

# **Exhibit 1**

# ZYNGA INC

## **FORM S-1/A** (Securities Registration Statement)

Filed 12/15/11

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CIK 0001439404  
Symbol ZNGA  
SIC Code 7374 - Computer Processing and Data Preparation and Processing Services

As filed with the Securities and Exchange Commission on December 15, 2011

Registration No. 333-175298

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

**Amendment No. 9**  
**to**  
**FORM S-1**  
**REGISTRATION STATEMENT**

Under  
The Securities Act of 1933

**Zynga Inc.**

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

7371  
(Primary Standard Industrial  
Classification Code Number)

42-1733483  
(I.R.S. Employer  
Identification Number)

699 Eighth Street  
San Francisco, CA 94103  
(855) 449-9642

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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**Approximate date of commencement of proposed sale to the public:**  
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☐  
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐  
Non-accelerated filer ☒

(Do not check if a smaller reporting company)

Accelerated filer ☐  
Smaller reporting company ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we and the selling stockholders are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

### *PROSPECTUS (Subject to Completion)*

*Issued December 15, 2011*

100,000,000 Shares



Class A Common Stock

*Zynga Inc. is offering 100,000,000 shares of its Class A common stock. This is our initial public offering, and no public market currently exists for our Class A common stock. We anticipate that the initial public offering price will be between \$8.50 and \$10.00 per share.*

*Following this offering, we will have three classes of authorized common stock, Class A common stock, Class B common stock and Class C common stock. The rights of the holders of each class will be identical, except with respect to voting and conversion. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to seven votes per share. Each share of Class C common stock will be entitled to 70 votes per share. Each share of the Class B common stock and Class C common stock will be convertible at any time into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately 72.5% of the voting power of our outstanding capital stock following this offering, and outstanding shares of Class C common stock will represent approximately 25.7% of the voting power of our outstanding capital stock following this offering. Mark Pincus, our founder and Chief Executive Officer, holds shares of Class B common stock and all of the shares of Class C common stock and will control approximately 36.2% of the total voting power of our outstanding capital stock immediately following this offering.*

*We have applied to list our Class A common stock on the NASDAQ Global Select Market under the symbol "ZNGA."*

*Investing in our Class A common stock involves risks. See "[Risk Factors](#)" beginning on page 14.*

	PRICE \$	A SHARE		
			<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>
Per Share			\$	\$
Total			\$	\$
				<u>Proceeds to Zynga</u>
				\$

*Certain of our stockholders have granted the underwriters the right to purchase up to an additional 15,000,000 shares of Class A common stock to cover over-allotments. We will not receive any proceeds from the sale of shares by the selling stockholders.*

*The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

*The underwriters expect to deliver the shares of Class A common stock to purchasers on \_\_\_\_\_, 2011.*

**MORGAN STANLEY**

**GOLDMAN, SACHS & CO.**

**BofA MERRILL LYNCH**

**BARCLAYS CAPITAL**

**J.P. MORGAN**

**ALLEN & COMPANY LLC**

, 2011

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**zynga stats**

**175**  
countries with zynga users

**54,000,000**  
daily active users

**227,000,000**  
monthly active users

**2,000,000,000**  
minutes of play per day

**4,000,000,000**  
in-game user-to-user connections

**Connecting the World  
Through Games**



countries with zynga users: as of 9/30/2011;  
in-game user-to-user connections: inception to 9/30/2011;  
all other zynga stats: Q3 2011 averages

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You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission. Neither we, the selling stockholders, nor the underwriters have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission. We and the selling stockholders are offering to sell, and seeking offers to buy, our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock.

**Through and including , 2012 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

For investors outside of the United States: Neither we, the selling stockholders, nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside of the United States.

References in this prospectus to "DAUs" mean daily active users of our games, "MAUs" mean monthly active users of our games, "MUUs" mean monthly unique users of our games, and "ABPU" means average daily bookings per average DAU. Unless otherwise indicated, these metrics are based on internally-derived measurements across all platforms on which our games are played. For further information about DAUs, MAUs, MUUs and ABPU as measured by us, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Key Operating Metrics." We also refer in this prospectus to DAUs and MAUs as measured and published by AppData, an independent service that publicly reports traffic data for games and other applications on Facebook. For further information about DAUs and MAUs as measured by AppData, including an explanation of differences between these metrics as measured by AppData and the corresponding metrics as measured by us, see the section titled "Market Data and User Metrics—User Metrics."



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## PROSPECTUS SUMMARY

*The following summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our Class A common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”*

## ZYNGA INC.

**Our Vision for Play**

We founded Zynga in 2007 with the vision that play—like search, share and shop—would become one of the core activities on the Internet. As a pioneer of online social games, we have made them accessible, social and fun. We are excited that games have grown to become the second most popular online activity in the United States by time spent, even surpassing email. We have a lot of hard work, innovation and growth ahead of us to create a future where social games are a daily habit for nearly everyone.

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**Our mission is to connect the world through games.**

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**Overview**

We are the world’s leading social game developer with 227 million average monthly active users, or MAUs, in 175 countries. We have launched the most successful social games in the industry in each of the last three years and have generated over \$1.5 billion in cumulative revenue and over \$2.0 billion in cumulative bookings since our inception in 2007. Our games are accessible to players worldwide on Facebook, other social networks and mobile platforms, wherever and whenever they want. Currently, substantially all of our revenue is generated from players accessing our games via the Facebook platform. We operate our games as live services, by which we mean that we continue to support and update games after launch and gather daily, metrics-based player feedback that enables us to continually enhance our games by adding new content and features. All of our games are free to play, and we generate revenue through the in-game sale of virtual goods and advertising.

