Q4 2012 Earnings

February 5, 2013

Forward-Looking Statements

This presentation contains, and our call will contain, forward-looking statements relating to, among other things, our outlook for first quarter 2013 revenue, net loss, EPS, weighted average diluted share count, bookings, adjusted EBITDA, non-GAAP net loss, non-GAAP EPS, non-GAAP weighted average diluted share count, stock-based expense and taxes; our outlook for full year 2013 capital expenditures, targeted adjusted EBITDA margin and taxes; our longer term outlook for taxes and effective tax rate; our estimated pre-tax savings from our restructuring plans; our ability to remain profitable on an adjusted EBITDA basis; our ability to rationalize our product pipeline and reduce the cost of operating live games; our ability to reduce indirect costs; our ability to manage new IP costs; our proposed share repurchase program; building and expanding the Zynga platform and the success of the platform generally; expanding our network, including creating and building a mobile network and the success of that network; our ability to transition our web audience and the network effect we see from our web audience to mobile; the continued success of our franchise games; our ability to transition our web franchises to mobile and create new franchises on the web and mobile; our ability to launch successful games, including invest & express games, on mobile; our plans to enter into new game categories and the success of new games in these categories; our ability to launch successful new games and hit games for web and mobile generally; the launch of games by third party developers on our platform; our plans to explore real money gaming; market opportunity in the social games market, including the mobile market and the advertising market; the profitability of the mid-core segment and our ability to launch games in this segment that monetize successfully; and our future operational plans, strategies, prospects and opportunities to expand our business. Forward-looking statements often include words such as "outlook," "projected, " "intends," "will," "anticipate," "believe," “target,” "expect," and statements in the future tense are generally forward-looking statements. The achievement or success of the matters covered by such forward-looking statements involves significant risks, uncertainties and assumptions. Our actual results could differ materially from those predicted or implied, and reported results should not be considered as an indication of our future performance. Factors that could cause or contribute to such differences include, but are not limited to, our relationship with Facebook or changes in the Facebook platform, our ability to launch new games in a timely manner and monetize these games effectively on the web and on mobile, our ability to launch successful games in new game categories, our ability to control and reduce expenses, our ability to anticipate and address technical challenges that may arise, competition, changing interests of players, our ability to enter the real money gaming market, our ability to launch successful mobile games, regulatory or licensing issues, intellectual property disputes or other litigation, asset impairment charges, our ability to retain key employees, acquisitions by us and changes in corporate strategy or management.

More information about factors that could affect our operating results is included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Quarterly Report on Form 10-Q for the three months ended September 30, 2012, in our registration statement on Form S-1, as amended, filed with the Securities and Exchange Commission (“SEC”) on March 23, 2012 and in our Annual Report on Form 10-K for the year ended December 31, 2011, copies of which may be obtained by visiting our Investor Relations web site at http://investor.zynga.com or the SEC’s web site at www.sec.gov. Undue reliance should not be placed on the forward-looking statements in this presentation, which are based on information available to us on the date hereof. There is no guarantee that the circumstances described in our forward-looking statements will occur. We assume no obligation to update such statements. The results we report in our Annual Report on Form 10-K for the year ended December 31, 2012 could differ from the preliminary results we have announced in this presentation.

DAU, MAU, MUU, MUP and ABPU figures presented in this presentation represent the average for each period presented. The figures in this presentation represent the quarterly average of the three months within each quarter presented.

MUPs represents the aggregate number of unique players who made a payment at least once during the applicable month through a payment method for which we can quantify the number of unique payers. MUPs do not include payers who use certain payment methods for which we cannot quantify the number of unique payers. If a player made a payment in our games on two separate platforms (e.g. Facebook and Google+) in a month, the player would be counted as two unique payers in that month.

Non-GAAP Financial Measures:

We have provided in this presentation non-GAAP financial information including bookings, adjusted EBITDA, non-GAAP net income, non-GAAP EPS, and free cash flow, as a supplement to the consolidated financial statements, which are prepared in accordance with generally accepted accounting principles (“GAAP”). Management uses these non-GAAP financial measures internally in analyzing our financial results to assess operational performance and liquidity. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared in accordance with GAAP. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. We believe these non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key financial metrics we use in making operating decisions and because our investors and analysts use them to help assess the health of our business. We have provided reconciliations between our historical and first quarter 2013 outlook for non-GAAP financial measures to the most directly comparable GAAP financial measures. However, we have not provided reconciliation of our adjusted EBITDA margin (adjusted EBITDA as a percentage of bookings) outlook to a comparable operating income (loss) margin (operating income (loss) as a percentage of revenues) for full year 2013 because certain inputs necessary to accurately project revenue (including the projected mix of virtual goods sold in our games, the projected estimated average lives of durable virtual goods for our games and visibility into projected bookings) are not in our control and cannot be reasonably projected due to variability from period to period caused by changes in player behavior and other factors. As revenue is a necessary input to determine this comparable GAAP metric, we are not able to provide the reconciliation.

