
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 2, 2018

ZYNGA INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35375
(Commission
File Number)

42-1733483
(IRS Employer
Identification No.)

699 Eighth Street
San Francisco, CA 94103
(Address of Principal Executive Offices)

94103
(Zip Code)

Registrant's Telephone Number, Including Area Code: (855) 449-9642

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On May 2, 2018, Zynga Inc. (“Zynga”) entered into a director nomination letter (the “Nomination Letter”) with Mark Pincus pursuant to which Zynga’s Board of Directors (the “Board”) and the Nominating and Corporate Governance Committee of the Board agreed to, subject to the exercise of their fiduciary duties, nominate Mr. Pincus for election as a director at each applicable election of directors. The Nomination Letter terminates upon the earlier of (i) in the event Mr. Pincus transfers more than approximately one-half of his current Zynga shares, (ii) in the event of Mr. Pincus’ death or disability, or (iii) a change of control of Zynga.

The foregoing description of the Nomination Letter is a summary only and is qualified in its entirety by reference to the full text of the Nomination Letter, a copy of which is attached as Exhibit 10.1 hereto, which is incorporated by reference into this Item 1.01.

Item 2.02. Results of Operations and Financial Condition.

On May 2, 2018, Zynga issued its Q1 2018 Quarterly Earnings Letter announcing its financial results for the quarter ended March 31, 2018. A copy of the quarterly earnings letter is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 3.03. Material Modification of Rights of Security Holders.

On May 2, 2018, Mr. Pincus (including an investment entity controlled by Mr. Pincus) elected to convert (the “Pincus Conversion”) certain outstanding shares of Zynga’s Class B common stock, par value \$0.00000625 per share (the “Class B Common Stock”), and all outstanding shares of Zynga’s Class C common stock, par value \$0.00000625 per share (the “Class C Common Stock”), into an equivalent number of shares of Zynga’s Class A common stock, par value \$0.00000625 per share (the “Class A Common Stock”). Mr. Pincus took this action pursuant to the optional conversion provisions set forth in Zynga’s Seventeenth Amended and Restated Certificate of Incorporation (the “Certificate”).

The Certificate provides that if the outstanding shares of Class B Common Stock and Class C Common Stock together represent less than 10% of the total voting power of the shares of Zynga then entitled to vote, then each share of Class B Common Stock will convert automatically into one share of Class A Common Stock. As a result of the Pincus Conversion, the remaining shares of Class B Common Stock represented less than 10% of the total voting power of the shares of Zynga then entitled to vote. Accordingly, each remaining outstanding share of Class B Common Stock automatically converted into one share of Class A Common Stock (together with the Pincus Conversion, the “Conversion”). Following the Conversion, no shares of Class B Common Stock or Class C Common Stock are outstanding.

Zynga will file a certificate with the Secretary of State of the State of Delaware effecting the retirement and cancellation of the shares of Class B Common Stock that were previously issued (the “Certificate of Retirement”). Following the filing of the Certificate of Retirement, Zynga will file a certificate with the Secretary of State of the State of Delaware effecting the retirement and cancellation of the shares of Class C Common Stock that were previously issued (the “Certificate of Elimination”).

The Conversion had the following effects:

Voting Power. Prior to the Conversion, holders of shares of Class B Common Stock were entitled to cast seven votes per share and holders of shares of Class C Common Stock were entitled to cast seventy votes per share, on any matter submitted to a vote of Zynga’s stockholders. As a result of the Conversion, all holders of shares of Zynga shall exclusively hold shares of Class A Common Stock, which have only one vote per share on all matters subject to a stockholder vote.

Economic Interests. The Conversion had no impact on the economic interests of holders of shares of Class B Common Stock and Class C Common Stock, including with regard to dividends, liquidation rights, treatment in connection with a change of control or merger transaction and redemption.

Capitalization. The Conversion had no impact on the total number of Zynga’s issued and outstanding shares of capital stock, as the issued and outstanding shares of Class B Common Stock and Class C Common Stock converted into an equivalent number of shares of Class A Common Stock. Effective as of the filing of the Certificate of Retirement and the Certificate of Elimination, Zynga’s total number of authorized shares of capital stock will be reduced to account for the retired and cancelled shares of Class B Common Stock and Class C Common Stock.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective as of May 2, 2018, Mr. Pincus will no longer be a full-time employee of Zynga. Mr. Pincus will continue to serve as Chairman of the Board. As a non-executive director, Mr. Pincus will be eligible to receive compensation under Zynga's Non-Employee Director Compensation Policy as further described in Zynga's Proxy Statement filed with the Securities and Exchange Commission on March 16, 2018.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The description under "Item 3.03 Material Modification of Rights of Security Holders" is incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On May 2, 2018, Zynga issued a press release relating to its announcement of its financial results for the quarter ended March 31, 2018 and the Conversion. A copy of the press release is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.

In connection with the Conversion, the Class A Common Stock will continue to trade on The Nasdaq Global Market under the ticker symbol "ZNGA" and will maintain the same CUSIP number.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	Director Nomination Letter
99.1+	Quarterly Earnings Letter
99.2+	Press Release
+	This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 2, 2018

ZYNGA INC.

By: /s/ Gerard Griffin
Gerard Griffin
Chief Financial Officer



May 2, 2018

Mark Pincus
c/o Zynga Inc.
699 Eighth Street
San Francisco, CA 94103

Re: Membership on the Board of Directors of Zynga Inc.

Dear Mr. Pincus:

In recognition of the conversion (the "**Conversion**") of all shares of Zynga Inc.'s ("**Zynga**") Class B Common Stock and Class C Common Stock into shares of Class A Common Stock (including any successor, the "**Class A Common Stock**"), this letter confirms the decision by the Board of Directors of Zynga (the "**Board**") to make the following commitments to you.

1. In connection with each annual or special meeting of Zynga's stockholders at which directors are to be elected (an "**Election Meeting**"), the Board's Nominating and Corporate Governance Committee (including any successor committee, the "**Nominating Committee**") will, subject to requirements of fiduciary duties under applicable law, recommend you for inclusion on the Board's slate of nominees at such Election Meeting, unless you are already a director of Zynga at the time of the Election Meeting and your term as a member of the Board does not expire at such Election Meeting.