We believe our leadership position in social games is the result of our significant investment in our people, content, brand, technology and infrastructure. Our leadership position in social games is defined by the following:

- **Large and Global Community of Players.** According to AppData, as of September 30, 2011, we had the largest player audience on Facebook, with more MAUs than the next eight social game developers combined. Our players are also more engaged, with our games being played by 54 million average daily active users, or DAUs, worldwide as of September 30, 2011. According to AppData, as of September 30, 2011, our games were played by more DAUs than the next 14 social game developers combined.
- **Leading Portfolio of Social Games.** We have many of the most popular and successful online social games, including *CityVille*, *FarmVille*, *Mafia Wars*, *Words with Friends* and *Zynga Poker*. As of September 30, 2011, according to AppData, we had four of the top five social games on Facebook based on DAUs. On mobile platforms, we have several of the most popular games, including *Words with Friends* and *Hanging with Friends*, which were the top two games in the word category based on the number of downloads from the Apple App Store for iPhone as of September 30, 2011.

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■ **Rapid Game Growth.** Our games have achieved rapid and widespread adoption. *FarmVille* grew to 43 million MAUs in its first 100 days and *CityVille* grew to 61 million MAUs in its first 50 days. One of our recently launched web-based games, *Empires & Allies*, grew to be the second most popular game on Facebook, based on MAUs as measured by AppData, less than a month after launch. In June 2011, we launched *Hanging with Friends*, which became the most downloaded game in the Apple App Store for iPhone during its first week.

■ **Scalable Technology and Data.** We process and serve more than a petabyte of content for our players every day, a volume of data that we believe is unmatched in the social game industry. We continually analyze game data to optimize our games. We believe that combining data analytics with creative game design enables us to create a superior player experience.

We leverage our scale to increase player engagement, cross-promote our portfolio of games, continually enhance existing games, launch new games and build the Zynga brand. We believe our scale results in network effects that deliver compelling value to our players, and we are committed to making significant investments that will further grow our community of players, their engagement and our monetization over time.

We have achieved significant growth in our business in a short period of time. From 2008 to 2010, our revenue increased from \$19.4 million to \$597.5 million, our bookings increased from \$35.9 million to \$838.9 million, we went from a net loss of \$22.1 million to net income of \$90.6 million and our adjusted EBITDA increased from \$4.5 million to \$392.7 million. For the nine months ended September 30, 2011, our revenue was \$828.9 million, our bookings were \$849.0 million, our net income was \$30.7 million and our adjusted EBITDA was \$235.5 million. For a discussion of the limitations associated with using bookings and adjusted EBITDA rather than GAAP measures and a reconciliation of these measures to revenue and net income (loss), see the section titled “Summary Consolidated Financial Data—Non-GAAP Financial Measures.”

Consistent with our “free-to-play” business model, only a small portion of our players are paying players. During the nine months ended September 30, 2011, we had approximately 6.7 million unique payers. This number excludes payers on certain mobile platforms and those who used certain smaller web-based payment methods. Because the opportunity for social interactions increases as the number of players increases, we believe that maintaining and growing our overall number of players, including the number of players who may not purchase virtual goods, is important to the success of our business. As a result, we believe that the number of players who choose to purchase virtual goods will continue to constitute a small portion of our overall players as our business grows.

Our top three games historically have contributed the majority of our revenue. Our top three games accounted for 93%, 83%, 78% and 59% of our online game revenue in 2008, 2009, 2010, and for the nine months ended September 30, 2011, respectively.

### Our Opportunity

Our opportunity is being driven by the confluence of three primary trends regarding how people use, communicate through and socialize on the Internet:

- **Growth of Social Networks.** Over the past decade, social networks have emerged as mainstream platforms that enable people to connect with each other online, share information and enjoy experiences with their friends and families. IDC, a market research firm, estimates that there will be approximately 1.1 billion users of social networks globally, including over 800 million active users on Facebook, in 2011. IDC forecasts that the number of users on social networks globally will grow to 1.6 billion by 2014.
- **Emergence of the App Economy.** In order to provide users with a wider range of engaging experiences, social networks and mobile operating systems have opened their platforms to developers, transforming the creation, distribution and consumption of digital content. We refer to this as the “App Economy.” In

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the App Economy, developers can create applications accessing unique features of the platforms, distribute applications digitally to a broad audience and regularly update existing applications.

- ✦ **Rapid Growth of Free-to-Play Games.** Most social games are free to play and generate revenue through the in-game sale of virtual goods. According to In-Stat, a market intelligence firm, the worldwide market for the sale of virtual goods was \$7.3 billion in 2010 and is expected to more than double by 2014. Compared to pay-to-play business models, the free-to-play approach tends to attract a wider audience of players, thereby increasing the number of players who have the potential to become paying users. By attracting a larger audience, the free-to-play model also enables a higher degree of in-game social interaction, which enhances the game experience for all players.

We believe social games represent a new form of entertainment that will continue to capture an increasing proportion of consumer leisure time. In addition, social games are the most popular applications on Facebook and we believe they have been, and will continue to be, a key driver of engagement on social networks, and increasingly on mobile platforms. As consumers gravitate toward more social forms of online entertainment, we believe that social games will capture an increasing portion of the overall \$49 billion video game software market, as estimated for 2011 by IDC, as well as the global entertainment market.

### Our Player-Centric Approach

We believe that a player-centric approach is the key to our continued success. We design our games to be:

- ✦ **Accessible by Everyone, Anywhere, Any Time.** Our games are easy to learn, playable in short sessions and accessible on multiple platforms. We operate our games as live services that can be played anytime and anywhere.
- ✦ **Social.** We believe games are most engaging and fun when they are social. We have devoted significant efforts to providing our community of players with simple ways to find their friends online and connect, play and share with them.
- ✦ **Free.** Our free-to-play approach attracts a larger audience than a traditional pay-to-play approach. This enables a higher degree of social interaction and improves the game experience for all players. Our players can choose to purchase virtual goods to enhance their game experience.
- ✦ **Fun.** We keep our games fun and engaging by regularly delivering new content, features, quests, challenges and virtual goods that enhance the experience for our players.
- ✦ **Supportive of Social Good.** Our players are able to enjoy fun social games while also contributing to charitable causes that they support through the purchase of special virtual goods.

