumer brands includes real estate and rental marketplaces Zillow®, Trulia®, StreetEasy®, HotPads®, Naked Apartments®, RealEstate.com and Out East®. In addition, Zillow Group provides a comprehensive suite of marketing software and technology solutions to help real estate professionals maximize business opportunities and connect with millions of consumers. Zillow Offers™ provides homeowners in certain metropolitan areas with the opportunity to receive offers to purchase their home from Zillow. When Zillow buys a home, it makes certain repairs and updates and lists the home for resale on the open market. Zillow Group also owns and operates a number of business brands for real estate, rental and mortgage professionals, including Mortech®, dotloop®, Bridge Interactive® and New Home Feed®. Zillow Group is headquartered in Seattle, Washington.

Please visit http://investors.zillowgroup.com, www.zillowgroup.com/ir-blog, and www.twitter.com/zillowgroup, where Zillow Group discloses information about the company, its financial information, and its business which may be deemed material.

The Zillow Group logo is available at http://zillowgroup.mediaroom.com/logos-photos.

(ZFIN)

Adjusted EBITDA

The following tables set forth a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, which is net income (loss) on a consolidated basis and income (loss) before income taxes for each segment, for each of the periods presented (in thousands, unaudited):

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	IMT	Homes	Consolidated	IMT	Homes	Consolidated
Reconciliation of Adjusted EBITDA to Net Income (Loss) and Income (Loss) Before Income Taxes:						
Net income (loss) (1)	N/A	N/A	$ (492)	N/A	N/A	$ 9,206
Income tax (benefit) expense	N/A	N/A	(14,700)	N/A	N/A	41
Income (loss) before income taxes	$ 818	$ (16,010)	$ (15,192)	$ 9,247	$ —	$ 9,247
Other income	(7,773)	—	(7,773)	(1,407)	—	(1,407)
Depreciation and amortization expense	23,015	360	23,375	27,419	—	27,419
Share-based compensation expense	38,155	3,527	41,682	28,574	—	28,574
Impairment costs	10,000	—	10,000	—	—	—
Acquisition-related costs	1,405	—	1,405	218	—	218
Interest expense	12,236	432	12,668	6,906	—	6,906
Adjusted EBITDA	$ 77,856	$ (11,691)	$ 66,165	$ 70,957	$ —	$ 70,957

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	IMT	Homes	Consolidated	IMT	Homes	Consolidated
Reconciliation of Adjusted EBITDA to Net Loss and Loss Before Income Taxes:						
Net loss (1)	N/A	N/A	$ (22,176)	N/A	N/A	$ (17,245)
Income tax (benefit) expense	N/A	N/A	(22,700)	N/A	N/A	41
Loss before income taxes	$ (9,670)	$ (35,206)	$ (44,876)	$ (17,204)	$ —	$ (17,204)
Other income	(13,308)	—	(13,308)	(3,970)	—	(3,970)
Depreciation and amortization expense	75,576	725	76,301	81,576	—	81,576
Share-based compensation expense	102,422	8,944	111,366	84,162	—	84,162
Impairment costs	10,000	—	10,000	—	—	—
Acquisition-related costs	2,064	—	2,064	366	—	366
Interest expense	26,496	432	26,928	20,526	—	20,526
Adjusted EBITDA	$ 193,580	$ (25,105)	$ 168,475	$ 165,456	$ —	$ 165,456

(1) We use income (loss) before income taxes as our profitability measure in making operating decisions and assessing the performance of our segments, therefore, net income (loss) is calculated and presented only on a consolidated basis within our financial statements.

Exhibit 99.2

Reported Consolidated Results

ZILLOW GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 643,792	$ 352,095
Short-term investments	999,241	410,444
Accounts receivable, net	66,337	54,396
Inventory	43,257	—
Prepaid expenses and other current assets	38,904	24,590
Restricted cash	3,203	—
Total current assets	1,794,734	841,525
Contract cost assets	45,238	—
Property and equipment, net	124,281	112,271
Goodwill	1,931,076	1,931,076
Intangible assets, net	290,887	319,711
Other assets	16,241	25,934
Total assets	$ 4,202,457	$ 3,230,517
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 5,846	$ 3,587
Accrued expenses and other current liabilities	58,533	61,373
Accrued compensation and benefits	25,612	19,109
Revolving credit facility	24,674	—
Deferred revenue	35,959	31,918
Deferred rent, current portion	2,566	2,400
Total current liabilities	153,190	118,387
Deferred rent, net of current portion	18,049	21,330
Long-term debt	690,338	385,416
Deferred tax liabilities and other long-term liabilities	21,861	44,561
Total liabilities	883,438	569,694
Shareholders' equity:		
Class A common stock	6	6
Class B common stock	1	1
Class C capital stock	13	13
Additional paid-in capital	3,894,757	3,254,146
Accumulated other comprehensive loss	(1,661)	(1,100)
Accumulated deficit	(574,097)	(592,243)
Total shareholders' equity	3,319,019	2,660,823
Total liabilities and shareholders' equity	$ 4,202,457	$ 3,230,517

