ZYNGA – Q3 2015 QUARTERLY EARNINGS LETTER

November 3, 2015

To our Shareholders and Employees,

Below is our Q3 2015 Quarterly Earnings Letter, which provides an update on our progress across our products, people and plan. Questions may be asked on today's Q3 earnings call at 2 p.m. PT, or submitted via email to investors@zynga.com.

CEO PERSPECTIVE

Since my return to Zynga, I've been working with our teams to narrow and intensify our focus. At a high level, we're working against the principles I outlined on our May call:

- **Social gaming vision.** We envision a future where everyone connects through their games. To this end, we have narrowed our new product development to a smaller number of games that we're investing in more deeply. At the same time, we're redeploying some leaders and teams against new projects which are focused on innovating against mass market appeal and deeper social design.

- **Player centric, data driven development.** We're changing our approach to live and new game development to ensure our players always have a seat at the table. We're challenging game teams to start and end product meetings asking 'what will our players thank us for?'. In the past two quarters we have rolled out our EOS experimentation tool to many of our studios. EOS, which increases our ability to experiment and test more rapidly, offers the potential to deliver on the promise that 80% of our engineering days can be booked against features our players clearly value.

- **Entrepreneurial culture.** We're working to reinvigorate our entrepreneurial culture in order to deliver innovations for our players and profitable growth for our company. We have eliminated layers of management and significantly reduced the size of game teams. We have seen early positive signs such as teams getting to internal playtests faster and morale on many of these teams improving.

Our operating strategy is to (1) grow our live mobile franchises, (2) develop new franchises and (3) leverage data analytics to accelerate growth.

1. ***Grow Live Mobile Franchises* –** In Q3, our live game teams delivered well, growing our mobile bookings 26% versus the prior year. This growth was driven by our three core mobile franchises – Slots, Words With Friends, and Poker – which grew 61% year-over-year. Despite this mobile growth, our overall bookings are flat year-over-year, driven by the declines in Web games and older mobile games. We're encouraged by our recent performance on mobile where last week we achieved a new record for user pay bookings in a single day driven in large part by Slots.

2. ***Develop New Franchises* –** In terms of new game development, our goal is to develop at least one new franchise a year. We're pursuing this in two ways. First, by investing in our proven IP such as CSR and FarmVille and by leveraging licensed brands such as Wizard of Oz and Willy Wonka. Second, we continue to work on developing new IP such as Dawn of Titans.

   Developing new sustainable growth continues to be challenging and unpredictable. We have made the decision to move the worldwide launches of Dawn of Titans and CSR2 into 2016. We remain excited about Dawn of Titans and CSR2, but both games need more time to achieve their full potential. To put this in perspective, given how strong the early monetization is in Dawn of Titans, we believe that a move of 200 basis points in day 30 retention has the potential to make the game a breakout hit.

These games are generating real player excitement in soft launch with Dawn of Titans earning an average 4.5 stars in the Apple App Store and CSR2 with a 4.6 star rating. As we saw with Empires & Allies, we believe the social features that we released in Q3 would have been game-changing for players at worldwide launch. For example, with Leagues we saw a 6% increase in average sessions per day per user. We're hearing from Dawn of Titans and CSR2 players that they want similar social functionality which we believe could deliver greater upside potential if available at launch.

We are able to make these hard decisions – which are right for our players and our long-term business – because of the cost reduction program that we put in place in May.

3. ***Leverage Data Analytics to Accelerate Growth –*** In terms of data analytics, we are making a significant, focused investment to accelerate product innovation, grow our advertising business and enable continued growth of our bookings from in app purchases. In Q3, our advertising and other bookings were up 39% year-over-year and our team successfully launched Studio E, an in-house creative studio focused on the development of high engagement in-game brand integrations. Our ad team leveraged data analytics to increase our effective Cost Per Impression (eCPM) which resulted in a 80% year-over-year and 30% sequential increase in average daily advertising bookings (excluding licensing and developer payments) per DAU for games with ads.

