

Zillow Group Announces Proposed Public Offerings of \$500 million of Class C Capital Stock and \$500 million of Convertible Senior Notes

2020-05-12

SEATTLE, May 12, 2020 /PRNewswire/ -- Zillow Group, Inc. (NASDAQ:Z) (NASDAQ:ZG) announced today that it intends to commence concurrent underwritten public offerings of \$500 million in shares of its Class C capital stock (the "Shares") and \$500 million aggregate principal amount of its convertible senior notes due 2025 (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 \$75 million in Shares and the underwriters of the Notes offering (the "Notes Offering") a 30-day option to purchase up to an additional \$75 million aggregate principal amount of Notes, in each case solely to cover over-allotments. Neither offering is contingent on the completion of the other offering.

Zillow Group intends to use the net proceeds from the Shares Offering and the Notes Offering to repurchase a portion of its outstanding 2.00% convertible senior notes due 2021, in separate and privately negotiated transactions and 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.

In connection with the repurchase transactions mentioned above, Zillow Group entered into agreements with certain of the counterparties to capped call transactions it entered into in connection with the issuance of the 2.00% convertible senior notes due 2021 to unwind a portion of those capped call transactions. Under the agreements, Zillow Group will receive from the capped call counterparties shares of its Class C capital stock as a termination payment in respect of the portion of the capped call transactions unwound. Zillow Group may also

unwind remaining capped call transactions at any time immediately following the completion of the offerings. In connection with any of the foregoing transactions, the capped call counterparties may sell shares of Zillow Group's Class C capital stock, or unwind various derivative transactions related to the Class C capital stock, which may affect the price of the Class C capital stock.

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.

Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC, Citigroup Global Markets, Inc., and Credit Suisse Securities (USA) LLC are acting as joint book-running managers for the Shares Offering and the Notes Offering.

The Shares Offering and the Notes Offering will be made pursuant to Zillow Group's shelf registration statement (including a base prospectus), which Zillow Group filed with the Securities and Exchange Commission ("SEC") on June 27, 2018, and 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"), each of which Zillow Group filed with the 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 Morgan Stanley & Co. LLC, Attention: Prospectus Department, 180 Varick Street, 2nd Floor, New York, New York 10014, or Goldman Sachs & Co. LLC, Attention: Prospectus Department, 200 West Street, New York, NY 10282, by email at prospectus-ny@ny.email.gs.com, or by phone at (866) 471-2526.

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 or the Notes Offering 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 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, 2020 and its Annual Report on Form 10-K for the year ended December 31, 2019, 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)

View original content to download multimedia:<http://www.prnewswire.com/news-releases/zillow-group-announces-proposed-public-offerings-of-500-million-of-class-c-capital-stock-and-500-million-of-convertible-senior-notes-301057549.html>

SOURCE Zillow Group