2. Upon the Nominating Committee's recommendation that you be included on the Board's slate of nominees at such Election Meeting, (a) the Board will include you on its slate of nominees; and (b) subject to requirements of fiduciary duties under applicable law, (i) the Board will recommend that Zynga's stockholders vote, and (ii) Zynga will solicit proxies, in favor of your election as a director at such Election Meeting and otherwise support you for election in a manner no less rigorous and favorable than the manner in which the Board supports its other director nominees.

This letter is effective only upon the Conversion. This letter will terminate on the earliest of (a) the Transfer, other than pursuant to a Permitted Transfer (each as defined below), of more than 45,000,000 shares of Class A Common Stock beneficially owned by you immediately following the Conversion (as adjusted for stock splits and reverse stock splits); (b) your death or Disability (as defined below); (c) the occurrence of a Change in Control (as defined below); or (d) the mutual consent of Zynga and you.

For purposes of this letter:

"**Change in Control**" means the occurrence, in a single transaction or in a series of related transactions, of a merger, consolidation or similar transaction involving (directly or indirectly) Zynga or the capital stock of Zynga and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of Zynga immediately prior thereto do not own, directly or indirectly, either (i) outstanding voting securities representing more than 50 percent of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction; or (ii) more than 50 percent of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their ownership of the outstanding voting securities of Zynga immediately prior to such transaction.

"**Disability**" means permanent and total disability such that you are unable to engage in any substantial gainful activity by reason of any medically determinable mental impairment which can be expected to result in

death or which has lasted or can be expected to last for a continuous period of not less than 12 months as determined by a licensed medical practitioner. In the event of a dispute whether you have suffered a Disability, no Disability shall be deemed to have occurred unless and until an affirmative ruling regarding such Disability has been made by a court of competent jurisdiction, and such ruling has become final and non-appealable.

“**Permitted Transfer**” means a Transfer from you, for tax or estate planning purposes, to any of the persons or entities listed in clauses (a) through (c) below (each, a “**Permitted Transferee**”) and from any such Permitted Transferee back to you and/or any other Permitted Transferee established by or for you:

(a) a trust for your benefit or the benefit of persons other than you, if such Transfer does not involve any payment of cash, securities, property or other consideration (other than an interest in such trust) to you, or a trust under the terms of which you have retained a “qualified interest” within the meaning of §2702(b)(1) of the Internal Revenue Code and/or a reversionary interest, in each case so long as you have sole dispositive power and exclusive Voting Control (as defined below) with respect to the shares of Class A Common Stock held by such trust;

(b) an Individual Retirement Account, as defined in Section 408(a) of the Internal Revenue Code, or a pension, profit sharing, stock bonus or other type of plan or trust of which you are a participant or beneficiary and which satisfies the requirements for qualification under Section 401 of the Internal Revenue Code; *provided, however*, that in each case you have sole dispositive power and exclusive Voting Control with respect to the shares of Class A Common Stock held in such account, plan or trust; or

(c) a corporation, partnership or limited liability company in which you directly, or indirectly through one or more Permitted Transferees, own shares, partnership interests or membership interests, as applicable, with sufficient Voting Control in the corporation, partnership or limited liability company, as the case may be, or otherwise have legally enforceable rights, such that you retain sole dispositive power and exclusive Voting Control with respect to the shares of Class A Common Stock held by such corporation, partnership or limited liability company, as the case may be.

If you (i) no longer have sole dispositive power and exclusive Voting Control with respect to the shares of Class A Common Stock then held by such trust under clause (a) above, or account, plan or trust under clause (b) above, or (ii) no longer own sufficient shares, partnership interests or membership interests, as applicable, or otherwise no longer have sufficient legally enforceable rights to ensure that you retain sole dispositive power and exclusive Voting Control with respect to the shares of Class A Common Stock then held by such corporation, partnership or limited liability company under clause (c) above, then all shares of Class A Common Stock then held by such trust, account, plan or trust, corporation, partnership or limited liability company, as applicable, will be considered to have been Transferred by you, and such Transfer will not be considered to be a Permitted Transfer.

“**Transfer**” of a share of Class A Common Stock means any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law; *provided, however*, that the following will not be considered a “Transfer”: (a) the granting of a revocable proxy to officers or directors of Zynga at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders; (b) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with Zynga and/or its stockholders that (i) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Corporate Secretary of Zynga, (ii) either has a term not exceeding one year or is terminable by you at any time and (iii) does not involve any payment of cash, securities, property or other consideration to you other than the mutual promise to vote shares in a designated manner; or (c) the pledge of shares of capital stock of Zynga by you that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction so long as you continue to exercise sole voting control over such pledged shares; *provided, however*, that a foreclosure on such shares or other similar action by the pledgee shall constitute a “Transfer.”

“**Voting Control**” shall mean the exclusive power (whether directly or indirectly) to vote or direct the voting of a share of capital stock or other equity interest by proxy, voting agreement or otherwise.

This letter is governed by the laws of the State of Delaware. Any action, suit or proceeding arising out of or relating to this letter will be subject to the exclusive jurisdiction of the federal and state courts located in the State of

Delaware. ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS LETTER ARE WAIVED. It is agreed that irreparable injury would result from a breach of this letter and that monetary damages would be inadequate to protect against any actual or threatened breach of this letter. It is also agreed that equitable relief, including injunctive relief and specific performance, without proof of actual damages or the need to post a bond, is appropriate in the event of any actual or threatened breach of this letter. Nothing in this letter is intended to or will confer upon any person or entity (other than you and Zynga) any right, benefit or remedy. Neither this letter nor any of the rights, interests or obligations under this letter may be assigned, in whole or in part, by operation of law or otherwise, without the prior written consent of Zynga.

* **

Very truly yours,
ZYNGA INC.