ZILLOW GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenue:				
IMT	$ 332,076	$ 281,839	$ 957,201	$ 794,464
Homes	11,018	—	11,018	—
Total revenue	343,094	281,839	968,219	794,464
Cost of revenue (exclusive of amortization) (1):				
IMT	26,386	22,152	75,832	62,644
Homes	10,286	—	10,286	—
Total cost of revenue	36,672	22,152	86,118	62,644
Sales and marketing	128,734	107,108	413,752	344,266
Technology and development	105,314	83,389	299,623	234,798
General and administrative	70,743	54,226	187,395	153,038
Impairment costs	10,000	—	10,000	—
Acquisition-related costs	1,405	218	2,064	366
Integration costs	523	—	523	—
Total costs and expenses	353,391	267,093	999,475	795,112
Income (loss) from operations	(10,297)	14,746	(31,256)	(648)
Other income	7,773	1,407	13,308	3,970
Interest expense	(12,668)	(6,906)	(26,928)	(20,526)
Income (loss) before income taxes	(15,192)	9,247	(44,876)	(17,204)
Income tax benefit (expense)	14,700	(41)	22,700	(41)
Net income (loss)	$ (492)	$ 9,206	$ (22,176)	$ (17,245)
Net income (loss) per share — basic and diluted	$ —	$ 0.05	$ (0.11)	$ (0.09)
Weighted-average shares outstanding — basic	202,416	187,692	195,208	185,447
Weighted-average shares outstanding — diluted	202,416	196,425	195,208	185,447
(1) Amortization of website development costs and intangible assets included in technology and development	$ 18,165	$ 23,537	$ 61,735	$ 69,957
(2) Includes share-based compensation expense as follows:				
Cost of revenue	$ 969	$ 1,014	$ 3,180	$ 2,942
Sales and marketing	5,911	5,914	17,413	17,694
Technology and development	15,031	10,438	40,920	29,329
General and administrative	19,771	11,208	49,853	34,197
Total	$ 41,682	$ 28,574	$ 111,366	$ 84,162
Other Financial Data:				
Adjusted EBITDA (3)	$ 66,165	$ 70,957	$ 168,475	$ 165,456

(3) See Exhibit 99.1 for more information regarding our presentation of Adjusted EBITDA and for a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, for each of the periods presented.

ZILLOW GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30,	
	2018	**2017**
Operating activities		
Net loss	$ (22,176)	$ (17,245)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	76,301	81,576
Share-based compensation expense	111,366	84,162
Amortization of contract cost assets	27,227	—
Amortization of discount and issuance costs on 2021 and 2023 Notes	17,990	13,391
Impairment costs	10,000	—
Deferred income taxes	(22,700)	—
Loss on disposal of property and equipment	3,129	4,085
Bad debt expense	1,053	5,861
Deferred rent	(3,116)	3,072
Amortization (accretion) of bond premium (discount)	(2,172)	451
Changes in operating assets and liabilities:		
Accounts receivable	(12,994)	(19,272)
Inventory	(43,257)	—
Prepaid expenses and other assets	(15,012)	4,434
Contract cost assets	(32,143)	—
Accounts payable	2,254	224
Accrued expenses and other current liabilities	(3,751)	13,174
Accrued compensation and benefits	6,503	1,194
Deferred revenue	4,041	1,775
Other long-term liabilities	—	41
Net cash provided by operating activities	102,543	176,923
Investing activities		
Proceeds from maturities of investments	261,675	204,520
Purchases of investments	(848,838)	(303,241)
Purchases of property and equipment	(44,482)	(51,580)
Purchases of intangible assets	(8,179)	(9,377)
Purchase of equity investment	—	(10,000)
Proceeds from divestiture of a business	—	579
Cash paid for acquisition, net	(2,000)	(11,147)
Net cash used in investing activities	(641,824)	(180,246)
Financing activities		
Proceeds from issuance of 2023 Notes, net of issuance costs	364,020	—
Premiums paid for Capped Call Confirmations	(29,414)	—
Proceeds from issuance of Class C Capital Stock, net of issuance costs	360,345	—
Proceeds from borrowing on revolving credit facility	24,674	—
Proceeds from exercise of stock options	114,623	80,010
Value of equity awards withheld for tax liability	(67)	(337)
Net cash provided by financing activities	834,181	79,673
Net increase in cash, cash equivalents and restricted cash during period	294,900	76,350
Cash, cash equivalents and restricted cash at beginning of period	352,095	243,592
Cash, cash equivalents and restricted cash at end of period	$ 646,995	$ 319,942
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 4,800	$ 4,458
Noncash transactions:		
Capitalized share-based compensation	$ 6,674	$ 8,915
Write-off of fully depreciated property and equipment	$ 18,687	$ 12,685

