



**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 attachment.](#)

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [See attachment.](#)

Blank lines for indicating if a resulting loss can be recognized.

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

Blank lines for providing other necessary information.

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 ▶ *Thea Handelman* Date ▶ 8/24/2023  
DocuSigned by: 80D2F134DD514E5...  
Print your name ▶ Thea Handelman Title ▶ Vice President, Tax

<b>Paid Preparer Use Only</b>	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.

ARYEO, INC.  
(BY ACQUIRING ENTITY: ZILLOW GROUP, INC.)  
EIN: 84-2930940

ATTACHMENT TO FORM 8937 – PART II  
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

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The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations on the tax bases of the common and preferred stock of Aryeo, Inc. (“Aryeo”), a Delaware corporation, upon their exchange, in part, for shares of common stock of Zillow Group, Inc. (“Zillow”), a Washington corporation, in connection with the Mergers (as defined below). The information contained herein does not constitute tax advice and does not purport to be complete or describe the tax consequences that may apply to particular persons or categories of shareholders. Neither Aryeo nor Zillow provides tax advice to its shareholders. Shareholders are encouraged to consult their own tax advisors regarding the particular consequences of the Mergers to them (including the applicability and effect of all federal, state, local and non-U.S. laws) and should refer to the Agreement and Plan of Merger and Reorganization (“Merger Agreement”), dated July 7, 2023. The information provided herein is subject to such discussion in all respects.

**Question 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.**

On July 31, 2023, pursuant to the terms and conditions of the Merger Agreement by and among Zillow, Aperture Merger Sub, Inc., a wholly owned subsidiary of Zillow (“Merger Sub I”), Aperture Merger, LLC, a wholly owned subsidiary of Zillow (“Merger Sub II”) and Aryeo, Merger Sub I merged with and into Aryeo, with Aryeo continuing as the surviving corporation (the “Surviving Company”) and a wholly owned subsidiary of Zillow (the “First Merger”) and, immediately after the First Merger, the Surviving Company merged with and into Merger Sub II, with Merger Sub II continuing as the surviving company and a wholly owned subsidiary of Zillow (together with the First Merger, the “Mergers”).

Pursuant to the Merger Agreement, at the effective time of the First Merger (the “First Effective Time”), each share of Aryeo’s Common and Series Seed-3 Preferred Stock that was issued and outstanding was cancelled and extinguished and converted automatically into the right to receive the following:

- If the holder is an Accredited Stockholder<sup>1</sup> that is a Combined Consideration Stockholder, \$0.27 in cash and 0.03 shares of Class C Capital stock (rounded to avoid the issuance of fractional shares), par value \$0.0001, without interest, and
- If the holder is an Unaccredited Stockholder, \$1.54 in cash, without interest.

In addition, at the First Effective Time, each share of Aryeo’s Series Seed-1 and Series Seed-2 Preferred Stock that was issued and outstanding was cancelled and extinguished and converted

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<sup>1</sup> Any capitalized terms not defined herein are defined in the Merger Agreement.

automatically into the right to receive \$1.54 in cash, without interest (collectively with the consideration for Aryeo Common and Series Seed-3 Preferred Stock, the “Merger Consideration”).

**Question 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 receipt by an Aryeo shareholder of the Merger Consideration in exchange for Zillow shares in the Mergers has an effect on such shareholder’s tax basis.

Assuming the Mergers, taken together, qualify as a “reorganization” within the meaning of Section 368(a) of the Code, Aryeo shareholders who exchange their shares of Aryeo preferred stock or common stock for shares of Zillow common stock are anticipated to recognize gain, but not loss, in the amount equal to the lesser of (a) the excess of the sum of the amount of cash and the fair market value of the Zillow shares received over the adjusted basis of the Aryeo shares surrendered in exchange, and (b) the amount of cash received in the Mergers.

Each such Aryeo shareholder’s aggregate tax basis in the Zillow common stock received in the Mergers generally will equal such Aryeo shareholder’s aggregate adjusted tax basis in the Aryeo shares surrendered in the Mergers, reduced by the amount of cash received by such Aryeo shareholder and increased by the amount of gain, if any, recognized by such Aryeo shareholder on the exchange.

**Question 16.**

**Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.**

See response to Question 15 and the below.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market value of the Zillow shares for purposes of calculating any gain recognized upon the receipt of a combination of Zillow shares and cash in the Mergers. The shareholder should consult their own tax advisor to determine what measure of fair market value is appropriate.

There are several methods for determining the fair market value of Zillow shares that your tax advisor may discuss with you. As an illustration, one approach that may be possible is to utilize the NASDAQ closing trading price on July 31, 2023 for Zillow shares (\$54.16 per share) as an indication of fair market value. You are not bound by the approach illustrated herein, and we take no position as to whether the approach illustrated herein or any other approach is appropriate. You, in consultation with your tax advisor, should determine what approach to take in determining fair market value for the Zillow shares.

**Question 17.**

**List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

Section 354, Section 358(a), Section 368(a), and Section 1001.

**Question 18.**

**Can any resulting loss be recognized?**

If the Mergers, taken together, qualify as a “reorganization” within the meaning of Section 368(a) of the Code, no loss can be recognized upon the exchange of Aryeo common and preferred stock for Zillow common stock.

**Question 19.**

**Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The Mergers were effective on July 31, 2023. For a Aryeo shareholder whose taxable year is the calendar year, the reportable tax year is 2023.