By: /s/ Frank Gibeau
Name: Frank Gibeau
Title: Chief Executive Officer

ACCEPTED AND AGREED:

/s/ Mark Pincus
Mark Pincus



Zynga Q1 2018 Earnings Highlights

STRENGTH IN MOBILE REVENUE & BOOKINGS

Mobile Revenue = \$182.6M
Q1 2018 = +13% Y/Y

Mobile Bookings = \$193.4M
Q1 2018 = +10% Y/Y



CONTINUED GROWTH IN OUR FOREVER FRANCHISES

Words With Friends



Mobile Revenue
+18% Y/Y
Mobile Bookings
+32% Y/Y

CSR Racing 2



Mobile Revenue
+2% Y/Y
Mobile Bookings
+25% Y/Y

Zynga Poker



Mobile Revenue
+13% Y/Y
Mobile Bookings
+7% Y/Y

BEST MOBILE AUDIENCE IN +4 YEARS

23M
Mobile DAUs

+24% Y/Y

82M
Mobile MAUs

+30% Y/Y

NET INCOME

\$5.6M

+\$15.1M Y/Y



ZYNGA – Q1 2018 QUARTERLY EARNINGS LETTER

May 2, 2018

Dear Shareholders,

We look forward to discussing our Q1 2018 results during today's earnings call at 2:30 p.m. PT. Below, you'll find our quarterly earnings letter detailing our Q1 performance, as well as our outlook for Q2 and growth opportunities for 2018 and beyond. Please note that we manage our business based on topline measures including revenue, which is comprised of the change in deferred revenue and bookings. Revenue and the change in deferred revenue are both directly affected by bookings results, and management utilizes bookings as a primary topline measure to help inform their decisions.

HIGHLIGHTS

We had a great start to 2018, outperforming guidance in the quarter across all key financial measures and delivering our highest mobile audience in over four years. We are pleased with the player engagement we're seeing across our forever franchises – *CSR2*, *Words With Friends* and *Zynga Poker* – and continue to make strong progress towards our near-term margin goals.

Before we discuss our Q1 performance, we would like to announce that our founder, Mark Pincus, has converted all of his high voting shares into the company's Class A common stock. This decision enables Zynga to simplify its stock structure by moving from a multi-class to a single class structure. Mark's share conversion establishes voting rights parity for all Zynga shareholders and reduces his overall voting rights in Zynga from approximately 70% to approximately 10%, with no change in his underlying economic interest. In addition, Mark will serve on Zynga's Board of Directors as non-executive Chairman, effective immediately. Our management team welcomes this significant vote of confidence from Mark in the work we've done turning around the company to-date, as well as the progress we're making in our growth strategy.

Q1 Highlights:

- Strong performance driven by our mobile live services and continued focus on cost management.
- Mobile revenue was up 13% year-over-year and mobile bookings were up 10% year-over-year, driven primarily by the continued strength of our live services and the first full quarter contribution from our Casual Cards acquisition in mid-December.
- *Words With Friends* – Mobile revenue up 18% year-over-year and mobile bookings up 32% year-over-year.
- *CSR2* – Mobile revenue up 2% year-over-year and mobile bookings up 25% year-over-year.
- *Zynga Poker* – Mobile revenue up 13% year-over-year and mobile bookings up 7% year-over-year.
- Delivered our highest mobile audience in over four years, with 23 million average daily active users (DAUs) in Q1, up 24% year-over-year.
- Improved our operating leverage with GAAP operating expenses at 65% of revenue, down from 71% of revenue in Q1 2017. Non-GAAP operating expenses were 55% of bookings, down from 58% of bookings a year ago.
- Increased profitability year-over-year as we progress towards our near-term margin goals.
- Today, we are announcing a new \$200 million share repurchase program. This follows the completion of our existing \$200 million repurchase program, through which we repurchased 67 million shares at an average price of \$2.99 per share.

EXECUTIVE SUMMARY

(in millions)	Q1'18 Actuals	Q1'17 Actuals	Variance \$ (Y/Y)	Variance % (Y/Y)	Q1'18 Guidance	Variance \$ (Guidance)	Variance % (Guidance)
Revenue	\$ 208.2	\$ 194.3	\$ 13.9	7%	\$ 200.0	\$ 8.2	4%
Net income (loss)	\$ 5.6	\$ (9.5)	\$ 15.1	NM	\$ (5.0)	\$ 10.6	NM
Bookings	\$ 219.5	\$ 207.4	\$ 12.1	6%	\$ 210.0	\$ 9.5	5%
Adjusted EBITDA (1)	\$ 26.6	\$ 16.7	\$ 9.9	59%	\$ 20.0	\$ 6.6	33%
Net release of (increase in) deferred revenue (2)	\$ (11.3)	\$ (13.1)	\$ 1.8	(14)%	\$ (10.0)	\$ (1.3)	12%

(1) Adjusted EBITDA includes the net release of (increase in) deferred revenue.

(2) For clarity, a net release of deferred revenue results in revenue being higher than bookings and is a positive impact to Adjusted EBITDA as reported; a net increase in deferred revenue results in revenue being lower than bookings and is a negative impact to Adjusted EBITDA as reported.

In Q1, revenue was \$208.2 million, above our guidance by \$8.2 million and up \$13.9 million or 7% year-over-year. Bookings were \$219.5 million – beating our guidance by \$9.5 million and up \$12.1 million or 6% year-over-year. We achieved net income of \$5.6 million, \$10.6 million above our guidance and an improvement of \$15.1 million year-over-year. Our Adjusted EBITDA was \$26.6 million, above our guidance by \$6.6 million, and an increase of \$9.9 million year-over-year. We had a net increase in deferred revenue of \$11.3 million versus our guidance of a net increase of \$10.0 million and a net increase of \$13.1 million in the prior year quarter. The year-over-year difference in change in deferred revenue accounted for \$1.8 million of the year-over-year increase in revenue, net income and Adjusted EBITDA. We had a use of operating cash flow of \$3.9 million in the quarter versus a use of operating cash flow of \$4.7 million in Q1 2017.

In Q1, mobile revenue was up 13% year-over-year and mobile bookings were up 10% year-over-year. Mobile represents 88% of our total revenue and total bookings. Mobile online game – or mobile user pay – revenue was up 10% year-over-year, and mobile user pay bookings were up 7% year-over-year, driven by our forever franchises that collectively delivered double-digit year-over-year growth. We significantly increased our mobile audience from 18 million average DAUs in Q1 2017 to 23 million average DAUs in Q1 2018, up 24% year-over-year driven primarily by our Casual Cards acquisition and new audiences we've attracted on mobile chat platforms. This represented Zynga's highest mobile average DAUs in over four years. Mobile average MAUs are also up, from 63 million in Q1 2017 to 82 million this quarter, representing an increase of 30% year-over-year.