Some limitations of bookings, adjusted EBITDA, non-GAAP net income (loss), non-GAAP EPS and free cash flow are:

- Adjusted EBITDA and non-GAAP net income (loss) do not include the impact of stock-based expense and restructuring expense;
- Bookings, adjusted EBITDA and non-GAAP net income (loss) do not reflect that we defer and recognize online game revenue and revenue from certain advertising transactions over the estimated average life of virtual goods or as virtual goods are consumed;
- Adjusted EBITDA does not reflect income tax expense;
- Adjusted EBITDA does not include other income and expense, which includes foreign exchange gains and losses, interest income; and the gain from the termination of our lease and purchase of our corporate headquarters building;
- Adjusted EBITDA excludes both depreciation and amortization of intangible assets, while non-GAAP net income (loss) excludes amortization of intangible assets from acquisitions. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future;
- Adjusted EBITDA and non-GAAP net income (loss) do not include gains and losses associated with legal settlements;
- Adjusted EBITDA and non-GAAP net income (loss) do not include the impairment of intangible assets previously acquired in connection with the Company’s purchase of OMGPOP;
- Non-GAAP net income (loss) does not include the net gain from the termination of our lease and purchase of the Company’s corporate headquarters building ;
- Non-GAAP EPS treats shares of convertible preferred stock as if they had converted into common stock at the beginning of the applicable period presented;
- Non-GAAP EPS gives effect to all dilutive awards based on the treasury stock method that were excluded from the GAAP diluted earnings per share calculation;
- Free cash flow is derived from net cash provided by operating activities less cash spent on capital expenditures, including the purchase of our corporate headquarters building, and removing the excess income tax benefits or costs associated with stock-based awards; and
- Other companies, including companies in our industry, may calculate bookings, adjusted EBITDA, non-GAAP net income (loss),non-GAAP EPS and free cash flow differently or not at all, which will reduce their usefulness as a comparative measure.

Because of these limitations, you should consider bookings, adjusted EBITDA, non-GAAP net income (loss), non-GAAP EPS and free cash flow, along with other financial performance measures, including revenue, net income (loss) and our other financial results presented in accordance with GAAP. See the GAAP to non-GAAP reconciliations below for further details.

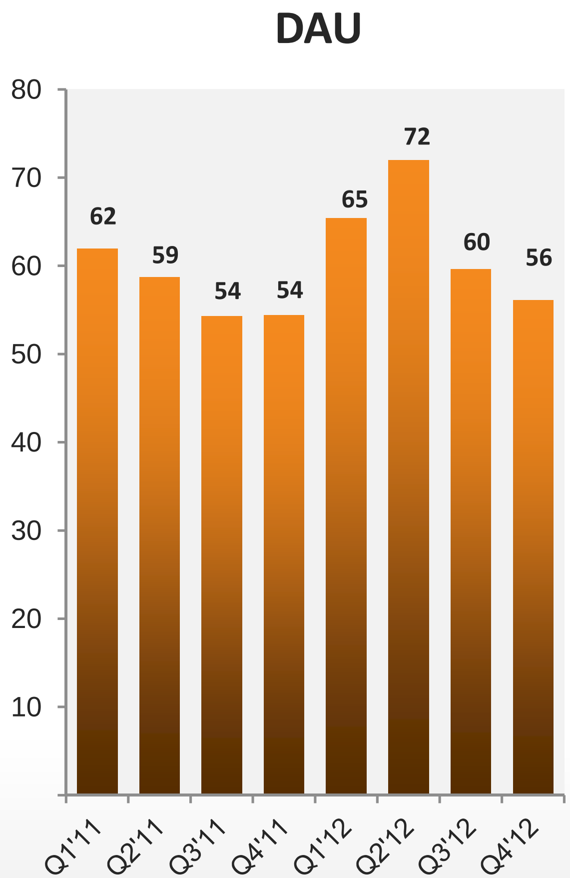
Management Team

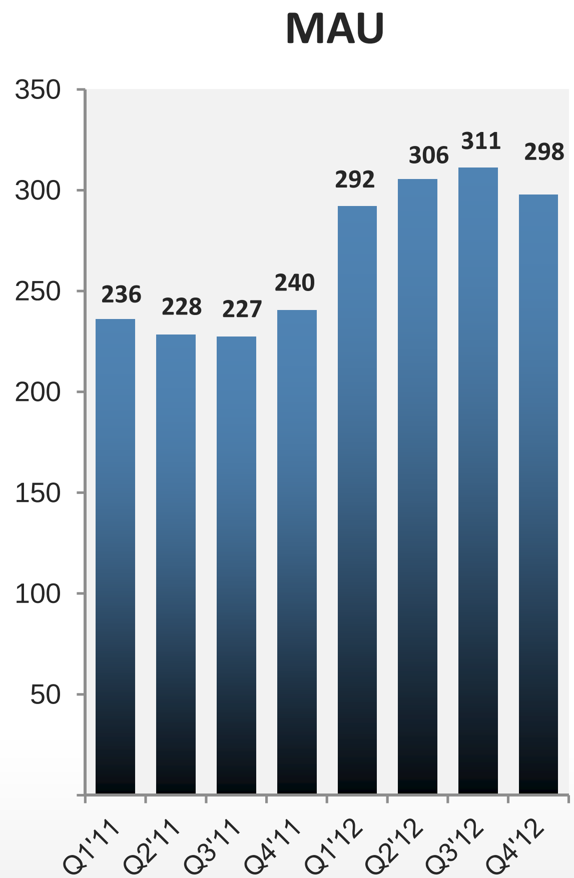
Mark Pincus
Founder, Chief Executive Officer
and Chief Product Officer

