

February 13, 2015

Zillow, Inc. Reports Record Fourth Quarter and Full Year 2014 Results; Announces Date to Close Trulia Acquisition

- Record quarterly Revenue of \$92.3 million, up 58% over fourth quarter 2013.
- Record Real Estate Revenue of \$70.8 million led by record Premier Agent advertiser Revenue, up 73% over fourth quarter 2013.
- Acquisition of Trulia is expected to close as early as February 17.

SEATTLE, Feb. 13, 2015 (GLOBE NEWSWIRE) -- Zillow, Inc. (Nasdaq:Z), the leading real estate and home-related marketplace, today announced financial results for the quarter and full year ended December 31, 2014. In addition, Zillow announced it expects to close the previously announced acquisition of Trulia, Inc. as early as February 17, 2015, following notification from the Federal Trade Commission that it has closed its investigation.

"Simply stated, 2014 was a remarkable year for Zillow with record revenue, record mobile usage and record Premier Agent advertiser revenue," said Spencer Rascoff, Zillow CEO. "And we expect to close the acquisition of Trulia as early as February 17."

Fourth Quarter 2014 Financial Highlights

- Revenue increased 58% to a record \$92.3 million from \$58.3 million in the fourth quarter of 2013.
 - Marketplace Revenue increased 69% to a record \$78.2 million from \$46.2 million in the fourth quarter of 2013.
 - Real Estate Revenue grew 73% to a record \$70.8 million from \$40.9 million in the fourth quarter of 2013. Premier Agent revenue grew 76% year over year.
 - Mortgages Revenue grew 38% to a record \$7.4 million from \$5.3 million in the fourth quarter of 2013.
 - Display Revenue increased 17% to \$14.1 million from \$12.1 million in the fourth quarter of 2013.
- Basic and diluted GAAP net loss per share was \$0.27 in the fourth quarter of 2014 compared to basic and diluted GAAP earnings per share of \$0.07 and \$0.06, respectively, in the same period last year. The fourth quarter of 2014 results include the impact of approximately \$0.20 on basic and diluted GAAP net loss per share from acquisition-related costs due to the company's acquisition of Trulia, Inc.
- Basic and diluted non-GAAP net income per share was \$0.26 and \$0.24, respectively, in the fourth quarter of 2014 compared to basic and diluted non-GAAP net income per share of \$0.21 and \$0.19, respectively, in the same period last year. Basic and diluted non-GAAP net income per share excludes share-based compensation expense, acquisition-related costs, impairment of certain acquired intangible assets and the 2013 income tax benefit.
- GAAP net loss was \$10.9 million in the fourth quarter of 2014 compared to GAAP net income of \$2.7 million in the same period last year. The fourth quarter of 2014 results include the impact of \$8.1 million of acquisition-related costs due to the company's acquisition of Trulia, Inc.
- Adjusted EBITDA was a record \$20.0 million in the fourth quarter of 2014, or 22% of revenue, which was an increase from \$15.4 million in the fourth quarter of 2013, or 26% of revenue.

Full Year 2014 Financial Highlights

- Revenue increased 65% to a record \$325.9 million from \$197.5 million in 2013.
 - Marketplace Revenue increased 73% to a record \$267.2 million from \$154.7 million in 2013.
 - Real Estate Revenue grew 80% to a record \$239.0 million from \$132.9 million in 2013.
 - Mortgages Revenue grew 29% to a record \$28.2 million from \$21.8 million in 2013.
 - Display Revenue increased 37% to a record \$58.7 million from \$42.8 million in 2013.
- Basic and diluted GAAP net loss per share was \$1.09 in 2014 compared to basic and diluted GAAP net loss per share of \$0.35 in 2013. The 2014 results include the impact of approximately \$0.54 on basic and diluted GAAP net loss per share from acquisition-related costs, primarily due to the company's acquisition of Trulia, Inc.
- Basic and diluted non-GAAP net income per share was \$0.38 and \$0.35, respectively, in 2014 compared to basic and

diluted non-GAAP net income per share of \$0.20 and \$0.18, respectively, in 2013.