Our strong performance in the quarter was driven by our mobile live services – in particular our *Words With Friends*, *CSR2* and *Zynga Poker* forever franchises – as well as a full quarter contribution from our Casual Cards acquisition.

Following the successful Q4 launch of our new sequel, *Words With Friends 2*, we had a particularly strong Q1 for *Words With Friends* with mobile revenue up 18% year-over-year and mobile bookings up 32% year-over-year. We're pleased with how *Words With Friends* has engaged existing players and captured the attention of new and lapsed players, increasing mobile average DAUs by 8% year-over-year. New features we introduced with the launch of the game, such as Solo Challenge and Lightning Round, have driven improved player engagement, with average moves per DAU up more than 20% year-over-year. We're also encouraged by the continued engagement we're seeing from our players around boost features like Tile Swap, Hindsight and Word Radar, which allow our players to enhance their gaming experience with friends and family. These boosts – in addition to other new features we've introduced in *Words With Friends 2* – have delivered players more value and more ways to play their favorite word game, while also enabling us to expand the monetization potential of *Words With Friends* beyond in-game advertising.

Turning to *CSR2*, mobile revenue was up 2% year-over-year and mobile bookings were up 25% year-over-year. Our positive performance in the quarter was due to continued live services innovation through bold beats and deepened auto manufacturer partnerships that appeal to our global racing fans. Last quarter, we continued working with Universal Brand Development to license the hugely popular *Fast & Furious*, releasing a new event series in *CSR2* that gives players the opportunity to acquire the most in-demand cars in the history of this blockbuster franchise. Additionally, as part of our commitment to bring authentic racing experiences to fans, in Q1 we worked with Lamborghini to debut the new Huracán Performante Spyder and Lamborghini Urus in *CSR2*. Both unveils were timed with the real-world launches of these supercars at the 2018 Geneva International Motor Show.

In Social Casino, we continue to see impressive growth milestones with *Zynga Poker*, which had a strong start to the year with mobile revenue up 13% year-over-year and mobile bookings up 7% year-over-year. Q1 also marked the first full quarter contribution from our Casual Cards acquisition. Our new Casual Cards team in Istanbul has been meeting our expectations and we're pleased with their successful integration into our publishing and studio operations. Looking ahead, this talented Zynga Turkey team will continue to focus on delivering fun, world-class experiences to our Casual Cards players through new content and innovative bold beats over the coming quarters. Looking more broadly across our Social Casino portfolio, our Social Slots portfolio's mobile revenue was down 4% year-over-year and mobile bookings were flat year-over-year. Our *Hit It Rich! Slots* and *Wizard of Oz Slots* games delivered strong year-over-year mobile revenue and mobile bookings growth, offset by declines in other titles in the portfolio. Overall, we were pleased to see the Social Slots portfolio deliver its best quarterly monetization in franchise history as the team introduced new features and licensed content to players that deepened their engagement.

In Q1, we continued to make substantial improvements in sharpening our operating model. We delivered GAAP operating expenses at 65% of revenue – down from 71% of revenue in Q1 2017 – and non-GAAP operating expenses at 55% of bookings – down from 58% of bookings a year ago.

All of the above contributed to achieving \$5.6 million of net income, up \$15.1 million year-over-year. We're proud of the progress we made in growing the company and are well on our way to achieving our near-term margin goals later this year.

Looking ahead, we expect to grow Zynga in four ways: (1) Delivering growth in our live services, (2) Building new games with the goal of creating forever franchises, (3) Investing in new emerging mobile technologies and (4) Exploring M&A opportunities that will enhance our growth potential.

We believe we can continue to grow our live services, anchored by our forever franchises, through continued investment in bold beats aimed at enhancing player engagement. *CSR2*, which celebrates its two-year anniversary in June, has several bold beats planned in Q2. Last week, we announced a partnership with BMW for the launch of the new BMW M2 Competition in *CSR2*, giving players the opportunity to virtually race this high-performance car before it appears on real-world roads. We'll also be commemorating Porsche's 70th anniversary, partnering exclusively with the iconic brand to celebrate its sports cars through unique in-game events for our players. In *Zynga Poker*, we'll be introducing new competitive features as we prepare for the introduction of our World Poker Tour tournament experience in the second half of the year. Also, in *Words With Friends 2*, we've begun rolling out a new Streaks feature that increases the social competition in the game for players.

Looking at our new game creation, we have titles in development in the Action Strategy, Casual, Invest Express and Social Casino categories. We expect to launch new titles in some or all of these categories beginning in the second half of 2018 and continuing into 2019 and beyond. Today, we're excited to share that we have entered into soft launch with a new Casual mobile game – *Willy Wonka's Sweet Adventure* – that combines Match-3 and Builder mechanics to innovate within the popular Match-3 genre. The game leverages our existing multi-year licensing deal with Warner Bros. Interactive Entertainment for Willy Wonka and the Chocolate Factory, bringing a new experience to our Casual gaming audience.

In terms of emerging platforms, we're continuing to innovate and engage with new audiences on mobile chat platforms. While we don't expect monetization to have a meaningful impact in 2018, we see a big opportunity to make social gaming more accessible. Our approach is to move fast and apply proven mechanics, simple design and lightweight tech to iterate quickly and determine what's striking a chord with players. We're pleased with the progress we're making on Facebook – particularly our *Words With Friends* for Facebook Instant Games experience.

Finally, we intend to use the strength of our balance sheet and positive cash flow from operations to evaluate M&A opportunities that will enhance our growth potential. We'll continue to take a diligent approach towards any potential transactions, prioritizing opportunities that are accretive to our near-term margin goals and that create shareholder value.