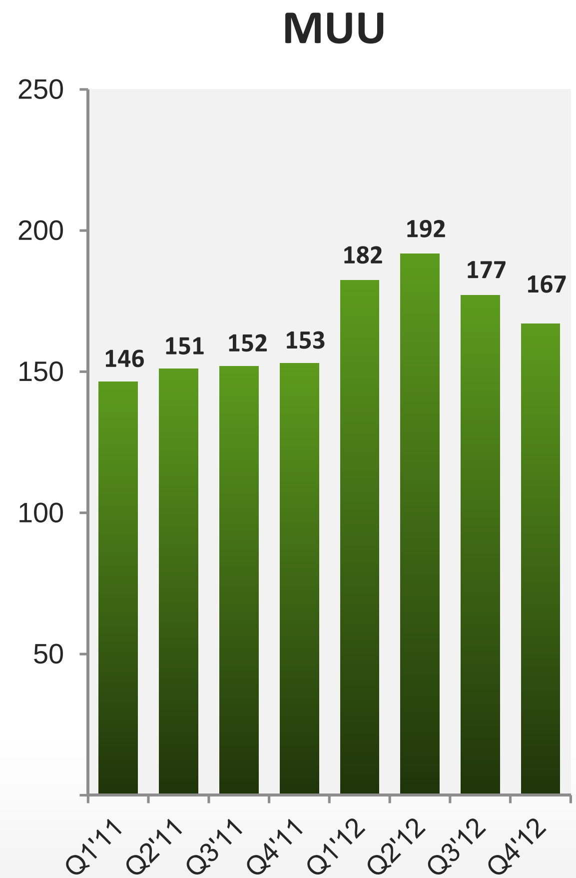
Mark Vranesh
Chief Financial Officer
and Chief Accounting Officer

