



June 27, 2018

Zillow Group Announces Proposed Public Offerings of \$325 million of Class C Capital Stock and \$325 million of Convertible Senior Notes

SEATTLE, June 27, 2018 (GLOBE NEWSWIRE) -- Zillow Group, Inc. (NASDAQ:Z) (NASDAQ:ZG) announced today that it intends to commence concurrent underwritten public offerings of \$325 million in shares of its Class C capital stock (the "Shares") and \$325 million aggregate principal amount of its convertible senior notes due 2023 (the "Notes"). Zillow Group also intends to grant the underwriters of the Shares offering (the "Shares Offering") a 30-day option to purchase up to an additional \$48.75 million in Shares and the underwriters of the Notes offering (the "Notes Offering") a 30-day option to purchase up to an additional \$48.75 million aggregate principal amount of Notes. Neither offering is contingent on the completion of the other offering.

Zillow Group intends to use a portion of the net proceeds from the Notes Offering to pay the cost of the capped call transactions described below. Zillow Group intends to use the remainder of the net proceeds from the Notes Offering and the net proceeds from the Shares Offering for general corporate purposes, which may include general and administrative matters and capital expenditures. Additionally, Zillow Group may choose to use a portion of the net proceeds to expand its current business through acquisitions of, or investments in, other businesses, products or technologies. However, Zillow Group has no definitive agreements or commitments with respect to any such acquisitions or investments at this time.

The Notes will be senior, unsecured obligations of Zillow Group, and will be convertible at the option of the holder of the Notes under certain circumstances, and during certain periods. Interest will be payable semi-annually in arrears. Zillow Group will settle conversions of the Notes by paying or delivering, as the case may be, cash, shares of its Class C capital stock, or a combination of cash and shares of its Class C capital stock, at its election. The interest rate, conversion rate, and other terms of the Notes will be determined at the time of pricing of the Notes Offering.

In connection with the pricing of the Notes, Zillow Group expects to enter into privately negotiated capped call transactions with certain of the underwriters of the Notes Offering or their respective affiliates and/or other financial institutions (the "Option Counterparties"). The capped call transactions are expected generally to reduce the potential dilution to Zillow Group's Class C capital stock upon any conversion of Notes and/or offset the cash payments Zillow Group is required to make in excess of the principal amount of the Notes in the event that the market price of Zillow Group's Class C capital stock is greater than the strike price of the capped call transactions (which will initially correspond to the initial conversion price of the Notes and is subject to certain adjustments under the terms of the capped call transactions), with such reduction and/or offset subject to a cap based on the cap price of the capped call transactions. If the underwriters of the Notes Offering exercise their option to purchase additional Notes, Zillow Group may enter into additional capped call transactions with the Option Counterparties.

Zillow Group expects that, in connection with establishing their initial hedges of the capped call transactions, the Option Counterparties or their respective affiliates will enter into various derivative transactions with respect to Zillow Group's Class C capital stock or purchase shares of Zillow Group's Class C capital stock concurrently with, or shortly after, the pricing of the Notes. This activity could increase (or reduce the size of any decrease in) the market price of Zillow Group's Class C capital stock or the Notes at that time, and could result in a higher effective conversion price for the Notes.

In addition, Zillow Group expects that the Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to Zillow Group's Class C capital stock or by purchasing or selling Zillow Group's Class C capital stock or other securities of Zillow Group in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes (and are likely to do so during any observation period relating to a conversion of the Notes or in connection with any repurchase of Notes by Zillow Group). This activity could also cause or avoid an increase or a decrease in the market price of Zillow Group's Class C capital stock or the Notes, which could affect the ability of holders of Notes to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of the Notes, it could affect the number of shares and value of the consideration that holders of Notes will receive upon conversion of the Notes.

Goldman Sachs & Co. LLC and Citigroup Global Markets Inc. are acting as joint book-running managers for the Shares Offering and the Notes Offering. Canaccord Genuity LLC, JMP Securities LLC and Macquarie Capital (USA) Inc. are acting as co-managers for the Shares Offering.

The Shares Offering and the Notes Offering will be made pursuant to Zillow Group's shelf registration statement (including a base prospectus), a preliminary prospectus supplement related to the Shares Offering (together with such base prospectus,

the "Shares Prospectus") and a preliminary prospectus supplement related to the Notes Offering (together with such base prospectus, the "Notes Prospectus"), all of which Zillow Group filed with the Securities and Exchange Commission ("SEC") today. Before investing in the Shares or the Notes, investors should read the Shares Prospectus or the Notes Prospectus, as applicable, and in each case, including the documents incorporated by reference therein, and any free writing prospectus related to the Shares Offering or the Notes Offering, as the case may be. These documents may be obtained for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, copies may be obtained from Goldman Sachs & Co. LLC, Attention: Prospectus Department, 200 West Street, New York, New York 10282 (telephone: (866) 471-2526 or email: prospectus-ny@ny.email.gs.com), or Citigroup Global Markets Inc., c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717 (telephone: (800) 831-9146).

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities, nor shall it constitute an offer, solicitation, or any sale in any jurisdiction in which such offer, solicitation, or sale is unlawful. The securities being offered have not been approved or disapproved by any regulatory authority, nor has any such authority passed upon the accuracy or adequacy of the registration statement, the prospectus contained therein or the prospectus supplements.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties, including, without limitation, statements regarding the Shares Offering and the Notes Offering and the intended use of the net proceeds of these offerings. Statements containing words such as "could," "believe," "expect," "intend," "will," or similar expressions constitute forward-looking statements. 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, risks related to whether Zillow Group will consummate the Shares Offering, the Notes Offering and the capped call transactions on the expected terms, or at all, market and other general economic conditions, whether Zillow Group will be able to satisfy the conditions required to close any sale of the Shares or the Notes or the capped call transactions and the fact that Zillow Group's management will have broad discretion in the use of the proceeds from any sale of the Shares and the Notes. The foregoing list of risks and uncertainties is illustrative, but is not exhaustive. For information about other 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 and its Annual Report on Form 10-K for the year ended December 31, 2017, each 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.

(ZFIN)

Contacts:
Raymond Jones
Investor Relations
ir@zillowgroup.com

Katie Curnutte
Public Relations
press@zillow.com



Source: Zillow Group, Inc.

News Provided by Acquire Media