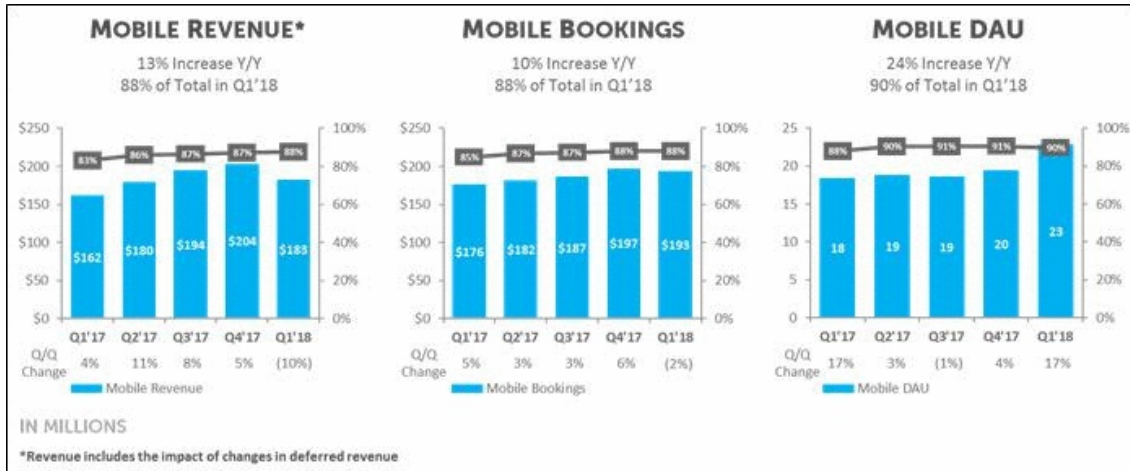
Q1 PERFORMANCE OVERVIEW

Q1 Financial Highlights

- Revenue of \$208.2 million; above our guidance and up 7% year-over-year.
- GAAP operating expenses of \$134.9 million; down 2% year-over-year.
- Net income of \$5.6 million; \$10.6 million above our guidance and an improvement of \$15.1 million year-over-year.
- Net increase in deferred revenue of \$11.3 million; versus our guidance of a net increase in deferred revenue of \$10.0 million. This increase in deferred revenue was primarily driven by the first full quarter of bookings contribution from our Casual Cards acquisition.
- Bookings of \$219.5 million; above our guidance and up 6% year-over-year.
- Non-GAAP operating expenses of \$120.3 million; down 1% year-over-year.
- Adjusted EBITDA of \$26.6 million; above our guidance and an increase of \$9.9 million year-over-year.
- Use of operating cash flow of \$3.9 million; an improvement of \$0.8 million year-over-year.

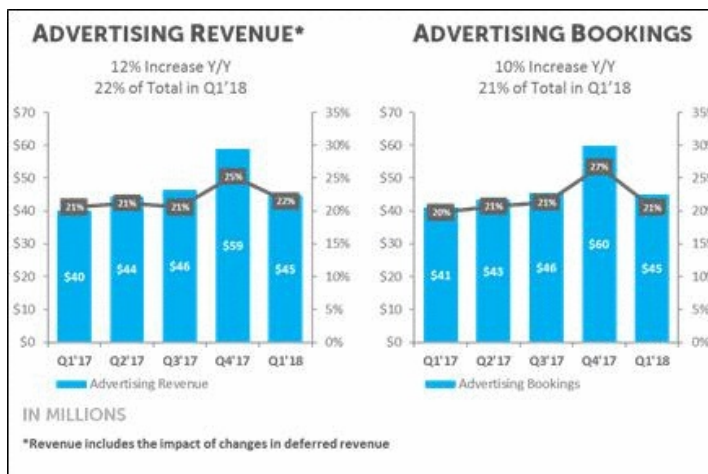
Q1 Mobile Highlights

- Mobile revenue of \$182.6 million; up 13% year-over-year.
- Mobile bookings of \$193.4 million; up 10% year-over-year.
- Mobile average DAUs of 23 million; up 24% year-over-year.
- Mobile user pay revenue was up 10% year-over-year, and mobile user pay bookings were up 7% year-over-year.



Q1 Advertising Highlights

- Advertising revenue of \$44.8 million and advertising bookings of \$45.1 million were up 12% and 10% year-over-year, respectively.
- Advertising represented 22% of total revenue and 21% of total bookings as compared to 21% of total revenue and 20% of total bookings in Q1 2017.
- We expect the mobile advertising market to continue to be highly competitive and price sensitive. We remain focused on growing our advertising inventory and optimizing our product offerings.



Q1 Player Metrics (users and payers in millions)

	Three Months Ended			Q1'18 Q/Q	Q1'18 Y/Y
	March 31, 2018	December 31, 2017	March 31, 2017		
Average daily active users (DAUs) (1)	25	22	21	18%	22%
Average mobile DAUs (1)	23	20	18	17%	24%
Average web DAUs (1)	2	2	3	27%	4%
Average monthly active user (MAUs) (1)	94	86	72	9%	31%
Average mobile MAUs (1)	82	76	63	7%	30%
Average web MAUs (1)	12	10	9	26%	35%
Average daily bookings per average DAU (ABPU)	\$ 0.096	\$ 0.113	\$ 0.107	(15)%	(11)%
Average monthly unique users (MUUs) (2)	51	49	56	4%	(7)%
Average monthly unique payers (MUPs) (2)	1.2	1.2	1.3	0%	(9)%
Payer conversion (2)	2.3%	2.4%	2.3%	(4)%	(2)%

- (1) We do not have the third party network login data to link an individual who has played under multiple user accounts and accordingly, actual DAU and MAU may be lower than reported due to the potential duplication of these individuals. Specifically, for the first quarter of 2018 and fourth quarter of 2017, DAUs and MAUs incrementally include *Daily Celebrity Crossword*, *Solitaire*, our Facebook Instant Games and casual card games acquired in December 2017; for the first quarter of 2017, DAUs and MAUs incrementally include *Daily Celebrity Crossword*, *Solitaire* and our Facebook Instant Games.
- (2) For the first quarter of 2018 and fourth quarter of 2017, MUUs and MUPs exclude *Daily Celebrity Crossword*, *Solitaire*, our Facebook Instant Games and casual card games acquired in December 2017. For the first quarter of 2017, MUUs and MUPs exclude *Daily Celebrity Crossword*, *Solitaire* and our Facebook Instant Games. These games are excluded to avoid potential double counting of MUUs and MUPs as our systems are unable to distinguish whether a player of these games is also a player of the Company's other games during the applicable time periods.

SHARE REPURCHASE

Today, we're announcing a new \$200 million share repurchase program. This follows the completion of our existing \$200 million repurchase program, through which we repurchased 67 million shares at an average price of \$2.99 per share. Share repurchase programs are a part of our ongoing capital allocation strategy as we continue to look for opportunities to deliver long-term shareholder value.