Dave Ko
Chief Operations Officer

Audience Metrics

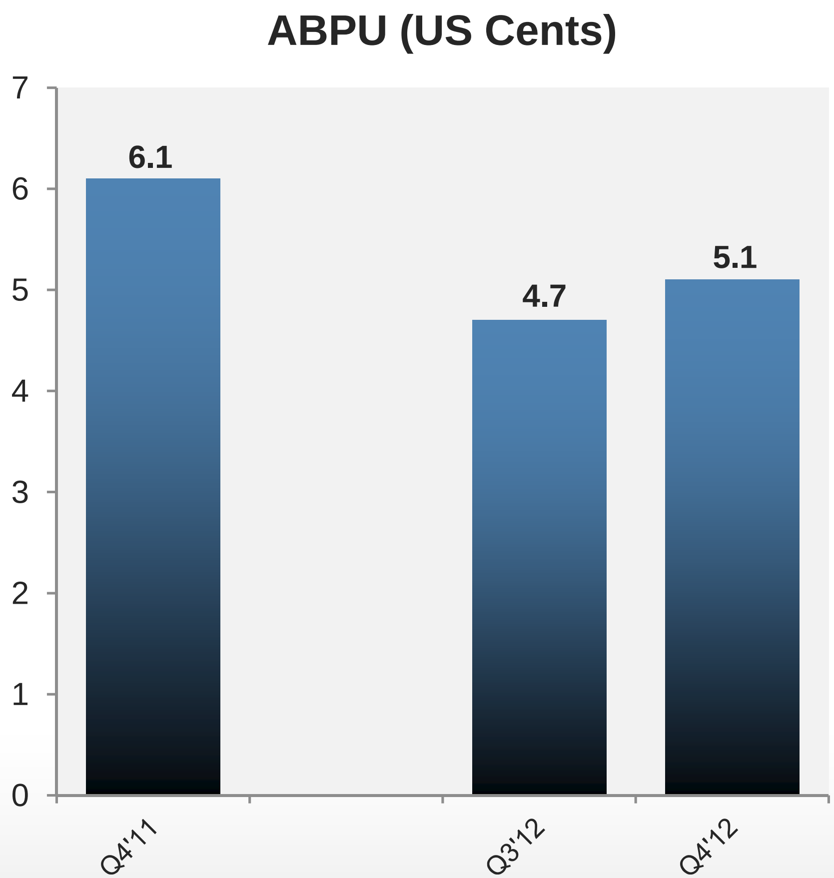


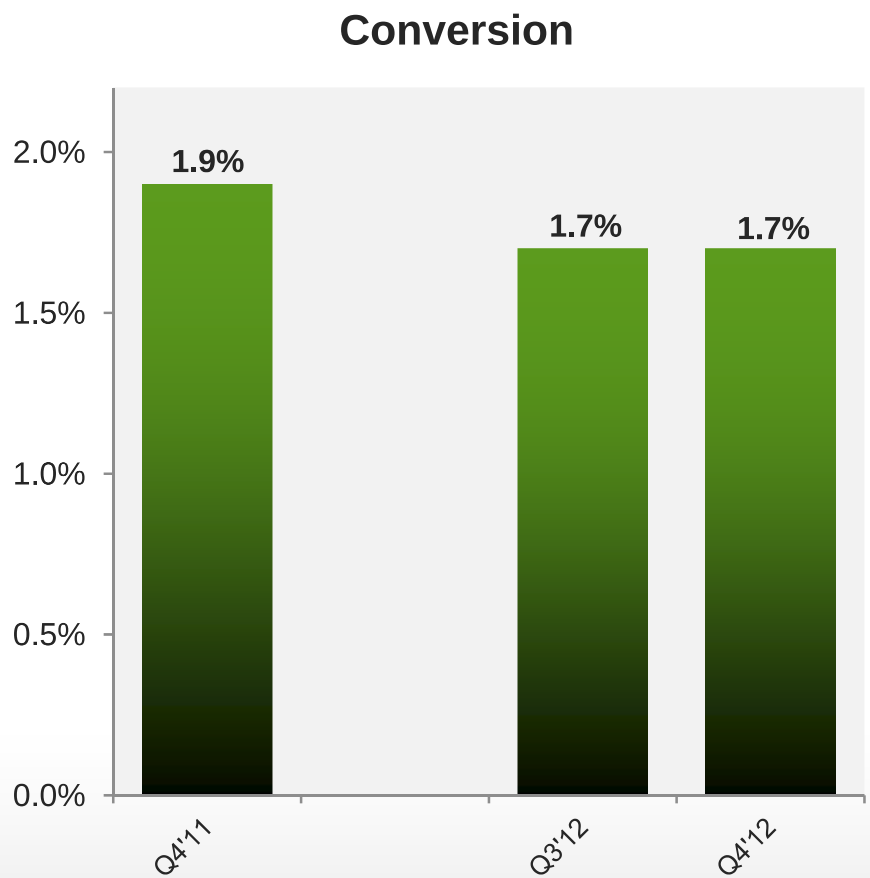