### Our Core Strengths

We believe the following strengths provide us with competitive advantages:

- ✦ **Deep Base of Talent.** Our unique company culture serves as the foundation of our success and helps us attract, grow and retain world class talent. We believe our culture and success to date have made us an employer of choice amongst innovators in our industry.
- ✦ **Large and Global Community of Players.** We have 227 million average MAUs in 175 countries. According to AppData, as of September 30, 2011, we had more MAUs on Facebook than the next eight social game developers combined.
- ✦ **Leading Portfolio of High Quality Social Games.** Our portfolio of games includes many of the most popular and successful social games on social networks and mobile platforms, including *CityVille*, *FarmVille*, *Mafia Wars*, *Words with Friends* and *Zynga Poker*. As of September 30, 2011, we had four of the top five games on Facebook, based on DAUs, as measured by AppData.

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- **Sophisticated Data Analytics.** The extensive engagement of our players provides over 15 terabytes of game data per day that we use to enhance our games by designing, testing and releasing new features on an ongoing basis.
- **Scalable Technology Infrastructure and Game Engines.** We have invested extensively in developing proprietary technology to support the growth of our business. We have developed a flexible game engine that we leverage for the development and launch of new games. With each release, we add features and functionality to improve our core code base for future game development.
- **Powerful Network Effects.** Because of our large community, our players are more likely to find and connect with others to play and build relationships. Our games are more social and fun as more people play them, creating an incentive for existing players to encourage their friends and family to play.

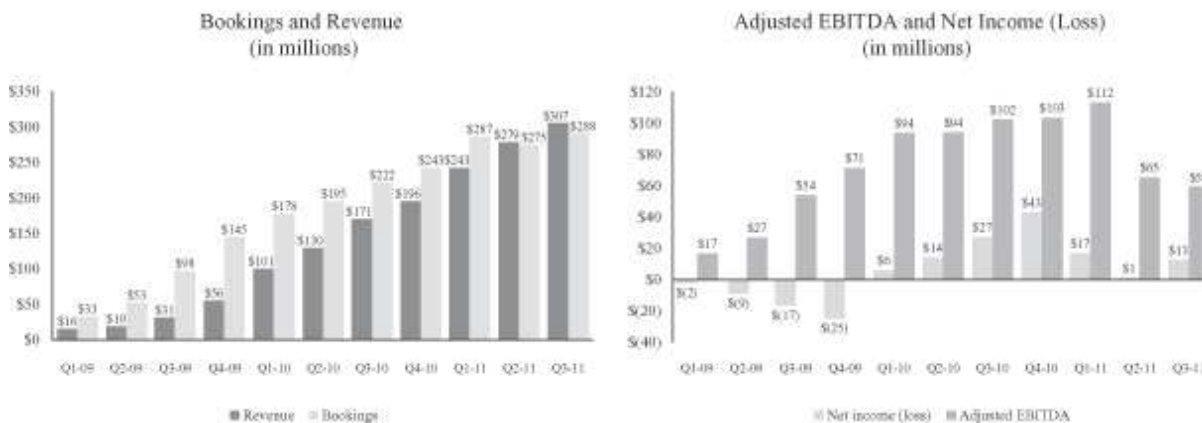
### Our Key Metrics

We measure our business by using several key financial metrics, which include bookings and adjusted EBITDA, and operating metrics, which include DAUs, MAUs, MUUs and ABPU. Our operating metrics help us to understand and measure the engagement levels of our players, the size of our audience, our reach and overall monetization of our players.

For a description of how we calculate each of our key metrics and factors that have caused fluctuations in these metrics, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics.”

In July 2010, we began migrating to Facebook Credits as the primary payment method for our games played through Facebook, and by April 2011, we had completed this migration. Facebook remits to us an amount equal to 70% of the face value of Facebook Credits purchased by our players for use in our games played through Facebook. We record bookings and recognize revenue net of the amounts retained by Facebook.

The charts and the table below show the metrics for the 11 quarters indicated:



	For the Three Months Ended										
	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011
	(users in millions)										
Average DAUs	NA	NA	24	58	67	60	49	48	62	59	54
Average MAUs	NA	NA	99	207	236	234	203	195	236	228	227
Average MUUs	NA	NA	63	110	124	119	110	111	146	151	152
ABPU	NA	NA	\$ 0.044	\$ 0.027	\$ 0.030	\$ 0.036	\$ 0.049	\$ 0.055	\$ 0.051	\$ 0.051	\$ 0.058

NA means data is not available.

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### Our Strategy

Our mission is to connect the world through games. In pursuit of our mission, we encourage entrepreneurship and intelligent risk taking to produce breakthrough innovations, which we call bold beats. The key elements of our strategy are:

- ✦ **Make Games Accessible and Fun.** We operate our games as live services that are available anytime and anywhere. We design our social games to provide players with easy access to shared experiences that delight, amuse and entertain, and we will continue to update our games on an ongoing basis with fresh content and new features to make them more social and fun for our players.
- ✦ **Enhance Existing Franchises.** We will continue to enhance our market-leading franchises including *CityVille* , *FarmVille* , *FrontierVille* , *Words with Friends* and *Zynga Poker* . We regularly update our games after launch to encourage social interactions, add new content and features and improve monetization.
- ✦ **Launch New Games.** We will continue to invest in building new games to expand the genres of games that we offer, further engage with our existing players and attract new players. For example, in November 2011, we launched *CastleVille* , which in its first two weeks became the second most popular game on Facebook based on DAUs, as measured by AppData.
- ✦ **Continue Mobile Growth.** We believe there is a large opportunity to extend our brand and games to mobile platforms such as Apple iOS and Google Android. We will continue to make our games accessible on a large number of mobile and other Internet-connected devices and invest in developing and acquiring mobile development talent, technologies and content.
- ✦ **Continue International Growth.** We intend to expand our international audience by making more of our games available in multiple languages, creating more localized game content and partnering with leading international social networking sites and mobile partners. We believe we have a significant opportunity to better monetize our games in international markets as we offer more targeted virtual goods and additional payment options.
- ✦ **Extend Our Technology Leadership Position.** Our proprietary technology stack and data analytics are competitive advantages that enhance our ability to create the world's best social games. We will continue to innovate and optimize our network infrastructure to cost-effectively ensure high performance and high availability of our social games. We believe continued investments in infrastructure and systems will allow us to extend our technology leadership.
- ✦ **Increase Monetization of Our Games.** We strive to offer increased selection, better merchandising and more payment options to increase the sales of our virtual goods. Our players purchase these virtual goods to extend their play sessions, personalize their game environments, accelerate their progress and send unique gifts to their friends. We will also continue to pursue additional revenue opportunities from advertising, including branded virtual goods and sponsorships.

### Risks Associated with Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. Some of these risks are:

- ✦ if we are unable to maintain a good relationship with Facebook, our business will suffer;
- ✦ we operate in a new and rapidly changing industry, which makes it difficult to evaluate our business and prospects;
- ✦ we have a new business model and a short operating history, which makes it difficult to evaluate our prospects and future financial results and may increase the risk that we will not be successful;



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- ⌘ we rely on a small portion of our total players for nearly all of our revenue;
- ⌘ a small number of games have generated a majority of our revenue, and we must continue to launch and enhance games that attract and retain a significant number of players in order to grow our revenue and sustain our competitive position;
- ⌘ if our top games do not maintain their popularity, our results of operations could be harmed;
- ⌘ a significant portion of our game traffic is hosted by a single vendor, and any failure or significant interruption in our network could impact our operations and harm our business;
- ⌘ security breaches, computer viruses and computer hacking attacks could harm our business and results of operations;
- ⌘ if we fail to effectively manage our growth, our business and operating results could be harmed;
- ⌘ our growth prospects will suffer if we are unable to develop successful games for mobile platforms;
- ⌘ expansion into international markets is important for our growth, and as we expand internationally, we face additional business, political, regulatory, operational, financial and economic risks, any of which could increase our costs and hinder such growth; and
- ⌘ the three class structure of our common stock has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including our founder and Chief Executive Officer and our other executive officers, employees and directors and their affiliates; this will limit your ability to influence corporate matters.

### Corporate Information

We were originally organized in April 2007 as a California limited liability company under the name Presidio Media LLC, and we converted to a Delaware corporation in October 2007. We changed our name to Zynga Inc. in November 2010. Our principal executive offices are located at 699 Eighth Street, San Francisco, CA 94103, and our telephone number is (855) 449-9642. Our website address is [www.zynga.com](http://www.zynga.com). Information contained on our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only. Unless the context requires otherwise, the words “Zynga,” “we,” “company,” “us” and “our” refer to Zynga Inc. and its subsidiaries.

Zynga, the Zynga logo and other trademarks or service marks of Zynga appearing in this prospectus are the property of Zynga. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders.

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**THE OFFERING**

Class A common stock offered by us	100,000,000 shares
Class A common stock to be outstanding after this offering	100,000,000 shares
Class B common stock to be outstanding after this offering	578,855,599 shares
Class C common stock to be outstanding after this offering	20,517,472 shares
Total Class A, Class B and Class C common stock to be outstanding after this offering	699,373,071 shares
Over-allotment option granted by the selling stockholders	15,000,000 shares
Use of proceeds	We intend to use the net proceeds to us from this offering for general corporate purposes, including working capital, game development, marketing activities and capital expenditures. We intend to use approximately \$83.6 million of the net proceeds to satisfy tax withholding obligations related to the vesting of restricted stock units, or ZSUs, in connection with this offering. In addition, we may use a portion of the proceeds from this offering for acquisitions of or investments in complementary businesses, technologies or other assets. We also intend to contribute a portion of the net proceeds to charitable causes through Zynga.org, our philanthropic initiative. See “Use of Proceeds.”
Risk factors	See “Risk Factors” beginning on page 14 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.
Proposed NASDAQ Global Select Market symbol	“ZNGA”
<p>The number of shares of Class A common stock, Class B common stock and Class C common stock to be outstanding after this offering is based on no shares of our Class A common stock, 578,855,599 shares of our Class B common stock (including preferred stock on an as-converted basis and shares of Class B common stock to be net issued upon the vesting of outstanding restricted stock units, or ZSUs, in connection with this offering) and 20,517,472 shares of our Class C common stock outstanding as of September 30, 2011, and excludes:</p> <ul style="list-style-type: none"> <li>■ 109,157,667 shares of Class B common stock issuable upon the exercise of stock options outstanding as of September 30, 2011 under our 2007 Equity Incentive Plan at a weighted-average exercise price of \$0.93 per share;</li> <li>■ 77,031,114 shares of Class B common stock issuable from time to time after this offering upon the vesting of ZSUs outstanding as of September 30, 2011 under our 2007 Equity Incentive Plan;</li> </ul>	

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- ✦ 18,854,848 shares of Class B common stock issuable upon the exercise of warrants outstanding as of September 30, 2011 at a weighted-average exercise price of \$0.0246 per share;
- ✦ 4,632,918 shares of Class B common stock reserved for future issuance under our 2007 Equity Incentive Plan as of September 30, 2011; provided, however, that immediately upon the signing of the underwriting agreement for this offering, our 2007 Equity Incentive Plan will terminate so that no further awards may be granted under our 2007 Equity Incentive Plan;
- ✦ 42,500,000 shares of Class A common stock reserved for future issuance under our 2011 Equity Incentive Plan, which will become effective in connection with this offering; and
- ✦ 8,500,000 shares of Class A common stock reserved for future issuance under our 2011 Employee Stock Purchase Plan, which will become effective in connection with this offering.