- Due primarily to planned increases in advertising expenses and acquisition-related costs due to the company's acquisition of Trulia, Inc., GAAP net loss was \$43.6 million in 2014, compared to GAAP net loss of \$12.5 million in 2013. The 2014 results include the impact of \$21.5 million from acquisition-related costs due to the company's acquisition of Trulia, Inc.
- Adjusted EBITDA was a record \$49.8 million in 2014, or 15% of revenue, which compares to \$30.1 million in 2013, or 15% of revenue.

Operating and Business Highlights

- Zillow's audience continues to grow substantially, extending the company's category leadership. Average monthly unique users during the three months ended December 31, 2014 were nearly 77 million, up 41% year-over-year. For additional information, see "Key Growth Drivers" below.
- During the fourth quarter of 2014, visits to Zillow via a mobile device increased 57% year-over-year, and in December 2014, 420 million homes were viewed on Zillow via a mobile device, which equates to 157 homes per second. Nearly two-thirds of Zillow's visits come from a mobile device; on weekends it's more than 70%.
- Premier Agent advertisers spent a record amount with Zillow in the fourth quarter of 2014. Premier Agent revenue reached an annualized run rate of more than \$268 million in the quarter, compared to a \$157 million run-rate at this time last year. Zillow added 1,428 net new Premier Agent advertisers in the fourth quarter for a total of 62,305 as of December 31, 2014, with average revenue per advertiser reaching a record \$359, up from \$271 in the same period last year. Premier Agent advertisers who have been on the platform more than 12 months spent 59% more in the fourth quarter this year than a year ago. In the fourth quarter, 60% of Premier Agent bookings came from existing agents buying more impressions.
- Zillow Mortgages continues to grow remarkably in the face of challenging trends across the mortgage industry. While the Mortgage Bankers Association reported a year-over-year decline in total originations of 39%¹, Zillow Mortgages saw loan requests grow 66% year over year to approximately 7.4 million during the fourth quarter. The vast majority of these requests were for purchase loans, which also include Zillow pre-approval submissions. As of the end of the fourth quarter, consumers have submitted over 125,000 lender reviews to Zillow Mortgages.
- Zillow's New York City marketplace, StreetEasy, achieved record annual revenue for 2014 resulting from significant annual growth in mobile and Web traffic, listings page views, and contacts delivered to brokers.
- In 2014, Zillow created more new partnerships across the real estate industry than in any prior year.
 - The Zillow Partnership Platform more than doubled the amount of participating MLSs in 2014, accounting for an additional 300,000 listings coming directly to Zillow.
 - Zillow Pro for Brokers added 3,800 new brokers to the program, bringing more than 100,000 listings to Zillow during the year.
 - In January 2015, the company announced the Zillow Data Dashboard, a new listing management and reporting platform that puts increased control of listings in the hands of MLS members and brokers. Zillow expects to directly connect with a total of 1.6 million for-sale-by-agent listings by April 2015.
 - Zillow Tech Connect added 45 new technology solutions in 2014 for the agents and brokers who use Zillow to manage their contacts.
- In January, Zillow kicked off "Zillow's Housing Roadmap to 2016," a national tour to explore the housing issues Americans face in their neighborhoods and communities, and how they affect the nation as a whole. The tour kicked off in Washington, D.C. and included an online fireside chat with Secretary of Housing and Urban Development Julian Castro moderated by Zillow Chief Economist Stan Humphries.

¹ Source: Mortgage Bankers Association Mortgage Finance Forecast as of January 2015.

Quarterly Conference Call

Zillow, Inc. will not host a fourth quarter and full year 2014 earnings conference call. However, Zillow management will host a conference call to discuss the close of the Trulia, Inc. acquisition on February 18, 2015, the day after the expected close of the acquisition. The call will begin at 6 a.m. Pacific Time (9 a.m. Eastern Time), and it will also be webcast live. The live webcast of the conference call will be available on the investor relations section of Zillow, Inc.'s website at <http://investors.zillow.com/>. For those without access to the Internet, the call may be accessed toll-free via phone at 877-643-7152 with conference ID# 61427387. Callers outside the United States may dial 443-863-7921 with conference ID# 61427387. Following completion of the call, a recorded replay of the webcast will be available on the investor relations section of Zillow, Inc.'s website at

