Q3 2012 Earnings

GAAP to Non-GAAP Reconciliation

Forward-Looking Statements

This presentation contains forward-looking statements relating to, among other things, our outlook for full year 2012 bookings, adjusted EBITDA, stock-based expense, capital expenditures, effective tax rate, non-GAAP weighted average diluted shares and non-GAAP EPS; our cost reduction plans and reduction in force and estimated pre-tax savings and pre-tax restructuring charges; our proposed non-headcount cost reductions and our ability to rationalize our product pipeline, reduce marketing and technology expenditures and consolidate certain facilities; our proposed share repurchase program; our launch of successful new games; building and expanding the Zynga platform and Zynga With Friends Network; the continued success of our franchise games and our games, platform and network generally; the launch of games by third party developers on our platform, including through our Zynga Partners for Mobile program; our plans to explore real money gaming; the growth of the social games market, including mobile and advertising growth; and our future operational plans, prospects and opportunities to expand our business. Forward-looking statements often include words such as "outlook," "projected, " "intends," "will," "anticipate," "believe," "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 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 or to our agreements with Facebook, our ability to launch new games in a timely manner and monetize these games effectively, our ability to control and reduce expenses, our ability to anticipate and address technical challenges that may arise, competition, the changing interests of players, our ability to enter the real money gaming market, 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 our 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 June 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 Quarterly Report on Form 10-Q for the three months ended September 30, 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 (loss), free cash flow 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 historical 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 (loss) 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.

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

- Adjusted EBITDA and non-GAAP net income (loss) do not include the impact of stock-based expense;
- Bookings, adjusted EBITDA and non-GAAP net income (loss) 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, 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 gain from the termination of our lease and purchase of the Company's corporate headquarters building;
- 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;
- 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; and
- Other companies, including companies in our industry, may calculate bookings, adjusted EBITDA, non-GAAP net income (loss) 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 (loss), free cash flow and non-GAAP EPS 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.

Reconciliation of Revenue to Bookings

(in thousands, unaudited)	3 months ended		9 months ended	
	9/30/12	9/30/11	9/30/12	9/30/11
Reconciliation of Revenue to Bookings				
Revenue	$ 316,637	$ 306,829	$ 970,102	$ 828,863
Change in deferred revenue	(61,031)	(19,168)	(83,744)	20,139
Bookings	**$ 255,606**	**$ 287,661**	**$ 886,358**	**$ 849,002**

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(in thousands, unaudited)	3 months ended		9 months ended	
	9/30/12	9/30/11	9/30/12	9/30/11
Reconciliation of Net income (loss) to Adjusted EBITDA				
Net income (loss)	$ (52,725)	$ 12,540	$ (160,887)	$ 30,689
(Provision for) benefit from income taxes	(43,035)	19,723	(36,417)	51,206
Other income (expense), net	350	(263)	(19,758)	273
Interest income	(1,144)	(262)	(3,519)	(1,223)
Legal settlements	985	-	1,874	-
Depreciation and amortization	39,444	22,936	108,049	64,148
Impairment of intangible assets	95,493	-	95,493	-
Stock-based expense	37,817	22,624	267,124	70,241
Change in deferred revenue	(61,031)	(19,168)	(83,744)	20,139
Adjusted EBITDA	**$ 16,154**	**$ 58,130**	**$ 168,215**	**$ 235,473**

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

(in thousands, unaudited)	3 months ended				9 months ended			
	9/30/12		9/30/11		9/30/12		9/30/11	
Reconciliation of Net income (loss) to Non-GAAP net income (loss)								
Net income (loss)	$	(52,725)	$	12,540	$	(160,887)	$	30,689
Stock-based expense		37,817		22,624		267,124		70,241
Amortization of intangible assets from acquisition		13,510		6,873		34,998		19,131
Impairment of intangible assets		95,493		-		95,493		-
Change in deferred revenue		(61,031)		(19,168)		(83,744)		20,139
Legal settlements		985		-		1,874		-
Gain on termination of lease and purchase of building		-		-		(19,886)		-
Tax effect of non-GAAP adjustments to net income (loss)		(34,410)		8,880		(83,729)		5,130
Non-GAAP net income (loss)	**$**	**(361)**	**$**	**31,749**	**$**	**51,243**	**$**	**145,330**

Reconciliation of GAAP Diluted Shares to Non-GAAP Diluted Shares

(in thousands, unaudited) *(except per share data)*	3 months ended 9/30/12	3 months ended 9/30/11	9 months ended 9/30/12	9 months ended 9/30/11
Reconciliation of GAAP diluted shares to Non-GAAP diluted shares				
GAAP diluted shares	754,862	271,513	729,184	264,114
Add back: assumed preferred stock conversion (1)	-	304,865	-	300,968
Add back: other dilutive equity awards (2)	-	148,226	103,068	149,877
Non-GAAP diluted shares	**754,862**	**724,604**	**832,252**	**714,959**
Non-GAAP net income per share	**$ 0.00**	**$ 0.04**	**$ 0.06**	**$ 0.20**

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		9 months ended	
(except per share data)	9/30/12	9/30/11	9/30/12	9/30/11
Net cash provided by operating activities	$ 30,147	$ 47,495	$ 175,988	$ 225,213
Acquisition of property and equipment	(13,889)	(63,021)	(91,804)	(187,736)
Purchase of building	-	-	(233,700)	-
Excess tax benefits from stock-based awards	470	(2,030)	5,680	(2,030)
Free cash flow	**$ 16,728**	**$ (17,556)**	**$ (143,836)**	**$ 35,447**