Unless we specifically state otherwise, the share information in this prospectus is as of September 30, 2011 and reflects or assumes:

- ✦ the net issuance of 13,924,484 shares of Class B common stock upon the vesting of outstanding ZSUs in connection with this offering;
- ✦ the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 304,887,421 shares of Class B common stock immediately prior to the closing of this offering;
- ✦ the filing of our amended and restated certificate of incorporation at the closing of this offering to, among other things, eliminate the various series of our preferred stock currently outstanding; and
- ✦ no exercise of the underwriters' over-allotment option to purchase up to an additional 15,000,000 shares of Class A common stock from the selling stockholders.

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## SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial data and should be read together with our consolidated financial statements and related notes, as well as the sections titled “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” appearing elsewhere in this prospectus.

We have derived the consolidated statements of operations data for the years ended December 31, 2008, 2009 and 2010 and the consolidated balance sheet data as of December 31, 2009 and 2010 from our audited consolidated financial statements appearing elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2010 and 2011 and consolidated balance sheet data as of September 30, 2011 have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. We have prepared the unaudited financial data on the same basis as the audited consolidated financial statements. We have included, in our opinion, all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results that should be expected in the future, and our interim results are not necessarily indicative of the results that should be expected for the full year.

	Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010	2010	2011
	(in thousands, except per share data)				
<b>Consolidated Statements of Operations Data:</b>					
Revenue	\$ 19,410	\$121,467	\$597,459	\$401,700	\$828,863
Costs and expenses:					
Cost of revenue	10,017	56,707	176,052	124,449	225,908
Research and development	12,160	51,029	149,519	98,019	282,316
Sales and marketing	10,982	42,266	114,165	75,885	121,971
General and administrative	8,834	24,243	32,251	49,339	117,723
Total costs and expenses	41,993	174,245	471,987	347,692	747,918
Income (loss) from operations	(22,583)	(52,778)	125,472	54,008	80,945
Interest income	319	177	1,222	749	1,223
Other income (expenses), net	187	(209)	365	478	(273)
Income (loss) before income taxes	(22,077)	(52,810)	127,059	55,235	81,895
Provision for income taxes	(38)	(12)	(36,464)	(7,632)	(51,206)
Net income (loss)	<u>\$ (22,115)</u>	<u>\$ (52,822)</u>	<u>\$ 90,595</u>	<u>\$ 47,603</u>	<u>\$ 30,689</u>
Deemed dividend to a Series B-2 convertible preferred stockholder	—	—	4,590	4,590	—
Net income attributable to participating securities	—	—	58,110	30,636	30,689
Net income (loss) attributable to common stockholders <sup>(1)</sup>	<u>\$ (22,115)</u>	<u>\$ (52,822)</u>	<u>\$ 27,895</u>	<u>\$ 12,377</u>	<u>\$ —</u>
Net income (loss) per share attributable to common stockholders <sup>(1)</sup> :					
Basic	<u>\$ (0.18)</u>	<u>\$ (0.31)</u>	<u>\$ 0.12</u>	<u>\$ 0.06</u>	<u>\$ 0.00</u>
Diluted	<u>\$ (0.18)</u>	<u>\$ (0.31)</u>	<u>\$ 0.11</u>	<u>\$ 0.05</u>	<u>\$ 0.00</u>
Weighted-average common shares used to compute net income (loss) per share attributable to common stockholders <sup>(1)</sup> :					
Basic	<u>119,990</u>	<u>171,751</u>	<u>223,881</u>	<u>214,214</u>	<u>264,114</u>
Diluted	<u>119,990</u>	<u>171,751</u>	<u>329,256</u>	<u>322,357</u>	<u>264,114</u>
Pro forma net income per share attributable to common stockholders <sup>(1)(2)</sup> :					
Basic			<u>\$ 0.16</u>		<u>\$ 0.05</u>
Diluted			<u>\$ 0.14</u>		<u>\$ 0.04</u>

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	Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010	2010	2011
	(dollars in thousands, except ABPU data)				
Other Financial and Operational Data:					
Bookings <sup>(3)</sup>	\$ 35,948	\$ 328,070	\$ 838,896	\$595,397	\$849,002
Adjusted EBITDA <sup>(4)</sup>	\$ 4,549	\$ 168,187	\$ 392,738	\$289,546	\$235,473
Average DAUs (in millions) <sup>(5)</sup>	NA	41	56	59	58
Average MAUs (in millions) <sup>(6)</sup>	NA	153	217	224	230
Average MUUs (in millions) <sup>(7)</sup>	NA	86	116	118	150
ABPU <sup>(8)</sup>	NA	\$ 0.035	\$ 0.041	\$ 0.038	\$ 0.053

NA means data is not available.