FINANCIAL GUIDANCE

Q2 Guidance

- Revenue of \$208 million
- Net increase in deferred revenue of \$10 million
- Bookings of \$218 million
- Net income of \$1 million
- Adjusted EBITDA of \$27 million

We expect Q2 to be similar in profile to the performance we delivered in Q1, driven primarily by live services and our planned cadence of bold beats. We anticipate our year-over-year growth to benefit from a full quarter contribution from our Casual Cards acquisition, and low double-digit growth collectively across *CSR2*, our Social Slots portfolio, *Words With Friends* and *Zynga Poker*. This growth will be partially offset by declines in web and older mobile games. We expect our gross margins and our operating expenses to be broadly in-line with Q1.

We continue to believe that our financial performance in 2018 will broadly follow the financial themes we outlined in our Q4 2017 Quarterly Earnings Letter. In particular, we remain on-track to deliver low double-digit growth in mobile bookings and expect live services to deliver more than 95% of our revenue and bookings. Our performance and execution over the past quarter gives us confidence in our ability to continue to grow Zynga. The company remains on track to achieving its near-term margin goals and is committed to delivering margins in-line with its peers over the long term.

In summary, we're proud of the way we started 2018 and are confident in our performance and execution ability in the year ahead. We're excited about how we're executing against our growth strategy as we continue to prioritize delivering value to our players, employees and investors.

Sincerely,



Frank Gibeau
Chief Executive Officer



Ger Griffin
Chief Financial Officer

CONTACTS

Rebecca Lau
Director, Investor Relations & Corporate Finance
relau@zynga.com

Dani Dudeck
Chief Communications Officer
dani@zynga.com

FORWARD-LOOKING STATEMENTS

This letter contains forward-looking statements, including those statements relating to our outlook for the second quarter under the heading "FINANCIAL GUIDANCE" and for the full year 2018 (incorporated from our Q4 earnings letter filed with the SEC on February 7, 2018 under the heading "2018 FINANCIAL THEMES" and "FINANCIAL GUIDANCE") and statements relating to, among other things: our operational performance and progress in our turnaround; our operational strategy, including our focus on live services, growth projections relating to our mobile forever franchises, including our ability to enhance the monetization potential of our games; our continued investment in game innovations; our plans to acquire additional games and IP assets, such as our continued license of the *Fast & Furious* brand; our partnership with the World Poker Tour (WPT), including the development, launch and success of future game features; our ability to successfully launch new games and enhance existing games; the success of new product and feature launches and other special events; the prospect of emerging game platforms and features, such as chat, augmented reality and next generation wireless networks; our expectations regarding the advertising market, including anticipated trends in that market; our expectations in the mobile game industry, including anticipated trends in that market; our performance expectations regarding our legacy portfolio of web and older mobile games; our share repurchase program and capital allocation strategy; and our ability to achieve financial projections, including revenue, bookings, income and margin goals.

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. 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. Undue reliance should not be placed on such forward-looking statements, which are based on information available to us on the date hereof. We assume no obligation to update such statements. More information about factors that could affect our operating results are described in greater detail in our public filings with the Securities and Exchange Commission (the "SEC"), 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.

In addition, the preliminary financial results set forth in this letter are estimates based on information currently available to us. While we believe these estimates are meaningful, they could differ from the actual amounts that we ultimately report in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018. We assume no obligation and do not intend to update these estimates prior to filing our Quarterly Report on Form 10-Q.

NON-GAAP FINANCIAL MEASURES

We have provided in this letter certain non-GAAP financial measures to supplement our consolidated financial statements prepared in accordance with U.S. GAAP (our "GAAP financial statements"). Management uses non-GAAP financial measures internally in analyzing our financial results to assess operational performance and liquidity. Our non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

The presentation of our non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, our GAAP financial statements. We believe that both management and investors benefit from referring to our non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. We believe our non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key financial measures 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 of our non-GAAP financial measures used in this letter to the most directly comparable GAAP financial measures in the following tables. Because of the following limitations of our non-GAAP financial measures, you should consider the non-GAAP financial measures presented in this letter with our GAAP financial statements.

Key limitations of our non-GAAP financial measures include:

- Bookings does not reflect that we defer and recognize online game revenue and revenue from certain advertising transactions over the estimated average playing period of payers for durable virtual items or as consumed for consumable virtual items;
- Adjusted EBITDA does not include the impact of stock-based expense, acquisition-related transaction expenses, contingent consideration fair value adjustments, impairment of intangible assets, legal settlements and restructuring expense;
- Adjusted EBITDA does not reflect provisions for or benefits from income taxes and does not include other income (expense) net, which includes foreign exchange gains and losses, and interest income;
- Adjusted EBITDA excludes depreciation and amortization of tangible and intangible assets. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future; and
- Free cash flow is derived from net cash provided by operating activities less cash spent on capital expenditures.

ZYNGA INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

Assets	March 31, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	\$ 361,581	\$ 372,870
Short-term investments	273,850	308,506
Accounts receivable, net of allowance of \$0 at March 31, 2018 and December 31, 2017	92,769	103,677
Restricted cash	7	12,807
Prepaid expenses	26,012	24,253
Other current assets	10,073	8,837
Total current assets	764,292	830,950
Goodwill	751,830	730,464
Intangible assets, net	59,792	64,258
Property and equipment, net	264,580	266,589
Restricted cash	10,000	20,000
Prepaid expenses	23,022	23,821
Other non-current assets	45,495	43,251
Total assets	\$ 1,919,011	\$ 1,979,333
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 11,125	\$ 18,938
Income tax payable	1,847	6,677
Deferred revenue	140,021	134,007
Other current liabilities	79,878	123,089
Total current liabilities	232,871	282,711
Deferred revenue	1,770	568
Deferred tax liabilities, net	6,438	5,902
Other non-current liabilities	34,067	48,912
Total liabilities	275,146	338,093
Stockholders' equity:		
Common stock and additional paid-in capital	3,443,929	3,426,505
Accumulated other comprehensive income (loss)	(70,390)	(93,497)
Accumulated deficit	(1,729,674)	(1,691,768)
Total stockholders' equity	1,643,865	1,641,240
Total liabilities and stockholders' equity	\$ 1,919,011	\$ 1,979,333