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 that involve risks and uncertainties, including, without limitation, statements regarding our expectations related to the closing of the acquisition of Trulia, Inc. and the number of for-sale-by-agent listings we expect to directly receive through the Zillow Data Dashboard in 2015. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "continue," "business outlook," "estimate," "outlook," or similar expressions constitute forward-looking statements. Differences in Zillow's actual results from those described in these forward-looking statements may result from actions taken by Zillow as well as from risks and uncertainties beyond Zillow's control. Factors that may contribute to such differences include, but are not limited to, Zillow's ability to successfully integrate and realize the benefits of our past or future strategic acquisitions or investments, including our proposed acquisition of Trulia, Inc.; Zillow's ability to maintain and effectively manage an adequate rate of growth; Zillow's ability to maintain or establish relationships with listings and data providers; the impact of the real estate industry on Zillow's business; Zillow's ability to innovate and provide products and services that are attractive to its users and advertisers; Zillow's ability to increase awareness of the Zillow brand; Zillow's ability to attract consumers to Zillow's mobile applications and websites; Zillow's ability to compete successfully against existing or future competitors; the reliable performance of Zillow's network infrastructure and content delivery processes; and Zillow'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's business and financial results, please review the "Risk Factors" described in Zillow's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 filed with the Securities and Exchange Commission, or SEC, and in Zillow's other filings with the SEC. Except as may be required by law, Zillow does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

Additional Information and Where to Find It

In connection with the proposed acquisition of Trulia, Inc. (the "Proposed Transaction"), a new holding company, Zebra Holdco, Inc. ("Holdco"), filed a Registration Statement on Form S-4 with the SEC (the "Registration/Joint Proxy Statement"), which includes a registration statement and final prospectus with respect to Holdco's shares to be issued in the Proposed Transaction and a definitive joint proxy statement of Zillow and Trulia, Inc. with respect to the Proposed Transaction. The Registration/Joint Proxy Statement was declared effective by the SEC on November 17, 2014. **INVESTORS AND SECURITYHOLDERS ARE URGED TO READ THE REGISTRATION/JOINT PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION BECAUSE IT CONTAINS IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS.** Investors and security holders can obtain free copies of the Registration /Joint Proxy Statement at the SEC's website at www.sec.gov. Copies of the Registration/Joint Proxy Statement, and the filings that are incorporated by reference therein, may also be obtained, without charge, by contacting Zillow Investor Relations at (206) 470-7137 or by going to Zillow's website, www.zillow.com, under the heading "Investors". These documents may also be obtained, without charge, by contacting Trulia Investor Relations at (415) 400-7238 or going to Trulia's website, www.trulia.com, under the tab "Investor Relations".

Use of Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, this press release includes references to Adjusted EBITDA as well as non-GAAP net income per share, both of which are non-GAAP financial measures. We have provided a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, and 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, 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. In particular, 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 expense;
- 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 the impairment of certain acquired intangible assets;
- Adjusted EBITDA does not reflect acquisition-related costs;

- Adjusted EBITDA does not reflect the impact of 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 our other GAAP results.

Our presentation of non-GAAP net income per share excludes the impact of share-based compensation expense, acquisition-related costs and the 2013 income tax benefit. 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, acquisition-related costs and the income tax benefit facilitates investors' operating performance comparisons on a period-to-period basis. You should not consider these metrics in isolation or as substitutes for analysis of our results as reported under GAAP.

About Zillow, Inc.

Zillow, Inc. (Nasdaq:Z) operates the leading real estate and home-related marketplaces on mobile and the Web, with a complementary portfolio of brands and products that help people find vital information about homes, and connect with the best local professionals. Zillow's brands serve the full lifecycle of owning and living in a home: buying, selling, renting, financing, remodeling and more. In addition, Zillow offers a suite of tools and services to help local real estate, mortgage, rental and home improvement professionals manage and market their businesses. Welcoming nearly 87 million monthly unique users in January 2015, the Zillow, Inc. portfolio includes Zillow.com[®], Zillow Mobile, Zillow Mortgages, Zillow Rentals, Zillow Digs[®], Postlets[®], Diverse Solutions[®], Mortech[®], HotPads[®], StreetEasy[®] and Retsly[™]. Zillow is headquartered in Seattle.

Please visit <http://investors.zillow.com/>, www.zillowblog.com, www.twitter.com/zillow, www.twitter.com/ZillowforPros, and www.facebook.com/zillow, where Zillow discloses information about the company, its financial information, and its business which may be deemed material.