- (1) Net income (loss) attributable to common stock was allocated to Class B and Class C common shares, and not to Class A common shares, as there were no Class A common shares authorized or outstanding during the periods presented. See Note 9 of the consolidated financial statements for further details on the calculation of basic and diluted net income (loss) per share attributable to each class of common stock.
- (2) See Note 9 of consolidated financial statements for a discussion and reconciliation of pro forma net income attributable to common stockholders and weighted-average common shares outstanding for pro forma basic and diluted net income per share calculations.
- (3) See the section titled “—Non-GAAP Financial Measures” below for how we define and calculate bookings, a reconciliation between bookings and revenue (the most directly comparable GAAP financial measure) and a discussion about the limitations of bookings and adjusted EBITDA.
- (4) See the section titled “—Non-GAAP Financial Measures” below as to how we define and calculate adjusted EBITDA and for a reconciliation between adjusted EBITDA and net income (loss), the most directly comparable GAAP financial measure and a discussion about the limitations of bookings and adjusted EBITDA.
- (5) DAUs is the number of individuals who played one of our games during a particular day, as recorded by our internal analytics systems. Average DAUs is the average of the DAUs for each day during the period reported. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Key Operating Metrics—DAUs” for more information as to how we define and calculate DAUs. Reflects 2009 data commencing on July 1, 2009.
- (6) MAUs is the number of individuals who played a particular game during a 30-day period, as recorded by our internal analytics systems. Average MAUs is the average of the MAUs at each month-end during the period reported. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Key Operating Metrics—MAUs” for more information as to how we define and calculate MAUs. Reflects 2009 data commencing on July 1, 2009.
- (7) MUUs is the number of unique individuals who played any of our games on a particular platform during a 30-day period, as recorded by our internal analytics systems. Average MUUs is the average of the MUUs at each month-end during the period reported. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Key Operating Metrics—MUUs” for more information as to how we define and calculate MUUs. Reflects 2009 data commencing on July 1, 2009.
- (8) ABPU is defined as (i) our total bookings in a given period, divided by (ii) the number of days in that period, divided by (iii) the average DAUs during the period. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics—Key Operating Metrics—ABPU” for more information as to how we define and calculate ABPU. Reflects 2009 data commencing on July 1, 2009.



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	As of December 31,		As of September 30, 2011	
	2009	2010	Actual	Pro Forma As Adjusted <sup>(1)(2)</sup>
(in thousands)				
<b>Consolidated Balance Sheet Data:</b>				
Cash, cash equivalents and marketable securities	\$199,958	\$ 738,090	\$ 926,333	\$ 1,815,771
Property and equipment, net	34,827	74,959	221,145	221,145
Working capital	(12,496)	385,564	504,487	1,310,313
Total assets	258,848	1,112,572	1,511,652	2,401,090
Deferred revenue	223,799	465,236	485,375	485,375
Total stockholders' equity (deficit)	(21,478)	482,215	787,663	1,593,490

- (1) Reflects (i) the reduction in working capital of approximately \$83.6 million to satisfy tax withholding obligations related to the vesting of outstanding ZSUs in connection with this offering, (ii) an approximately \$494.8 million reduction in total stockholders' equity associated with stock-based compensation expense due to the satisfaction of the liquidity event vesting criteria of outstanding ZSUs in connection with this offering and (iii) the sale by us of shares of our Class A common stock offered by this prospectus at an assumed initial public offering price of \$9.25 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.
- (2) Each \$1.00 increase (decrease) in the assumed initial public offering price of \$9.25 per share would increase (decrease) the amount of cash, cash equivalents and marketable securities, working capital, total assets and total stockholders' equity (deficit) by approximately \$96.8 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions. Similarly, each increase (decrease) of 10 million shares in the number of shares of our Class A common stock offered by us would increase (decrease) the amount of cash, cash equivalents and marketable securities, working capital, total assets and total stockholders' equity (deficit) by approximately \$89.5 million, assuming that the assumed initial public offering price remains the same and after deducting underwriting discounts and commissions. The as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

**Non-GAAP Financial Measures****Bookings**

To provide investors with additional information about our financial results, we disclose within this prospectus bookings, a non-GAAP financial measure. We have provided below a reconciliation between bookings and revenue, the most directly comparable GAAP financial measure.

Bookings is a non-GAAP financial measure that we define as the total amount of revenue from the sale of virtual goods in our online games and from advertising that would have been recognized in a period if we recognized all revenue immediately at the time of the sale. We record the sale of virtual goods as deferred revenue and then recognize that revenue over the estimated average life of the purchased virtual goods or as the virtual goods are consumed. Advertising revenue consisting of certain branded virtual goods and sponsorships is also deferred and recognized over the estimated average life of the branded virtual good, similar to online game revenue. Bookings is calculated as revenue recognized in a period plus the change in deferred revenue during the period. For additional discussion of the estimated average life of virtual goods, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Revenue Recognition."

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We use bookings as one factor to evaluate the results of our operations, generate future operating plans and assess the performance of our company. While we believe that this non-GAAP financial measure is useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for revenue recognized in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate bookings differently or not at all, which reduces its usefulness as a comparative measure.

In July 2010, we began migrating to Facebook Credits as the primary payment method for our games played through Facebook, and by April 2011, we had completed this migration. Facebook remits to us an amount equal to 70% of the face value of Facebook Credits purchased by our players for use in our games. We record bookings and recognize revenue net of the amounts retained by Facebook.

The following table presents a reconciliation of revenue to bookings for each of the periods presented:

	Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010 (in thousands)	2010	2011
<b>Reconciliation of Revenue to Bookings:</b>					
Revenue	\$19,410	\$121,467	\$597,459	\$401,700	\$828,863
Change in deferred revenue	16,538	206,603	241,437	193,697	20,139
Bookings	<u>\$35,948</u>	<u>\$328,070</u>	<u>\$838,896</u>	<u>\$595,397</u>	<u>\$849,002</u>

### ***Adjusted EBITDA***

To provide investors with additional information about our financial results, we disclose within this prospectus adjusted EBITDA, a non-GAAP financial measure. We have provided below a reconciliation between adjusted EBITDA and net income (loss), the most directly comparable GAAP financial measure.

We have included adjusted EBITDA in this prospectus because it is a key measure we use to evaluate our operating performance, generate future operating plans and make strategic decisions for the allocation of capital. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. While we believe that this non-GAAP financial measure is useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with GAAP.