Write-off of fully amortized intangible assets	$	10,797	$	5,454

Non-GAAP Net Income per Share

Our presentation of non-GAAP net income per share excludes the impact of share-based compensation expense, impairment costs, acquisition-related costs and income taxes. This measure is not a key metric used by our management and board of directors to measure operating performance or otherwise manage the business. However, we provide non-GAAP net income per share as supplemental information to investors, as we believe the exclusion of share-based compensation expense, impairment costs, acquisition-related costs and income taxes facilitates investors' operating performance comparisons on a period-to-period basis. You should not consider non-GAAP net income per share in isolation or as a substitute for analysis of our results as reported under GAAP.

The following table sets forth a reconciliation of net income, adjusted, to net income (loss), as reported on a GAAP basis, and the calculation of non-GAAP net income per share - basic and diluted, for each of the periods presented (in thousands, except per share data, unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss), as reported	$ (492)	$ 9,206	$ (22,176)	$ (17,245)
Share-based compensation expense	41,682	28,574	111,366	84,162
Impairment costs	10,000	—	10,000	—
Acquisition-related costs	1,405	218	2,064	366
Income tax (benefit) expense	(14,700)	41	(22,700)	41
Net income, adjusted	$ 37,895	$ 38,039	$ 78,554	$ 67,324
Non-GAAP net income per share — basic	$ 0.19	$ 0.20	$ 0.40	$ 0.36
Non-GAAP net income per share — diluted	$ 0.18	$ 0.19	$ 0.38	$ 0.35
Weighted-average shares outstanding — basic	202,416	187,692	195,208	185,447
Weighted-average shares outstanding — diluted	211,746	196,863	204,926	194,605

Segment Results of Operations

The following tables present our segment results for the periods presented (in thousands, unaudited):

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	IMT	Homes	Consolidated	IMT	Homes	Consolidated
Revenue	$ 332,076	$ 11,018	$ 343,094	$ 281,839	$ —	$ 281,839
Costs and expenses:						
Cost of revenue	26,386	10,286	36,672	22,152	—	22,152
Sales and marketing	123,755	4,979	128,734	107,108	—	107,108
Technology and development	99,570	5,744	105,314	83,389	—	83,389
General and administrative	65,156	5,587	70,743	54,226	—	54,226
Impairment costs	10,000	—	10,000	—	—	—
Acquisition-related costs	1,405	—	1,405	218	—	218
Integration costs	523	—	523	—	—	—
Total costs and expenses	326,795	26,596	353,391	267,093	—	267,093
Income (loss) from operations	5,281	(15,578)	(10,297)	14,746	—	14,746
Other income	7,773	—	7,773	1,407	—	1,407
Interest expense	(12,236)	(432)	(12,668)	(6,906)	—	(6,906)
Income (loss) before income taxes	$ 818	$ (16,010)	$ (15,192)	$ 9,247	$ —	$ 9,247

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	IMT	Homes	Consolidated	IMT	Homes	Consolidated
Revenue	$ 957,201	$ 11,018	$ 968,219	$ 794,464	$ —	$ 794,464
Costs and expenses:						
Cost of revenue	75,832	10,286	86,118	62,644	—	62,644
Sales and marketing	405,525	8,227	413,752	344,266	—	344,266
Technology and development	286,983	12,640	299,623	234,798	—	234,798
General and administrative	172,756	14,639	187,395	153,038	—	153,038
Impairment costs	10,000	—	10,000	—	—	—
Acquisition-related costs	2,064	—	2,064	366	—	366
Integration costs	523	—	523	—	—	—
Total costs and expenses	953,683	45,792	999,475	795,112	—	795,112
Loss from operations	3,518	(34,774)	(31,256)	(648)	—	(648)
Other income	13,308	—	13,308	3,970	—	3,970
Interest expense	(26,496)	(432)	(26,928)	(20,526)	—	(20,526)
Loss before income taxes	$ (9,670)	$ (35,206)	$ (44,876)	$ (17,204)	$ —	$ (17,204)

Key Metrics

The following table sets forth our key metrics for each of the periods presented:

	Three Months Ended September 30,		2017 to 2018 % Change
	2018	2017	
	(in millions)		
Average Monthly Unique Users (1)	186.6	175.2	7%
Visits (2)	1,888.9	1,667.1	13%

(1) Zillow, StreetEasy, HotPads, Naked Apartments and RealEstate.com measure unique users with Google Analytics, and Trulia measures unique users with Adobe Analytics.

(2) Visits includes visits to the Zillow, Trulia, StreetEasy and RealEstate.com mobile apps and websites. We measure Zillow, StreetEasy and RealEstate.com visits with Google Analytics and Trulia visits with Adobe Analytics.