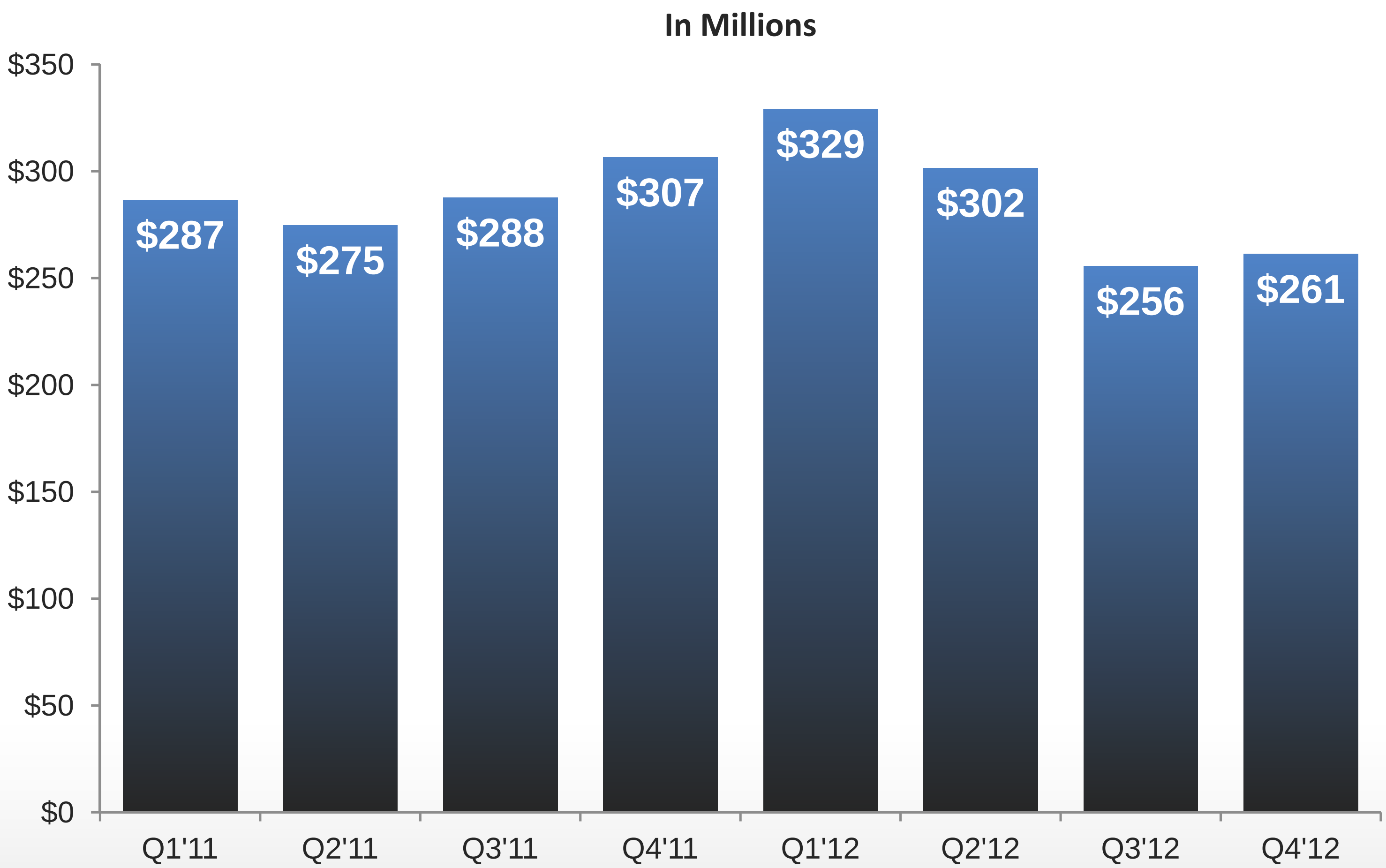
In Millions

Monetization

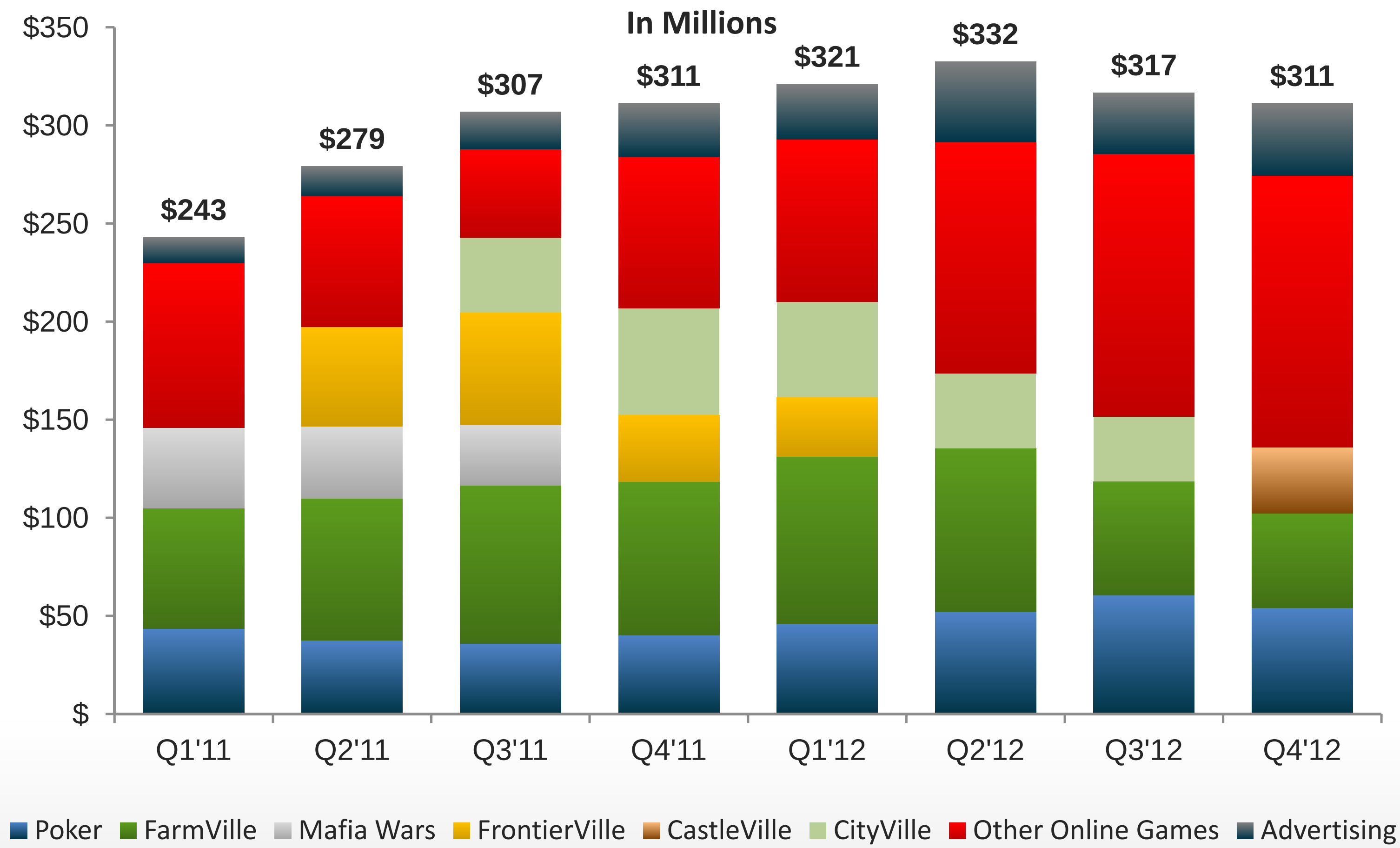




Bookings

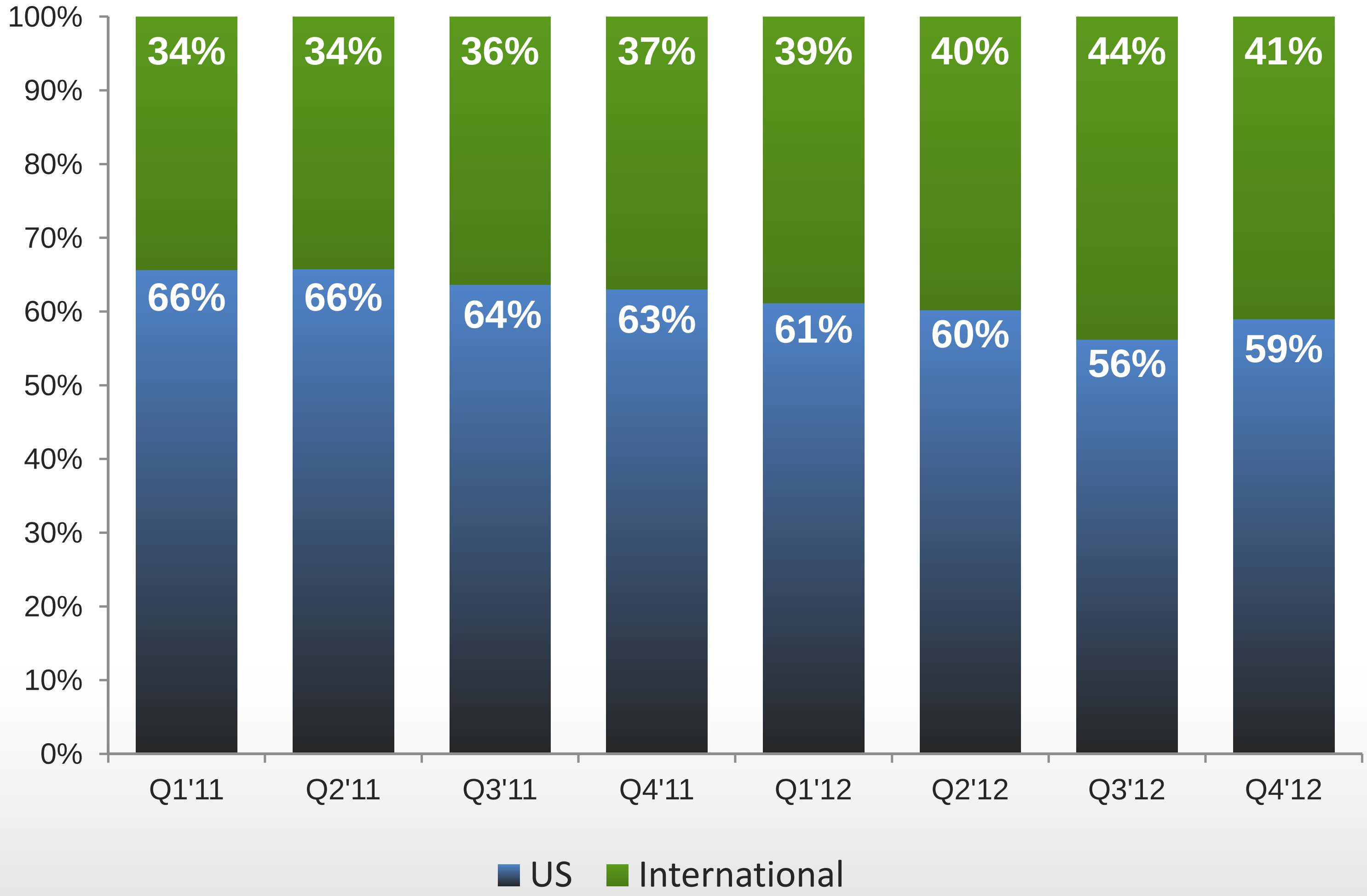

In Millions
$350
$300
$250
$200
$150
$100
$50
$0
$287
$275
$288
$307
$329
$302
$256
$261
Q1'11
Q2'11
Q3'11
Q4'11
Q1'12
Q2'12
Q3'12
Q4'12