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The following table presents a reconciliation of net income (loss) to adjusted EBITDA for each of the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010 (in thousands)	2010	2011
<b>Reconciliation of Net Income (Loss) to Adjusted EBITDA:</b>					
Net income (loss)	\$(22,115)	\$(52,822)	\$ 90,595	\$ 47,603	\$ 30,689
Provision for income taxes	38	12	36,464	7,632	51,206
Other income (expense), net	(187)	209	(365)	(478)	273
Interest income	(319)	(177)	(1,222)	(749)	(1,223)
Gain (loss) from legal settlements	7,000	—	(39,346)	—	—
Depreciation and amortization	2,905	10,372	39,481	26,342	64,148
Stock-based compensation	689	3,990	25,694	15,499	70,241
Change in deferred revenue	16,538	206,603	241,437	193,697	20,139
Adjusted EBITDA	<u>\$ 4,549</u>	<u>\$168,187</u>	<u>\$392,738</u>	<u>\$289,546</u>	<u>\$235,473</u>

***Limitations of Bookings and Adjusted EBITDA***

Some limitations of bookings and adjusted EBITDA are:

- ✦ adjusted EBITDA does not include the impact of equity-based compensation;
- ✦ bookings and adjusted EBITDA 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 payments that may represent a reduction in cash available to us;
- ✦ adjusted EBITDA does not include other income and expense, which includes foreign exchange gains and losses;
- ✦ adjusted EBITDA excludes depreciation and amortization and although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future;
- ✦ adjusted EBITDA does not include gains and losses associated with legal settlements; and
- ✦ other companies, including companies in our industry, may calculate bookings and adjusted EBITDA differently or not at all, which reduces their usefulness as a comparative measure.

Because of these limitations, you should consider bookings and adjusted EBITDA along with other financial performance measures, including revenue, net income (loss) and our financial results presented in accordance with GAAP.

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### RISK FACTORS

*Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before deciding whether to purchase shares of our Class A common stock. If any of the following risks are realized, our business, operating results, financial condition and prospects could be materially and adversely affected. In that event, the price of our Class A common stock could decline, and you could lose part or all of your investment.*

#### Risks Related to Our Business and Industry

***If we are unable to maintain a good relationship with Facebook, our business will suffer.***

Facebook is the primary distribution, marketing, promotion and payment platform for our games. We generate substantially all of our revenue and players through the Facebook platform and expect to continue to do so for the foreseeable future. Any deterioration in our relationship with Facebook would harm our business and adversely affect the value of our Class A common stock.

We are subject to Facebook's standard terms and conditions for application developers, which govern the promotion, distribution and operation of games and other applications on the Facebook platform. We have entered into an addendum to these terms and conditions pursuant to which we have agreed to use Facebook Credits, Facebook's proprietary payment method, as the primary means of payment within our games played through Facebook. This addendum expires in May 2015.

Our business would be harmed if:

- Facebook discontinues or limits access to its platform by us and other game developers;
- Facebook terminates or does not renew our addendum;
- Facebook modifies its terms of service or other policies, including fees charged to, or other restrictions on, us or other application developers, or Facebook changes how the personal information of its users is made available to application developers on the Facebook platform or shared by users;
- Facebook establishes more favorable relationships with one or more of our competitors; or
- Facebook develops its own competitive offerings.

We have benefited from Facebook's strong brand recognition and large user base. If Facebook loses its market position or otherwise falls out of favor with Internet users, we would need to identify alternative channels for marketing, promoting and distributing our games, which would consume substantial resources and may not be effective. In addition, Facebook has broad discretion to change its terms of service and other policies with respect to us and other developers, and those changes may be unfavorable to us. For example, in 2010 Facebook adopted a policy requiring applications on Facebook accept only its virtual currency, Facebook Credits, as payment from users. As a result of this change, which we completed in April 2011, Facebook receives a greater share of payments made by our players than it did when other payment options were allowed. Facebook may also change its fee structure, add fees associated with access to and use of the Facebook platform, change how the personal information of its users is made available to application developers on the Facebook platform or restrict how Facebook users can share information with friends on their platform. Beginning in early 2010, Facebook changed its policies for application developers regarding use of its communication channels. These changes limited the level of communication among users about applications on the Facebook platform. As a result, the number of our players on Facebook declined. Any such changes in the future could significantly alter how players experience our games or interact within our games, which may harm our business.

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### ***We operate in a new and rapidly changing industry, which makes it difficult to evaluate our business and prospects.***

Social games, from which we derive substantially all of our revenue, is a new and rapidly evolving industry. The growth of the social game industry and the level of demand and market acceptance of our games are subject to a high degree of uncertainty. Our future operating results will depend on numerous factors affecting the social game industry, many of which are beyond our control, including:

- continued worldwide growth in the adoption and use of Facebook and other social networks;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms of entertainment;
- the worldwide growth of personal computer, broadband Internet and mobile device users, and the rate of any such growth; and
- general economic conditions, particularly economic conditions adversely affecting discretionary consumer spending.

Our ability to plan for game development, distribution and promotional activities will be significantly affected by our ability to anticipate and adapt to relatively rapid changes in the tastes and preferences of our current and potential players. New and different types of entertainment may increase in popularity at the expense of social games. A decline in the popularity of social games in general, or our games in particular would harm our business and prospects.

### ***We have a new business model and a short operating history, which makes it difficult to evaluate our prospects and future financial results and may increase the risk that we will not be successful.***

We began operations in April 2007, and we have a short operating history and a new business model, which makes it difficult to effectively assess our future prospects. Our business model is based on offering games that are free to play. To date, only a small portion of our players pay for virtual goods. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

### ***We rely on a small portion of our total players for nearly all of our revenue.***

Compared to all players who play our games in any period, only a small portion are paying players. During the nine months ended September 30, 2011, we had approximately 6.7 million unique payers (excluding payers on certain mobile platforms and who use certain smaller web-based payment methods). We lose players in the ordinary course of business. In order to sustain our revenue levels, we must attract, retain and increase the number of players or more effectively monetize our players. To retain players, we must devote significant resources so that the games they play retain their interest and attract them to our other games. If we fail to grow or sustain the number of our players, or if the rates at which we attract and retain players declines or if the average amount our players pay declines, our business may not grow, our financial results will suffer, and our stock price may decline.