Today we are announcing a $200 million stock buyback program. Given our belief in the social gaming opportunity, our talent and our IP, we believe this is in our shareholders' interest.

Finally, we're announcing that David Lee is resigning as Chief Financial Officer. I want to thank David for the leadership and commitment he has shown Zynga. Over the last few months, David and I have partnered on a number of key initiatives to strengthen the company's long-term position. This has included our $100 million cost reduction program, our continued transition to mobile and our $200 million stock buyback program. David will stay on until mid-December to manage the transition with interim CFO, Michelle Quejado, Zynga's Chief Accounting Officer and we are initiating a search for a permanent CFO.

Q3 PERFORMANCE METRICS

Financial Highlights

- Bookings of $176 million; above the high end of the guidance range, flat year-over-year and up 1% sequentially.
- Mobile bookings are $121 million or 69% of overall bookings, up 26% year-over-year and up 6% sequentially.
- Adjusted EBITDA of $12 million; above the high end of the guidance range.
- Advertising and other bookings up 39% year-over-year and 17% sequentially.
- Non-GAAP operating expenses decreased to $114 million, a 9% sequential decrease.
- $1.1 billion in cash, cash equivalents and marketable securities.
- Announcing $200 million share repurchase program.

Product Updates

- Slots – Recently acquired Rising Tide Games and launched Black Diamond Casino worldwide. Princess Bride Slots to launch worldwide in Q4.
- Words With Friends – Grew bookings by 28% sequentially and 34% year-over-year despite audience decline.
- Empires & Allies – Overall performance has been below our expectations but monetization remains strong.
- Dawn of Titans – Launch moved into 2016; continue to see great potential with an average Apple App Store rating of 4.5 stars. Encouraging initial monetization; ABPU among the highest we've seen in a Zynga game.
- CSR2 – Launch moved to next year; entered into geo-lock testing in 7 markets with an average Apple App Store rating of 4.6 stars. Monetization has been promising during early, initial phases of testing.

Player Metrics

- Average Daily Bookings per Average DAU (ABPU): $0.10; up 27% year-over-year and up 10% sequentially.
- Average Daily Active Users (DAUs): 19 million; down 21% year-over-year and down 9% sequentially.
- Average Monthly Active Users (MAUs): 75 million; down 27% year-over-year and down 9% sequentially.
- Payer conversion (excluding NaturalMotion): 1.7%; down 2% year-over-year and up 6% sequentially.

Q3 RESULTS SUMMARY

We generated $176 million in total bookings, an increase of 1% sequentially and above the top end of our guidance range of $155 million to $170 million. Our sequential increase in bookings was due to our growth in mobile, which was up 6% sequentially and 26% year-over-year. We continue to improve monetization and in Q3 we saw ABPU grow 27% year-over-year and 10% sequentially. Our sequential MAU decline in Q3 was primarily driven by our Web games and within mobile by Looney Tunes Dash! and Words With Friends.

Our Q3 results reflect the progress we continue to make in mobile where bookings have grown to $121 million, which is 69% of total bookings up from 66% in Q2. Our mobile bookings growth was driven by our live game franchises Slots, Words With Friends and Zynga Poker, which grew mobile bookings 61% year-over-year. Mobile players now represent 82% of total DAUs up from 79% last quarter. Web bookings were down 31% year-over-year and 10% sequentially to $53 million. Facebook-related bookings decreased from 31% of total bookings in Q2 to 28% in Q3.

In terms of adjusted EBITDA, our result for Q3 was $12 million, well above the high end of our guidance range of negative $17 million to negative $7 million. These results were driven by more disciplined cost management and outperformance on bookings. We continue to make significant investments in new game development, marketing for new and live games and core infrastructure in data and analytics.