Revenue

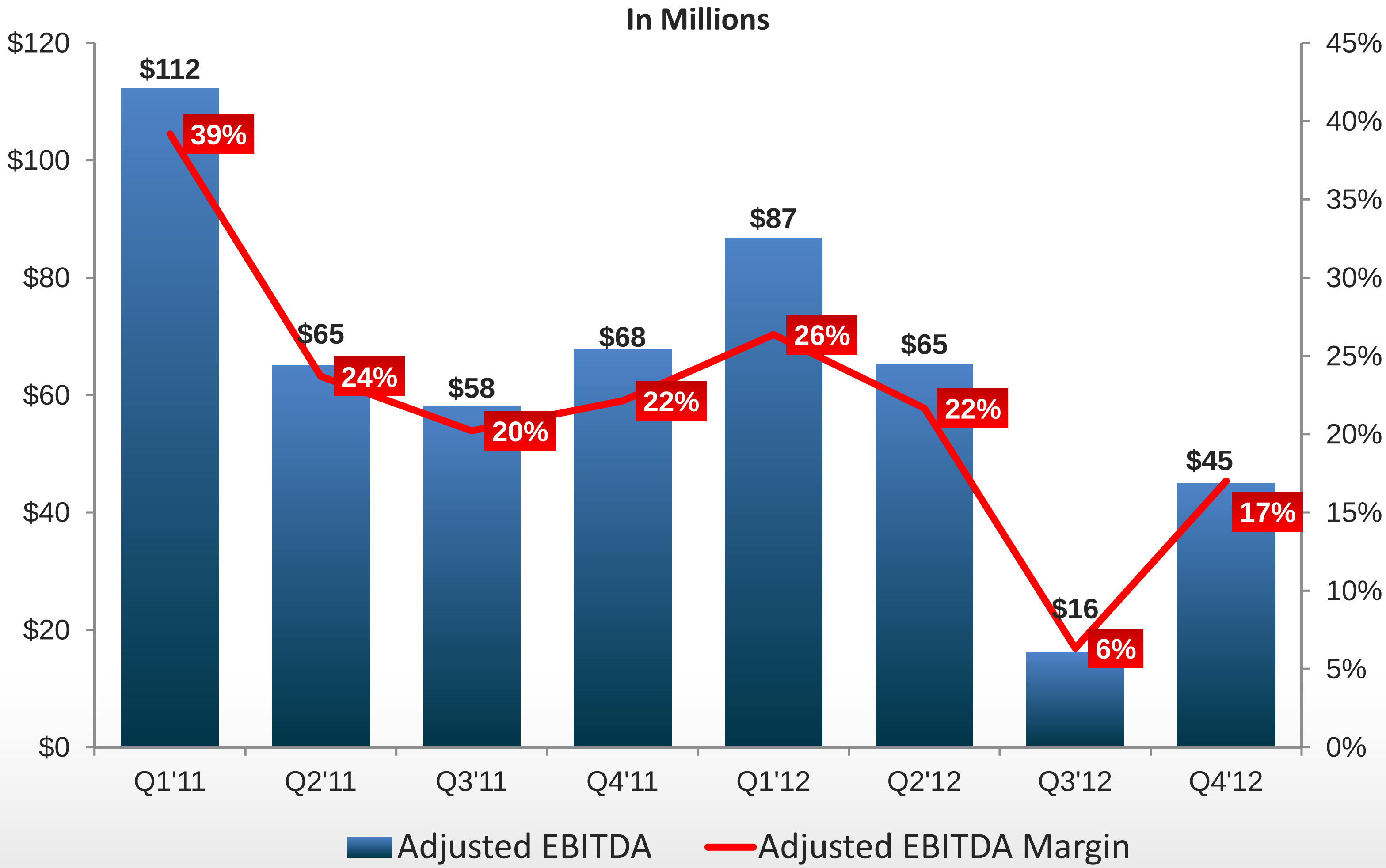


Note: Games representing less than 10% of online game revenue in any period are included in Other Online Games.

Revenue by Geography



Adjusted EBITDA and Margin



* Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of bookings

Net Income (Loss) & Cash Flow

(in millions, except per share data)	Q4'11	Q3'12	Q4'12
GAAP			
Net loss	$(435.0)	$(52.7)	$(48.6)
Diluted earnings per share	$(1.22)	$(0.07)	$(0.06)
Non-GAAP			
Net income (loss)	$37.2	$(0.4)	$6.9
Earnings per share	$0.05	$0.00	$0.01
Operating cash flow	$164.0	$30.1	$19.8
Free cash flow	$101.9	$16.7	$29.5
Cash, cash equivalents and marketable securities	$1,917.6	$1,648.3	$1,652.3

Q1 & 2013 Outlook

(in millions, except per share data)

	Q1 2013 Outlook	
GAAP	**Low**	**High**
Revenue	$ 255	$ 265
Stock-based expense	$ 35	$ 45
Net loss	$ (32)	$ (12)
Diluted share count	780	790
EPS	$ (0.04)	$ (0.02)
Non-GAAP		
Bookings	$ 200	$ 210
Adjusted EBITDA	$ (10)	$ -
Non-GAAP net loss	$ (41)	$ (31)
Diluted share count	780	790
Non-GAAP EPS	$ (0.05)	$ (0.04)

	Full year 2013
Capital expenditures	$ 48
Target Adjusted EBITDA margin %	0%-10%

GAAP to Non-GAAP Reconciliations

Reconciliation of Revenue to Bookings

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/12	12/31/11	12/31/12	12/31/11
Reconciliation of Revenue to Bookings				
Revenue	$ 311,165	$ 311,237	$ 1,281,267	$ 1,140,100
Change in deferred revenue	(49,896)	(4,730)	(133,640)	15,409
Bookings	**$ 261,269**	**$ 306,507**	**$ 1,147,627**	**$ 1,155,509**

