

# Zillow Group Prices Public Offerings of \$384 million of Class C Capital Stock and \$500 million of 2.75% Convertible Senior Notes due 2025

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SEATTLE, May 13, 2020 /PRNewswire/ -- Zillow Group, Inc. (NASDAQ:Z) (NASDAQ:ZG) announced today the pricing of concurrent underwritten public offerings of 8,000,000 shares of its Class C capital stock (the "Shares") at a price to the public of \$48.00 per share and \$500 million aggregate principal amount of its 2.75% convertible senior notes due 2025 (the "Notes"). Zillow Group also granted the underwriters of the Shares offering (the "Shares Offering") a 30-day option to purchase up to an additional 1,200,000 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. The Shares Offering and the Notes Offering are both expected to settle on May 15, 2020, in each case subject to customary closing conditions.

Zillow Group expects that the net proceeds from the Shares Offering will be approximately \$374.1 million (or \$430.2 million if the underwriters exercise their option to purchase additional Shares in full) and expects that the net proceeds from the Notes Offering will be approximately \$489.6 million (or \$563.1 million if the underwriters exercise their option to purchase additional Notes in full), in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by Zillow Group. Neither offering is contingent on the completion of the other offering. Zillow Group intends to use the net proceeds from the Notes Offering and the Shares Offering to repurchase a portion of its outstanding 2.00% Convertible Senior Notes due 2021 (the "2021 Notes"), in separate and privately negotiated transactions (the "2021 Note Repurchase 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.

Concurrently with the Shares Offering and Notes Offering, Zillow Group plans to enter into the 2021 Note Repurchase Transactions with certain holders of a portion of the 2021 Notes. Pursuant to the 2021 Note Repurchase Transactions, Zillow Group expects to repurchase an aggregate principal amount of \$194.7 million of the 2021 Notes for a total repurchase cost of \$232.6 million, consisting of \$196.4 million in cash and 753,936 shares of Class C capital stock (based on the public offering price of the Shares in the Shares Offering).

In connection with the 2021 Note Repurchase Transactions, Zillow Group entered into agreements with certain of the counterparties to capped call transactions it entered into in connection with the issuance of the 2021 Notes 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 mature on May 15, 2025, unless earlier repurchased, redeemed or converted in accordance with their terms. The Notes will bear interest at a fixed rate of 2.75% per year, payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2020.

Prior to the close of business on the business day immediately preceding November 15, 2024, the Notes will be convertible at the option of the holder of the Notes only under certain conditions. On or after November 15, 2024, until the close of business on the second scheduled trading day immediately preceding the relevant maturity date, holders of Notes may convert their Notes at their option at the conversion rate then in effect, irrespective of these conditions. 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 conversion rate will initially be 14.8810 shares of Class C capital stock per \$1,000 principal amount of Notes (equivalent to an initial conversion price of approximately \$67.20 per share of Class C capital stock). The conversion rate and the corresponding conversion price will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. Zillow Group may redeem for cash all or part of the Notes, at its option, on or after November 15, 2024, under certain circumstances at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date (as defined in the indenture governing the Notes).

If Zillow Group undergoes a fundamental change (as defined in the indenture governing the Notes), holders of

Notes may require Zillow Group to repurchase for cash all or part of their Notes at a repurchase price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date (as defined in the indenture governing the Notes). In addition, if certain fundamental changes occur or Zillow Group delivers a notice of redemption, Zillow Group may be required in certain circumstances to increase the conversion rate for any Notes converted in connection with such fundamental changes or notice of redemption by a specified number of shares of its Class C capital stock.

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. Craig-Hallum Capital Group LLC and D.A. Davidson & Co. are acting as co-managers for the Shares Offering and the Notes Offering.

The Shares Offering and the Notes Offering are being 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, 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"), both of which Zillow Group filed with the SEC on May 12, 2020. Zillow Group intends to file final prospectus supplements related to the Shares Offering and the Notes Offering with the SEC. 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](http://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](mailto:prospectus-ny@ny.email.gs.com), or by phone at (866) 471-2526.

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## Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act, 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, 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. Risks to purchasers of the Shares and the Notes are described under the caption "Risk Factors" in the prospectus supplement relating to the applicable offering. 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.

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