OUR PRODUCTS

Social Casino

Hit It Rich! Slots and Wizard of Oz Slots – Our Social Slots franchise, anchored by Hit it Rich! Slots and Wizard of Oz Slots, continues to be a long-term growth opportunity for the company. In Q3, we acquired Rising Tide Games for $22 million plus an earnout. Rising Tide Games, a New York-based game studio focused on developing innovative free-to-play social slots games, was co-founded by Zynga alumna Maytal Olsha, as well as Stuart Zoble and Andrew Sega. We expect the studio, which has extensive experience in both free and real-world slot design, to complement our talented Hit It Rich! Slots team as they develop authentic, social slots games for our players. Most recently, Rising Tide Games developed Black Diamond Casino, a free-to-play social slots game that launched worldwide in October following the acquisition.

This quarter, our Slots franchise grew bookings 123% over the prior year and experienced a 2% sequential decline. Wizard of Oz Slots generated strong results in Q3 driven by more effective game marketing and new features such as launching a VIP program that contributed to a bookings growth of 9% sequentially and MAU growth of 12% sequentially. The sequential decline we saw in Q3 bookings was driven by Hit It Rich! Slots. We believe our Slots franchise will deliver growth overall in Q4 driven by the introduction of new features and brands.

Today, we're pleased to announce that as a part of our previously disclosed slate for 2015, we are developing a new standalone Princess Bride Slots game. The game is currently testing in the Philippines, Malaysia, Canada, Australia and India. We look forward to applying the learnings from our Wizard of Oz Slots game to this upcoming title to deliver the best possible experience for our players when it launches worldwide in Q4.

Zynga Poker – Zynga Poker remains the number one free-to-play Poker game in the Western world and continues to be a strategic category for Zynga. Overall Poker bookings declined year-over-year by 13% and sequentially by 8% primarily driven by declines in our Web game. On mobile we saw year-over-year bookings growth of 4% and a sequential decline of 7%. We continue to improve upon the quality and player experience and the team is focused on returning the game to consistent growth.

Casual

Words With Friends – In Q3 the game had a great quarter, driven primarily by strong advertising performance, which drove a 28% sequential bookings increase and a 34% increase year-over-year. These gains were achieved despite a sequential decline in our audience, which the team is actively addressing. Specifically, we are increasing user acquisition efforts and have introduced several new features – Localization and Weekly Challenges – designed to improve accessibility and competition. We expect the combination of our strong advertising team and seasonality in the advertising market to drive continued growth in bookings in Q4.

Action Strategy

Empires & Allies – While monetization continues to be strong, the overall performance of Empires & Allies has been below our expectations. Since worldwide launch, the team has added a number of new features that have improved the player experience. We see growth potential in delivering on social features such as Leagues, which resulted in a 6% increase in average sessions per day per user. At the end of Q3, the team also introduced Alliance War, which has improved monetization for players who participated in the feature.

Given the category's high level of player engagement and monetization, we will continue to invest in growing Empires & Allies and supporting the team as they innovate for our players with new features like War Factory, which shipped last week and in the first 24 hours delivered strong levels of engagement with 59% of eligible players participating and session length for all players up 9% from the previous week. We're applying learnings and best practices from Empires & Allies as we work towards the worldwide launches of Dawn of Titans and CSR2.

Dawn of Titans – Given the opportunity we see with Dawn of Titans, we have made the deliberate decision to continue investing in the future development of this game and move the launch into 2016. As we get closer to our player's behavior over time, we believe there are a few key areas that we can optimize to increase long-term player retention. To put this in perspective, given how strong the early monetization is in Dawn of Titans, we believe that a move of 200 basis points in day 30 retention has the potential to make the game a breakout hit.

The game is generating player excitement in 11 markets and in Q3 we expanded into Austria, Denmark, Norway and Switzerland on both iOS and Android. Throughout our geo-lock territories, engagement levels are strong with fans currently playing an average of 8.5 sessions per day. We're also seeing encouraging initial monetization with ABPU among the highest we've seen in a Zynga game and quality is resonating with players with an average of 4.5 stars in the Apple App Store. As we open up the game more widely, our team is working to ensure we have the best possible player experience across a wide spectrum of devices.