ZYNGA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data, unaudited)

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Revenue:			
Online game	\$ 161,553	\$ 173,114	\$ 153,481
Advertising and other	46,679	60,166	40,803
Total revenue	<u>208,232</u>	<u>233,280</u>	<u>194,284</u>
Costs and expenses:			
Cost of revenue	69,042	64,015	64,877
Research and development	60,825	61,229	69,202
Sales and marketing	50,855	60,265	46,620
General and administrative	23,253	38,711	22,565
Total costs and expenses	<u>203,975</u>	<u>224,220</u>	<u>203,264</u>
Income (loss) from operations	4,257	9,060	(8,980)
Interest income	1,810	1,761	937
Other income (expense), net	3,401	2,319	1,436
Income (loss) before income taxes	9,468	13,140	(6,607)
Provision for (benefit from) income taxes	3,859	211	2,867
Net income (loss)	<u>\$ 5,609</u>	<u>\$ 12,929</u>	<u>\$ (9,474)</u>
Net income (loss) per share attributable to common stockholders:			
Basic	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
Weighted average common shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	869,627	870,137	875,712
Diluted	893,774	898,410	875,712
Stock-based compensation expense included in the above line items:			
Cost of revenue	\$ 431	\$ 413	\$ 619
Research and development	8,625	9,883	11,713
Sales and marketing	1,836	1,852	1,787
General and administrative	3,221	3,021	3,407
Total stock-based compensation expense	<u>\$ 14,113</u>	<u>\$ 15,169</u>	<u>\$ 17,526</u>

ZYNGA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Three Months Ended		
	March 31, 2018	December 31, 2017 (As Adjusted)(1)	March 31, 2017 (As Adjusted)(1)
Cash flows from operating activities:			
Net income (loss)	\$ 5,609	\$ 12,929	\$ (9,474)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,731	6,405	8,881
Stock-based compensation expense	14,113	15,169	17,526
(Gain) loss from foreign currency, sales of investments, assets and other, net	1,951	(34)	38
Accretion and amortization on marketable debt securities	(549)	(464)	—
Change in deferred income taxes and other	1,322	(443)	1,075
Changes in operating assets and liabilities:			
Accounts receivable, net	10,682	(14,267)	(8,964)
Other assets	(4,786)	(8,483)	(5,903)
Accounts payable	(9,574)	2,346	(8,802)
Deferred revenue	11,234	(9,494)	13,074
Income tax payable	(5,004)	2,785	1,252
Other liabilities	(36,676)	19,931	(13,424)
Net cash provided by (used in) operating activities	(3,947)	26,380	(4,721)
Cash flows from investing activities:			
Purchases of short-term investments	(124,822)	(93,293)	—
Sales and maturities of short-term investments	160,000	40,000	—
Acquisition of property and equipment	(1,424)	(3,093)	(2,285)
Business acquisitions, net of cash acquired	—	(73,620)	(27,581)
Proceeds from sale of property and equipment	25	52	15
Release of restricted cash escrow from business combinations	(22,800)	(1,125)	—
Other investing activities, net	—	(938)	(7,390)
Net cash provided by (used in) investing activities	10,979	(132,017)	(37,241)
Cash flows from financing activities:			
Taxes paid related to net share settlement of stockholders' equity awards	(6,364)	(7,143)	(415)
Repurchases of common stock	(39,544)	(8,089)	(86,164)
Proceeds from issuance of common stock	3,311	520	3,152
Acquisition-related contingent consideration payment	—	—	(5,115)
Net cash provided by (used in) financing activities	(42,597)	(14,712)	(88,542)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,476	(163)	857
Net change in cash, cash equivalents and restricted cash	(34,089)	(120,512)	(129,647)
Cash, cash equivalents and restricted cash, beginning of period	405,677	526,189	861,716
Cash, cash equivalents and restricted cash, end of period	\$ 371,588	\$ 405,677	\$ 732,069

(1) Prior period amounts retrospectively adjusted to reflect the adoption of ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash".

ZYNGA INC.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(In thousands, except per share data, unaudited)

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Reconciliation of Revenue to Bookings: Total			
Revenue	\$ 208,232	\$ 233,280	\$ 194,284
Change in deferred revenue	11,240	(9,494)	13,074
Bookings: Total	<u>\$ 219,472</u>	<u>\$ 223,786</u>	<u>\$ 207,358</u>
Reconciliation of Revenue to Bookings: Mobile			
Revenue	\$ 182,601	\$ 203,625	\$ 161,613
Change in deferred revenue	10,822	(6,584)	14,508
Bookings: Mobile	<u>\$ 193,423</u>	<u>\$ 197,041</u>	<u>\$ 176,121</u>
Reconciliation of Revenue to Bookings: Advertising			
Revenue	\$ 44,826	\$ 58,991	\$ 40,054
Change in deferred revenue	296	860	1,053
Bookings: Advertising	<u>\$ 45,122</u>	<u>\$ 59,851</u>	<u>\$ 41,107</u>
Reconciliation of Net Income (Loss) to Adjusted EBITDA			
Net income (loss)	\$ 5,609	\$ 12,929	\$ (9,474)
Provision for income taxes	3,859	211	2,867
Other income, net	(3,401)	(2,319)	(1,436)
Interest income	(1,810)	(1,761)	(937)
Restructuring expense (benefit), net	471	1,612	(845)
Depreciation and amortization	7,731	6,405	8,881
Acquisition-related transaction expenses	—	2,390	187
Contingent consideration fair value adjustment	—	—	(94)
Loss on legal settlements	—	11,867	—
Stock-based compensation expense	14,113	15,169	17,526
Adjusted EBITDA	<u>\$ 26,572</u>	<u>\$ 46,503</u>	<u>\$ 16,675</u>
Reconciliation of GAAP Operating Expense to Non-GAAP Operating Expense			
GAAP operating expense	\$ 134,933	\$ 160,205	\$ 138,387
Restructuring (expense) benefit, net	(444)	(1,612)	845
Amortization of intangible assets from acquisition	(534)	(547)	(1,053)
Acquisition-related transaction expenses	—	(2,390)	(187)
Contingent consideration fair value adjustment	—	—	94
Loss on legal settlements	—	(11,867)	—
Stock-based compensation expense	(13,682)	(14,756)	(16,907)
Non-GAAP operating expense	<u>\$ 120,273</u>	<u>\$ 129,033</u>	<u>\$ 121,179</u>
Reconciliation of Cash Provided by Operating Activities to Free Cash Flow⁽¹⁾			
Net cash provided by (used in) operating activities	(3,947)	26,380	(4,721)
Acquisition of property and equipment	(1,424)	(3,093)	(2,285)
Free cash flow	<u>\$ (5,371)</u>	<u>\$ 23,287</u>	<u>\$ (7,006)</u>

(1) Prior period cash flow amounts retrospectively adjusted to reflect the adoption of ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash".