The Zillow logo is available at <http://zillow.mediaroom.com/logos>.

Zillow.com, Zillow, Postlets, Mortech, Diverse Solutions, StreetEasy, HotPads and Digs are registered trademarks of Zillow, Inc. Retsly is a trademark of Zillow, Inc.

(ZFIN)

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

| | <u>December 31,</u> <u>2014</u> | <u>December 31,</u> <u>2013</u> |
|---|------------------------------------|------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 125,765 | \$ 201,760 |
| Short-term investments | 246,829 | 93,531 |
| Accounts receivable, net | 18,684 | 15,234 |
| Prepaid expenses and other current assets | <u>10,059</u> | <u>4,987</u> |
| Total current assets | 401,337 | 315,512 |
| Long-term investments | 83,326 | 142,435 |
| Property and equipment, net | 41,600 | 27,408 |
| Goodwill | 96,352 | 93,213 |
| Intangible assets, net | 26,757 | 29,149 |
| Other assets | <u>358</u> | <u>346</u> |
| Total assets | <u>\$ 649,730</u> | <u>\$ 608,063</u> |

Liabilities and shareholders' equity

Current liabilities:

| | | |
|--|------------|------------|
| Accounts payable | \$ 9,358 | \$ 4,724 |
| Accrued expenses and other current liabilities | 16,883 | 10,601 |
| Accrued compensation and benefits | 6,735 | 4,440 |
| Deferred revenue | 15,356 | 12,298 |
| Deferred rent, current portion | <u>864</u> | <u>546</u> |
| Total current liabilities | 49,196 | 32,609 |
| Deferred rent, net of current portion | 11,755 | 7,658 |

Shareholders' equity:

| | | |
|--|-------------------|-------------------|
| Class A common stock | 3 | 3 |
| Class B common stock | 1 | 1 |
| Additional paid-in capital | 716,506 | 651,913 |
| Accumulated deficit | <u>(127,731)</u> | <u>(84,121)</u> |
| Total shareholders' equity | <u>588,779</u> | <u>567,796</u> |
| Total liabilities and shareholders' equity | <u>\$ 649,730</u> | <u>\$ 608,063</u> |

ZILLOW, INC.**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

| | Three Months Ended | | Year Ended | |
|--|--------------------|-----------------|--------------------|--------------------|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Revenue | \$ 92,329 | \$ 58,348 | \$ 325,893 | \$ 197,545 |
| Costs and expenses: | | | | |
| Cost of revenue (exclusive of amortization) (1)(2) | 8,825 | 5,270 | 29,461 | 18,810 |
| Sales and marketing (2) | 37,818 | 24,978 | 167,725 | 108,891 |
| Technology and development (2) | 28,256 | 14,649 | 86,406 | 48,498 |
| General and administrative (2) | 20,535 | 10,552 | 65,503 | 37,919 |
| Acquisition-related costs | <u>8,109</u> | <u>175</u> | <u>21,493</u> | <u>376</u> |
| Total costs and expenses | <u>103,543</u> | <u>55,624</u> | <u>370,588</u> | <u>214,494</u> |
| Income (loss) from operations | (11,214) | 2,724 | (44,695) | (16,949) |
| Other income | <u>317</u> | <u>145</u> | <u>1,085</u> | <u>385</u> |
| Income (loss) before income taxes | (10,897) | 2,869 | (43,610) | (16,564) |
| Income tax benefit (expense) | <u>--</u> | <u>(154)</u> | <u>--</u> | <u>4,111</u> |
| Net income (loss) | <u>\$ (10,897)</u> | <u>\$ 2,715</u> | <u>\$ (43,610)</u> | <u>\$ (12,453)</u> |
| Net income (loss) per share — basic | \$ (0.27) | \$ 0.07 | \$ (1.09) | \$ (0.35) |
| Net income (loss) per share — diluted | \$ (0.27) | \$ 0.06 | \$ (1.09) | \$ (0.35) |
| Weighted-average shares outstanding — basic | 40,600 | 39,050 | 40,009 | 36,029 |
| Weighted-average shares outstanding — diluted | 40,600 | 42,116 | 40,009 | 36,029 |
| (1) Amortization of website development costs and intangible assets included in technology and development | \$ 8,374 | \$ 5,999 | \$ 29,487 | \$ 19,791 |