CSR2 – CSR2 will also launch in 2016. The game just went into soft launch across 7 territories with an average Apple App Store rating of 4.6 stars. Monetization has been promising during early phases of testing and consumers are embracing the next generation quality of cars and exciting racing experience. That said, we believe further development of the game will help us achieve greater upside. Specifically, the game's social and multi-player features are showing strong promise. Like Dawn of Titans, we want to bring the best possible experience to low-end devices. We have a motivated, world-class racing team behind CSR2 and we look forward to bringing the game to worldwide audiences next year.

Invest Express

FarmVille – We continue to have a valuable audience on the Web from the Ville franchise with FarmVille 2 among the top 5 highest grossing games on Facebook. FarmVille 1 & 2 are now run out of our India Studio, which has a long history of excellence in live game operations delivering bold beats for our players and extending the life of our Web games. While audience has been declining, our Web games continue to be meaningful contributors to our business, driving 16% of total bookings in the quarter. We continue to invest in delivering bold beats for players to extend the life of this Web franchise, which is 6 years old. On mobile, we have FarmVille 2: Country Escape which is a strong brand and to date has generated 93% of its installs organically. The team continues to focus on delivering features that extend the franchise while we're in development of new mobile Ville games.

Advertising

Our advertising team had a strong quarter, with advertising and other bookings up 39% year-over-year and 17% sequentially. The year-over-year growth can be attributed to increased optimization initiatives and increased strategic partnerships which drove a higher effective Cost Per Impression (eCPM). Our team continues to develop and grow our support and optimization of Real Time Bidding channels (RTB). In Q3, more than 50% of our US mobile network ad bookings were driven through RTB channels, which helps us maximize performance of premium inventory for advertisers and therefore grow demand and increase our eCPM. These efforts resulted in a 30% sequential and 80% year-over-year increase in average daily advertising bookings (excluding licensing and developer payments) per DAU for games with ads.

Additionally, we continue to expand our programmatic offering by growing our Private Marketplace (PMP) bookings by 2.5 times over Q2. The team also successfully launched Studio E, an in-house development studio focused on the creation of high engagement in-game brand integrations. The team's first product, Sponsored*PLAY,* is a new ad format that blends branded content in our games from advertisers like Clorox, Naked Juice and Progressive Insurance.

OUR PEOPLE

Today, we're announcing that David Lee is resigning as Chief Financial Officer. As previously mentioned, David will stay on until mid-December to manage the transition with our interim CFO, Michelle Quejado and we are initiating a search for our permanent CFO. Michelle has more than 25 years of experience and deep expertise in accounting, financial planning and analysis as well as project and people management. She joined Zynga in March 2015 as Vice President of Finance and Corporate Controller, and in June was appointed our Chief Accounting Officer.

Last quarter, we made an important addition to our leadership team by hiring Laura Revenko as our Chief People Officer. Laura most recently served as Vice President of Human Resources for Global Entertainment and Licensing at Hasbro. Prior to that, Laura held similar roles for Discovery and NBC Universal. She has a doctorate in organization and leadership as well as a track record of recruiting top talent, driving culture and building highly effective teams.

OUR PLAN

We continue to be on track with our cost reduction plan and are pleased that, despite our continued significant investments, our non-GAAP operating expenses decreased to $114 million, a 9% decrease over Q2, and non-GAAP cost of revenue was $51 million, flat sequentially. This combined with the higher bookings in Q3 resulted in EBITDA of $12 million, above the high end of the guidance range.

The majority of the decrease in expenses was driven by our workforce reduction plan, which brought down our labor-related expenses by 19% sequentially. Our cost reduction plan also resulted in an 11% sequential reduction in spend on facilities, outside services and other corporate costs.

The above cost savings were partially offset by an increase in technology and marketing expenses. Our technology expense increased by 13% sequentially as we are currently supporting both the cost of our move to the cloud and the data centers we are in the process of exiting. Our team is hard at work to complete this move and, after we finish our game migration from our existing data centers to third party hosting and cloud computing providers, we expect operating and capital expense to be significantly reduced. Our marketing expense also increased 9% sequentially, primarily driven by increased investment in Wizard of Oz Slots.

