Q4 2011 Earnings

GAAP to Non-GAAP
Reconciliation

This presentation contains forward-looking statements relating to, among other things, our outlook for full year 2012 bookings, adjusted EBITDA, stock-based compensation expense, capital expenditures, weighted average diluted shares, effective tax rate and non-GAAP EPS; our bookings growth rate in the first quarter of 2012 and higher growth rate in the back-half of 2012; our launch of successful new games; the ability of our games to generate bookings for a long time after launch; sustaining franchise games; the growth of the social games market, including mobile and advertising growth; benefits from our strategic partnership with American Express; our future operational plans; player and advertiser growth; and our plans and strategy. Forward-looking statements often include words such as “will”, "anticipate", "believe", “expect”, “estimate” or "outlook" 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 risks, uncertainties and assumptions. The company's actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of future performance. Factors that could cause or contribute to such differences include, but are not limited to, risks associated with the company’s short operating history in a new and unproven market, our ability to launch new games in a timely manner and monetize these games, competition, changing interests of players, intellectual property disputes or other litigation, changes in the Facebook platform or our relationship with Facebook, acquisitions or other transactions by us, changes in our corporate strategy or management, privacy issues, our ability to manage expenses, the price volatility of our Class A common stock (including in connection with the expiration of lock-up trading restrictions), general economic conditions and execution of our plans and strategies.

More information about factors that could affect the company's operating results is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our registration statement on Form S-1, as amended, filed with the Securities and Exchange Commission on December 15, 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 release, which are based on information available to us on the date hereof. 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, 2011 could differ from the preliminary financial results we have announced in this presentation. We assume no obligation to update these preliminary financial results prior to filing our Form 10-K.

Non-GAAP Financial Measures:

We have provided in this release non-GAAP financial information including bookings, adjusted EBITDA, free cash flow, non-GAAP net income and non-GAAP EPS, 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 non-GAAP financial measures to the most directly comparable GAAP financial measures. However, we have not provided reconciliation of bookings outlook to revenue, adjusted EBITDA outlook to net income (loss), non-GAAP effective tax rate outlook to GAAP effective tax rate or non-GAAP EPS outlook to GAAP EPS because certain reconciling items necessary to accurately project revenue (including the projected mix of virtual goods sold in our games, and the projected estimated average lives of durable virtual goods for our games) 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 and/or net income for the applicable future period is a necessary input to determine all of these comparable GAAP figures, we are not able to provide these reconciliations. Accordingly, a reconciliation to revenue, net income (loss), GAAP effective tax rate and GAAP EPS is not available without unreasonable effort.

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

- Adjusted EBITDA and non-GAAP net income do not include the impact of stock-based compensation
- Bookings, adjusted EBITDA and non-GAAP net income do not reflect that we defer and recognize revenue 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;
- Adjusted EBITDA excludes both depreciation and amortization of intangible assets from acquisitions, while non-GAAP net income excludes amortization of intangible assets. 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 do not include gains and losses associated with legal settlements;
- Free cash flow is derived from net cash provided by operating activities less cash spent on capital expenditures, and removing the excess income tax benefits or costs associated with stock-based awards;
- Non-GAAP EPS treats shares of convertible preferred stock as if they had converted to common stock at the beginning of each period presented;
- Non-GAAP EPS gives effect to all dilutive awards outstanding, including stock options, warrants and unvested restricted stock units that were excluded from the GAAP diluted earnings per share calculation. See non-GAAP EPS reconciliation for further details;
- Other companies, including companies in our industry, may calculate bookings, adjusted EBITDA, non-GAAP net income and non-GAAP EPS 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, free cash flow and non-GAAP EPS along with other financial performance measures, including revenue, net income and our financial results presented in accordance with GAAP.

Reconciliation of Revenue to Bookings

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/11	12/31/10	12/31/11	12/31/10
Reconciliation of Revenue to Bookings				
Revenue	$ 311,237	$ 195,759	$ 1,140,100	$ 597,459
Change in deferred revenue	(4,730)	47,740	15,409	241,437
Bookings	**$ 306,507**	**$ 243,499**	**$ 1,155,509**	**$ 838,896**

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Reconciliation of Net Income (Loss) to Adjusted EBITDA

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/11	12/31/10	12/31/11	12/31/10
Reconciliation of Net Income (Loss) to Adjusted EBITDA				
Net Income (Loss)	$ (435,005)	$ 42,992	$ (404,316)	$ 90,595
Provision for (benefit from) income taxes	(53,032)	28,832	(1,826)	36,464
Other income (expense), net	1,933	113	2,206	(365)
Interest income	(457)	(473)	(1,680)	(1,222)
Legal settlement	(2,145)	(39,346)	(2,145)	(39,346)
Depreciation and amortization	31,266	13,139	95,414	39,481
Stock-based compensation	529,971	10,195	600,212	25,694
Change in deferred revenue	(4,730)	47,740	15,409	241,437
Adjusted EBITDA	**$ 67,801**	**$ 103,192**	**$ 303,274**	**$ 392,738**

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Reconciliation of Net Income (Loss) to Non-GAAP Net Income

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/11	12/31/10	12/31/11	12/31/10
Reconciliation of Net Income (Loss) to Non-GAAP Net Income				
Net Income (Loss)	$ (435,005)	$ 42,992	$ (404,316)	$ 90,595
Stock-based compensation	529,971	10,195	600,212	25,694
Amortization of intangible assets from acquisitions	7,151	4,348	26,282	8,600
Change in deferred revenue	(4,730)	47,740	15,409	241,437
Legal settlements	(2,145)	(39,346)	(2,145)	(39,346)
Tax effect of non-GAAP adjustments to Net Income	(58,089)	(2,770)	(52,959)	(88,080)
Non-GAAP Net Income	**$ 37,153**	**$ 63,159**	**$ 182,483**	**$ 238,900**

Reconciliation of GAAP Diluted Shares to Non-GAAP Net Income Per Share

(in thousands except per share data, unaudited)	3 months ended 12/31/11	3 months ended 12/31/10	12 months ended 12/31/11	12 months ended 12/31/10
GAAP diluted shares	356,305	359,769	288,599	329,256
Add back: assumed preferred stock conversion (1)	252,428	270,727	288,833	241,963
Add back: other dilutive equity awards (2)	173,374	45,328	183,034	52,701
Non-GAAP dilutive shares	**782,107**	**675,824**	**760,466**	**623,920**
Non-GAAP Net Income Per Share	**$ 0.05**	**$ 0.09**	**$ 0.24**	**$ 0.38**

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 outstanding, including stock options, warrants and unvested restricted stock units that were excluded from the GAAP diluted earnings per share calculation because they were anti-dilutive as a result of our net loss position or they were considered participating securities and excluded from dilutive shares outstanding in accordance with GAAP. For comparability purposes, the impact of unvested restricted stock units, which were excluded from GAAP weighted-average diluted shares outstanding in periods prior to the IPO, are included in all periods presented.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow

(in thousands, unaudited)	3 months ended		12 months ended	
	12/31/11	12/31/10	12/31/11	12/31/10
Cash Provided by Operating Activities	$ 163,959	$ 57,825	$ 389,172	$ 326,412
Acquisition of property and equipment	(50,355)	(11,170)	(238,091)	(56,839)
Excess tax benefits from stock-based awards	(11,720)	39,742	(13,750)	39,742
Free Cash Flow	**$ 101,884**	**$ 86,397**	**$ 137,331**	**$ 309,315**