(2) Includes share-based compensation expense as follows:

| | | | | |
|----------------------------|-----------------|-----------------|------------------|------------------|
| Cost of revenue | \$ 564 | \$ 213 | \$ 1,844 | \$ 737 |
| Sales and marketing | 2,434 | 1,094 | 7,320 | 10,969 |
| Technology and development | 3,852 | 1,607 | 11,681 | 4,660 |
| General and administrative | <u>3,059</u> | <u>2,141</u> | <u>13,240</u> | <u>7,070</u> |
| Total | <u>\$ 9,909</u> | <u>\$ 5,055</u> | <u>\$ 34,085</u> | <u>\$ 23,436</u> |

Other Financial Data:

| | | | | |
|---------------------|-----------|-----------|-----------|-----------|
| Adjusted EBITDA (3) | \$ 19,978 | \$ 15,397 | \$ 49,766 | \$ 30,117 |
|---------------------|-----------|-----------|-----------|-----------|

(3) See above for more information regarding our presentation of Adjusted EBITDA.

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

| | <u>Year Ended</u> <u>December 31,</u> | |
|---|--|-----------------|
| | <u>2014</u> | <u>2013</u> |
| Operating activities | | |
| Net loss | \$ (43,610) | \$ (12,453) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 35,624 | 23,254 |
| Share-based compensation expense | 34,085 | 23,436 |
| Release of valuation allowance on certain deferred tax assets | -- | (4,111) |
| Loss on disposal of property and equipment | 505 | 910 |
| Bad debt expense | 2,529 | 1,907 |
| Deferred rent | 4,415 | 400 |
| Amortization of bond premium | 3,506 | 624 |
| Impairment of certain acquired intangible assets | 3,259 | -- |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (5,979) | (7,571) |
| Prepaid expenses and other assets | (5,084) | (1,543) |
| Accounts payable | 4,634 | 1,497 |
| Accrued expenses | 8,577 | 1,038 |
| Deferred revenue | <u>3,058</u> | <u>3,910</u> |
| Net cash provided by operating activities | 45,519 | 31,298 |
| Investing activities | | |
| Proceeds from investment maturities | 174,949 | 53,000 |
| Purchases of investments | (272,644) | (236,147) |
| Purchases of property and equipment | (32,595) | (22,047) |
| Purchases of intangible assets | (11,647) | (3,925) |
| Acquisitions, net of cash acquired | <u>(3,500)</u> | <u>(42,708)</u> |
| Net cash used in investing activities | (145,437) | (251,827) |
| Financing activities | | |
| Proceeds from exercise of Class A common stock options | 23,923 | 18,350 |
| Proceeds from public offering, net of offering costs | <u>--</u> | <u>253,899</u> |
| Net cash provided by financing activities | 23,923 | 272,249 |

| | | |
|--|-------------------|-------------------|
| Net increase (decrease) in cash and cash equivalents during period | (75,995) | 51,720 |
| Cash and cash equivalents at beginning of period | <u>201,760</u> | <u>150,040</u> |
| Cash and cash equivalents at end of period | <u>\$ 125,765</u> | <u>\$ 201,760</u> |

Supplemental disclosures of cash flow information

Noncash transactions:

| | | |
|---|----------|----------|
| Capitalized share-based compensation | \$ 6,585 | \$ 3,817 |
| Write-off of fully depreciated property and equipment | \$ 4,749 | \$ 3,697 |

Adjusted EBITDA

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, for each of the periods presented (in thousands, unaudited):

| | Three Months Ended | | Year Ended | |
|--|--------------------|------------------|------------------|------------------|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Reconciliation of Adjusted EBITDA to Net Income (Loss): | | | | |
| Net income (loss) | \$ (10,897) | \$ 2,715 | \$ (43,610) | \$ (12,453) |
| Other income | (317) | (145) | (1,085) | (385) |
| Depreciation and amortization expense | 9,915 | 7,443 | 35,624 | 23,254 |
| Impairment of certain acquired intangible assets | 3,259 | -- | 3,259 | -- |
| Share-based compensation expense | 9,909 | 5,055 | 34,085 | 23,436 |
| Acquisition-related costs | 8,109 | 175 | 21,493 | 376 |
| Income tax (benefit) expense | -- | 154 | -- | (4,111) |
| Adjusted EBITDA | <u>\$ 19,978</u> | <u>\$ 15,397</u> | <u>\$ 49,766</u> | <u>\$ 30,117</u> |