Reconciliation of Net Loss to Adjusted EBITDA

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/12	12/31/11	12/31/12	12/31/11
Reconciliation of Net Loss to Adjusted EBITDA				
Net loss	$ (48,561)	$ (435,005)	$ (209,448)	$ (404,316)
(Provision for) benefit from income taxes	86,290	(53,032)	49,873	(1,826)
Other income (expense), net	1,111	1,933	(18,647)	2,206
Interest income	(1,230)	(457)	(4,749)	(1,680)
Restructuring expense	7,862	-	7,862	-
Legal settlements	1,150	(2,145)	3,024	(2,145)
Depreciation and amortization	33,430	31,266	141,479	95,414
Impairment of intangible assets	-	-	95,493	-
Stock-based expense	14,862	529,971	281,986	600,212
Change in deferred revenue	(49,896)	(4,730)	(133,640)	15,409
Adjusted EBITDA	**$ 45,018**	**$ 67,801**	**$ 213,233**	**$ 303,274**

Reconciliation of Net Loss to Non-GAAP Net Income

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/12	12/31/11	12/31/12	12/31/11
Reconciliation of Net Loss to Non-GAAP Net Income				
Net loss	$ (48,561)	$ (435,005)	$ (209,448)	$ (404,316)
Impairment of intangible assets	-	-	95,493	-
Stock-based expense	14,862	529,971	281,986	600,212
Amortization of intangible assets from acquisitions	4,845	7,151	39,843	26,282
Change in deferred revenue	(49,896)	(4,730)	(133,640)	15,409
Restructuring expense	7,862	-	7,862	-
Legal settlements	1,150	(2,145)	3,024	(2,145)
Gain on termination of lease and purchase of building	-	-	(19,886)	-
Tax effect of non-GAAP adjustments to net loss	76,673	(58,089)	(7,056)	(52,959)
Non-GAAP net income	**$ 6,935**	**$ 37,153**	**$ 58,178**	**$ 182,483**

Reconciliation of GAAP Diluted Shares to Non-GAAP Diluted Shares

(in thousands, except per share data, unaudited)	3 months ended		12 months ended	
	12/31/12	12/31/11	12/31/12	12/31/11
Reconciliation of GAAP Diluted Shares to Non-GAAP Diluted Shares				
GAAP diluted shares	771,533	356,305	741,177	288,599
Assumed preferred stock conversion [1]	-	252,428	-	288,833
Other dilutive equity awards [2]	49,964	173,374	88,155	183,034
Non-GAAP diluted shares	**821,497**	**782,107**	**829,332**	**760,466**
Non-GAAP earnings per share	**$ 0.01**	**$ 0.05**	**$ 0.07**	**$ 0.24**

1) Gives effect to the conversion of convertible preferred stock into common stock as though the conversion had occurred at the beginning of the period.

2) Gives effect to all dilutive awards based on the treasury stock method.

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/12	12/31/11	12/31/12	12/31/11
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow				
Net cash provided by operating activities	$ 19,779	$ 163,959	$ 195,767	$ 389,172
Acquisition of property and equipment	(6,250)	(50,355)	(98,054)	(238,091)
Purchase of building	-	-	(233,700)	-
Excess tax benefits from stock-based awards	15,972	(11,720)	21,652	(13,750)
Free cash flow	**$ 29,501**	**$ 101,884**	**$ (114,335)**	**$ 137,331**

Reconciliation of GAAP to Non-GAAP First Quarter 2013 Outlook

(in thousands, except per share data, unaudited)

	First Quarter 2013
Reconciliation of Revenue to Bookings	
Revenue range	$ 255,000 - 265,000
Change in deferred revenue	$ (55,000)
Bookings range	$ 200,000 - 210,000
Reconciliation of Net Loss to Adjusted EBITDA	
Net loss range	$ (32,000) - (12,000)
Benefit from income taxes	(3,000)
Other expense, net	1,000
Interest income	(1,000)
Restructuring expense	2,000
Depreciation and amortization	33,000
Stock-based expense range	45,000 - 35,000
Change in deferred revenue	(55,000)
Adjusted EBITDA range	**$ (10,000) - 0**
Reconciliation of Net Loss to Non-GAAP Net Loss	
Net loss range	$ (32,000) - (12,000)
Stock-based expense range	45,000 - 35,000
Amortization of intangible assets from acquisitions	3,500
Change in deferred revenue	(55,000)
Restructuring expense	2,000
Tax effect of non-GAAP adjustments to net loss	(4,000)
Non-GAAP net loss range	**$ (40,500) - (30,500)**
GAAP and non-GAAP diluted shares	**780,000 - 790,000**
Net loss per share range	**$ (0.04) - (0.02)**
Non-GAAP net loss per share range	**$ (0.05) - (0.04)**

Thank you!