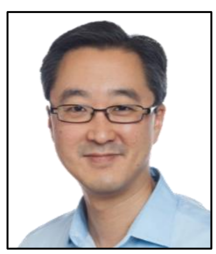
Our Q4 guidance range reflects the investments we continue to make including further development of Dawn of Titans and CSR2, which we believe will optimize the potential of these games. In Q4 we expect bookings to be in the range of $165 million and $180 million and Adjusted EBITDA to be between negative $5 million and $5 million.

In terms of our game slate guidance, we're reducing the number of launches remaining for the year and now expect to launch a total of 5 games in 2015. So far this year we've launched 4 new games with Words On Tour, Empires & Allies, FarmVille: Harvest Swap and Black Diamond Casino. In Q4, we expect to launch 1 additional game worldwide with Princess Bride Slots.

Today, we're announcing a $200 million share repurchase program. Under the program, we are authorized to buy back up to $200 million of outstanding shares of Class A common stock. The repurchase program underscores our confidence in the long-term potential of our business. The timing and amount of any share repurchases will be determined based on market conditions, share price and other factors.

Sincerely,

Mark Pincus
Founder, CEO and Chairman



David Lee
Chief Financial Officer

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NON-GAAP FINANCIAL MEASURES

We have provided in this letter non-GAAP financial information including bookings, Adjusted EBITDA, non-GAAP net loss, non-GAAP operating expense, free cash flow, non-GAAP provision for (benefit from) income taxes, and non-GAAP net loss per share, as a supplement to the consolidated financial statements, which are prepared in accordance with United States generally accepted accounting principles ("GAAP") and included in our press release announcing third quarter 2015 financial results which is included as Exhibit 99.1 to our current report on Form 8-K , filed with the Securities and Exchange Commission on November 3, 2015, and, when filed, in our Quarterly Report on Form 10-Q for the three months ended September 30, 2015, 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. 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. In line with our historical practice, the financial information presented herein is provided on a supplemental, non-GAAP basis unless otherwise indicated. We have provided reconciliations between our historical and fourth quarter 2015 outlook for non-GAAP financial measures to the most directly comparable GAAP financial measures in (1) our press release announcing third quarter 2015 financial results which is included as Exhibit 99.1 to our current report on Form 8-K , filed with the Securities and Exchange Commission on November 3, 2015, and, when filed, in our Quarterly Report on Form 10-Q for the three months ended September 30, 2015, 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, and (2) our third quarter 2015 earnings slides presentation, dated November 3, 2015, a copy of which may be obtained by visiting our Investor Relations web site at http://investor.zynga.com.