Non-GAAP Net Income per Share

The following table presents 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 | | Year Ended | |
|--|--------------------|-----------------|------------------|-----------------|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Net income (loss), as reported | \$ (10,897) | \$ 2,715 | \$ (43,610) | \$ (12,453) |
| Share-based compensation expense | 9,909 | 5,055 | 34,085 | 23,436 |
| Acquisition-related costs | 8,109 | 175 | 21,493 | 376 |
| Impairment of certain acquired intangible assets | 3,259 | -- | 3,259 | -- |
| Income tax (benefit) expense | -- | 154 | -- | (4,111) |
| Net income, adjusted | <u>\$ 10,380</u> | <u>\$ 8,099</u> | <u>\$ 15,227</u> | <u>\$ 7,248</u> |
| Non-GAAP net income (loss) per share - basic | \$ 0.26 | \$ 0.21 | \$ 0.38 | \$ 0.20 |
| Non-GAAP net income (loss) per share - diluted | \$ 0.24 | \$ 0.19 | \$ 0.35 | \$ 0.18 |
| Weighted-average shares outstanding - basic | 40,600 | 39,050 | 40,009 | 36,029 |

Weighted-average shares outstanding - diluted 43,161 42,116 43,029 39,379

Revenue by Type

The following tables present our revenue by type and as a percentage of total revenue for each of the periods presented (in thousands, unaudited):

| | Three Months Ended | | Year Ended | |
|---------------------------|--------------------|------------------|-------------------|-------------------|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Revenue: | | | | |
| Marketplace revenue: | | | | |
| Real estate | \$ 70,807 | \$ 40,901 | \$ 239,039 | \$ 132,901 |
| Mortgages | 7,403 | 5,347 | 28,203 | 21,812 |
| Total Marketplace revenue | 78,210 | 46,248 | 267,242 | 154,713 |
| Display revenue | 14,119 | 12,100 | 58,651 | 42,832 |
| Total revenue | <u>\$ 92,329</u> | <u>\$ 58,348</u> | <u>\$ 325,893</u> | <u>\$ 197,545</u> |

| | Three Months Ended | | Year Ended | |
|-------------------------------------|--------------------|-------------|--------------|-------------|
| | December 31, | | December 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Percentage of Total Revenue: | | | | |
| Marketplace revenue: | | | | |
| Real estate | 77% | 70% | 73% | 67% |
| Mortgages | 8% | 9% | 9% | 11% |
| Total Marketplace revenue | 85% | 79% | 82% | 78% |
| Display revenue | 15% | 21% | 18% | 22% |
| Total revenue | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |

Key Growth Drivers

The following tables set forth our key growth drivers for each of the periods presented:

| | Average Monthly Unique Users for the | | |
|--------------|--------------------------------------|--------|--------------|
| | Three Months Ended December 31, | | 2013 to 2014 |
| | 2014 | 2013 | % Change |
| | (in thousands) | | |
| Unique Users | 76,713* | 54,358 | 41% |

Unique users source: We measure unique users with Google Analytics. Beginning in September 2013, the reported monthly unique users reflect the effect of Zillow's August 26, 2013 acquisition of StreetEasy, Inc.

* For December 2014, the reported monthly unique user metric was estimated by Zillow based on historical trends by calculating the percentage change in monthly unique users from November 2013 to December 2013 and multiplying that percentage change by the reported November 2014 monthly unique users. Zillow transitioned to an upgraded version of the Google Analytics measurement service, Universal Analytics, in the month of December 2014 on both its mobile application and

website platforms. As a result, Zillow is not able to provide an accurate count of the monthly unique users as reported by the service for December 2014.

At December 31, 2013 to 2014

| | <u>2014</u> | <u>2013</u> | <u>% Change</u> |
|---------------------------|-------------|-------------|-----------------|
| Premier Agent Advertisers | 62,305 | 48,314 | 29% |

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