ZYNGA INC.
RECONCILIATION OF GAAP TO NON-GAAP SECOND QUARTER 2018 GUIDANCE
(In thousands, except per share data, unaudited)

		Second Quarter 2018
Reconciliation of Revenue to Bookings		
Revenue	\$	208,000
Change in deferred revenue		10,000
Bookings	\$	218,000
Reconciliation of Net Income to Adjusted EBITDA		
Net income	\$	1,000
Provision for income taxes		5,000
Other income, net		(3,000)
Interest income		(2,000)
Depreciation and amortization		8,000
Stock-based compensation expense		18,000
Adjusted EBITDA	\$	27,000
GAAP diluted shares		900,000
Diluted net income per share	\$	0.00

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ZYNGA FOUNDER MARK PINCUS ESTABLISHES VOTING RIGHTS PARITY FOR ALL COMPANY SHAREHOLDERS AND ELIMINATES MULTI-CLASS SHARE STRUCTURE*Pincus Converts All Of His High Voting Shares Into Class A Common Stock*

SAN FRANCISCO – May 2, 2018 – Zynga Inc. (Nasdaq: ZNGA), a leading social game developer, today announced that its founder, Mark Pincus, has converted all of his high voting shares into Zynga's Class A common stock. This decision enables Zynga (the "Company") to simplify its stock structure and move from a multi-class to a single class structure. Pincus' share conversion establishes voting rights parity for all Zynga shareholders and reduces his overall voting rights in Zynga from approximately 70% to approximately 10%. Pincus will continue to serve on Zynga's Board of Directors (the "Board") as non-executive Chairman, effective immediately.

"Over the past three years, I've been working with Frank and the Board to restore Zynga's focus on our core live game franchises like *Zynga Poker* and *Words With Friends* – and the players who love them. That work is paying off. Our game teams are delivering quality and value for our players, which is translating into growth and profitability for our Company. Given our positive momentum, now is the right time to simplify our stock structure and transition to one share, one vote. I believe it's in the best interests of our shareholders to establish voting rights parity for all," said Mark Pincus, Zynga Founder and Chairman. "Going forward, I'm excited to continue to play an active role and to partner with Frank and the Board to drive innovation and growth."

"We're proud of the results we've achieved over the last few years, delivering substantial growth across revenue, profitability and cash flow. We re-established Zynga as a leading social game developer and today, we have the strongest mobile portfolio in company history. We welcome this decision as a significant sign of confidence from Mark in both the management team and in the progress Zynga is making in its growth strategy," said Frank Gibeau, Zynga CEO. "Mark's entrepreneurial spirit and founding vision for social gaming continue to inspire us. We look forward to working with Mark and the rest of our Board as we continue to lead Zynga into its next chapter of growth."

Zynga went public in December 2011 with a three-class common stock ownership structure. Class C common stock held 70 votes per share, Class B common stock held 7 votes per share and Class A common stock held one vote per share. Pincus was the sole owner of all Class C Zynga shares and the majority owner of Class B Zynga shares. By converting all of his Class C and Class B Zynga shares into Class A common stock, Pincus' overall voting rights in Zynga are reduced from approximately 70% to approximately 10%, with no change in his underlying economic interest. As a result of this conversion, all other Class B shares will automatically be converted into Class A common stock, and all Zynga shareholders will have equal voting rights, with one vote per share on all matters submitted to a shareholder vote. In connection with his share conversion, Pincus will serve as non-executive Chairman of Zynga's Board. Additionally, Zynga's Board has decided to nominate Pincus as a director of the Board in future elections, subject to exercise of the Board's fiduciary duties, so long as Pincus continues to hold approximately one-half of his current Zynga shares.

In addition to this announcement, today Zynga reported positive Q1 2018 financial results, outperforming guidance across all key financial measures and delivering its highest mobile audience in over four years. The Company remains on track to achieve its near-term margin goals and is committed to delivering margins in-line with its peers over the long-term. To underscore the Company's conviction in its future growth potential, Zynga also announced a new \$200 million share repurchase program as part of its ongoing capital allocation strategy and commitment to delivering shareholder value.

For additional information about Zynga's Q1 2018 financial results, which were released today, please visit Zynga's Investor Relations website at: <http://investor.zynga.com/>

About Zynga Inc.

Since its founding in 2007, Zynga's mission has been to connect the world through games. To-date, more than 1 billion people have played Zynga's games across Web and mobile, including *FarmVille*, *Zynga Poker*, *Words With Friends*, *Hit it Rich! Slots* and *CSR Racing*. Zynga's games are available on a number of global platforms including Apple iOS, Google Android, Facebook and Zynga.com. The company is headquartered in San Francisco, Calif., and has additional offices in the U.S., Canada, U.K., Ireland, India, Turkey and Finland. Learn more about Zynga at <https://www.zynga.com/blog> or follow us on [Twitter](#) and [Facebook](#).

Contacts

Press:
Kelly Pakula
kpakula@zynga.com

Investor Relations:
Rebecca Lau
relau@zynga.com

Forward Looking Statement

This press release contains forward-looking statements, relating to, among other things, Zynga's growth plans, financial performance, achievement of near-term margin goals, share repurchase program and capital allocation strategy. 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. The achievement or success of the matters covered by such forward-looking statements involves significant risks, uncertainties, and assumptions. Undue reliance should not be placed on such forward-looking statements, which are based on information available to us on the date hereof. We assume no obligation to update such statements. More information about these risks, uncertainties, and assumptions are or will be described in greater detail in our public filings with the Securities and Exchange Commission (the "SEC"), 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.

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