FORWARD LOOKING STATEMENT

This presentation contains forward-looking statements relating to, among other things, our outlook for the fourth quarter 2015 bookings and Adjusted EBITDA; our future operational plans, use of cash, profitable growth, strategies and prospects; our cost structure and the continued success of our cost reduction plan; the breadth and depth of our game slate for 2015 and the success of this slate, including the success of the recently launched *Words on* Tour, *Empires & Allies*, *FarmVille: Harvest Swap* and *Black Diamond Casino*; our continued transition to mobile and our planned launch of mobile first games, including our planned launch of *Princess Bride Slots* in 2015 and *Dawn of Titans* and *CSR2* in 2016; our ability to reach the full potential of the new games we launch; our ability to sustain player engagement, optimize to increase long-term player retention and monetize our live games (including our Slots games, *Zynga Poker*, Words *With Friends*, *Empires & Allies, FarmVille1, FarmVille 2* and *FarmVille 2: Country Escape*) and games in geo-lock testing (including *Dawn of Titans* and *CSR2*); our ability to grow our mobile bookings in 2015 and beyond; our ability to provide a quality gaming experience (including for *CSR2*) on low-end devices; our ability to execute against our strategy and deliver long term value to our shareholders, employees and players and fulfill our mission to connect the world through games; our ability to attract and retain key employees in light of business challenges, including employees key to franchise games and planned launches and senior management; the impact of changes in management, new hires and other organizational changes and roles on our organization, including on our ability to improve team morale, redeploy leaders and teams against new projects and the speed at which game teams get to internal playtests; our ability to develop games with mass market appeal and deep social design; our ability to deliver greater upside from our new and live games by including features our players want like more or different social functionality and features that improve accessibility and competition; our ability to launch and monetize successfully new games and features for web and mobile in a timely manner (such as the Leagues, Alliance War and War Factory features in *Empires & Allies* and the VIP program in *Wizard of Oz Slots*) our ability to intensify and narrow our focus around our best opportunities; our ability to narrow our new product development to a smaller number of games that we are investing in more deeply; the strength of our balance sheet and our ability to effectively manage our cost structure and investments; the timely launch and success of our games, including the moved launch of *Dawn of Titans* and *CSR2* to 2016; the success of our acquisition of Rising Tide Games; our ability to improve our execution against audience growth and product quality; our ability to effectively market our games; our ability to execute in mobile; our ability to sustain and expand key games to sustain and grow audiences, bookings, and engagement, including games within our Slots Franchise (*Hit It Rich! Slots*, *Wizard of Oz Slots* and *Black Diamond Casino*), *Words with Friends*, *Zynga Poker*, *FarmVille 2*, *FarmVille 2: Country Escape* and *Empires & Allies*); our ability to improve quality and player experience of *Zynga Poker* and return the game to consistent growth; our investment in new and live game development, marketing and user acquisition for live games (including *Wizard of Oz Slots* and Words With Friends), new game launches and core infrastructure in data analytics; our ability to effectively apply learnings from our past and current games and features to the development and launch of new games and features; the effect of our investment in data analytics on our business, including accelerating product innovation, growing bookings through in app purchases and advertising, growing other business, and supporting and optimizing our advertising Real Time Bidding Channels; the impact of seasonality on our advertising bookings growth; the success of our Studio-E at developing and selling in-game ad integrations; our ability to develop at least one new franchise a year, leverage proven intellectual like *CSR* and *FarmVille*, leverage licensed brands like *Wizard of Oz* and *Willy Wonka* and develop new intellectual property like *Dawn of Titans*; and our ability to build on our social legacy in both our web games and our new mobile games and build a player network across mobile games; our ability to accurately forecast our upcoming game launches and bookings and revenue related to upcoming game launches and the performance of our existing games; our ability to operate in an entrepreneurial manner, innovate on game mechanics, and leverage data and analytics in our operations, including by using experimentation tools like EOS to increase our ability to experiment and test more rapidly; our ability to spend 80% of our engineering days booked against features our players value; our ability to utilize, protect, defend and enforce our intellectual property; market opportunity in the social gaming market, including the mobile market, the advertising market, the market for social game categories in which we invest, and our ability to capitalize on and contribute to this market opportunity; our ability to reduce expense due to game migration from our existing data centers to third party hosting and cloud computing providers; our search for a Chief Financial Officer; and the announced share repurchase program and any potential repurchases of our shares.

Forward-looking statements often include words such as "outlook," "project," "plan," "intend," "could," "should," "would," "will," "might," "anticipate," "estimate," "continue," "believe," "may," "target," "expect," or similar expressions, or the negative or plural of these words or expressions and statements in the future tense are generally forward-looking. The achievement or success of the matters covered by such forward-looking statements is subject to a number of risks, uncertainties, and assumptions. 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 Annual Report on Form 10-K for the year ended December 31, 2014, our Quarterly report on Form 10-Q for the three months ended June 30, 2015, and, when filed, our Quarterly report on Form 10-Q for the three months ended September 30, 2015, 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 letter, 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. Except as required by law, we assume no obligation to update any forward-looking statements for any reason to conform these statements to actual results or to changes in our expectations. The results we report in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 could differ from the preliminary results we have announced in this letter.