### ***A small number of games have generated a majority of our revenue, and we must continue to launch and enhance games that attract and retain a significant number of players in order to grow our revenue and sustain our competitive position.***

Historically we have depended on a small number of games for a majority of our revenue and we expect that this dependency will continue for the foreseeable future. Our growth depends on our ability to consistently launch new games that achieve significant popularity. Each of our games requires significant engineering, marketing and other resources to develop, launch and sustain via regular upgrades and expansions, and such costs on average have increased. Our ability to successfully launch, sustain and expand games and attract and retain players largely depends on our ability to:

- anticipate and effectively respond to changing game player interests and preferences;



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- ☛ anticipate or respond to changes in the competitive landscape;
- ☛ attract, retain and motivate talented game designers, product managers and engineers;
- ☛ develop, sustain and expand games that are fun, interesting and compelling to play;
- ☛ effectively market new games and enhancements to our existing players and new players;
- ☛ minimize launch delays and cost overruns on new games and game expansions;
- ☛ minimize downtime and other technical difficulties; and
- ☛ acquire high quality assets, personnel and companies.

It is difficult to consistently anticipate player demand on a large scale, particularly as we develop new games in new genres or new markets, including international markets and mobile platforms. If we do not successfully launch games that attract and retain a significant number of players and extend the life of our existing games, our market share, reputation and financial results will be harmed.

***If our top games do not maintain their popularity, our results of operations could be harmed.***

In addition to creating new games that are attractive to a significant number of players, we must extend the life of our games, in particular our most successful games. For a game to remain popular, we must constantly enhance, expand or upgrade the game with new features that players find attractive. Such constant enhancement requires the investment of significant resources, particularly with older games and such costs on average have increased. We may not be able to successfully enhance, expand or upgrade our current games. Any reduction in the number of players of our most popular games, any decrease in the popularity of our games or social games in general, any breach of game-related security or prolonged server interruption, any loss of rights to any intellectual property underlying such games, or any other adverse developments relating to our most popular games, could harm our results of operations.

***A significant portion of our game traffic is hosted by a single vendor, and any failure or significant interruption in our network could impact our operations and harm our business.***

Our technology infrastructure is critical to the performance of our games and to player satisfaction. Our games run on a complex distributed system, or what is commonly known as cloud computing. We own, operate and maintain elements of this system, but significant elements of this system are operated by third parties that we do not control and which would require significant time to replace. We expect this dependence on third parties to continue. In particular, a significant portion of our game traffic is hosted by Amazon Web Services, or AWS. In September 2011, AWS hosted approximately one half of our game traffic. AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. AWS may terminate the agreement without cause by providing 180 days prior written notice, and may terminate the agreement with 30 days prior written notice for cause, including any material default or breach of the agreement by us that we do not cure within the 30 day period. The agreement requires AWS to provide us their standard computing and storage capacity and related support in exchange for timely payment by us. We have experienced, and may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints. For example, the operation of a few of our significant games, including *FarmVille* and *CityVille*, was interrupted for several hours in April 2011 due to a network outage. If a particular game is unavailable when players attempt to access it or navigation through a game is slower than they expect, players may stop playing the game and may be less likely to return to the game as often, if at all. A failure or significant interruption in our game service would harm our reputation and operations. We expect to continue to make significant investments to our technology infrastructure to maintain and improve all aspects of player experience and game performance. To the extent that our disaster recovery systems are not adequate, or we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate increasing traffic, our business and operating results may suffer. We do not maintain insurance policies covering losses relating to our systems and we do not have business interruption insurance.

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### ***Security breaches, computer viruses and computer hacking attacks could harm our business and results of operations.***

Security breaches, computer malware and computer hacking attacks have become more prevalent in our industry, have occurred on our systems in the past and may occur on our systems in the future. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could harm our business, financial condition and operating results. We have experienced and will continue to experience hacking attacks. Because of our prominence in the social game industry, we believe we are a particularly attractive target for hackers. Though it is difficult to determine what harm may directly result from any specific interruption or breach, any failure to maintain performance, reliability, security and availability of our network infrastructure to the satisfaction of our players may harm our reputation and our ability to retain existing players and attract new players.

### ***If we fail to effectively manage our growth, our business and operating results could be harmed.***

We continue to experience rapid growth in our headcount and operations, which will continue to place significant demands on our management and our operational, financial and technological infrastructure. As of September 30, 2011, approximately 60% of our employees had been with us for less than one year and approximately 88% for less than two years. As we continue to grow, we must expend significant resources to identify, hire, integrate, develop and motivate a large number of qualified employees. If we fail to effectively manage our hiring needs and successfully integrate our new hires, our ability to continue launching new games and enhance existing games could suffer.

To effectively manage the growth of our business and operations, we will need to continue spending significant resources to improve our technology infrastructure, our operational, financial and management controls, and our reporting systems and procedures by, among other things:

- monitoring and updating our technology infrastructure to maintain high performance and minimize down time;
- enhancing information and communication systems to ensure that our employees and offices around the world are well-coordinated and can effectively communicate with each other;
- enhancing our internal controls to ensure timely and accurate reporting of all of our operations; and
- appropriately documenting our information technology systems and our business processes.

These enhancements and improvements will require significant capital expenditures and allocation of valuable management and employee resources. If we fail to implement these enhancements and improvements effectively, our ability to manage our expected growth and comply with the rules and regulations that are applicable to public reporting companies will be impaired. In addition, if our operating costs are higher than we expect or if we do not maintain adequate control of our costs and expenses, our operating results will suffer.

### ***Our growth prospects will suffer if we are unable to develop successful games for mobile platforms.***

We have limited experience developing games for mobile platforms. We expect to devote substantial resources to the development of our mobile games, and our limited experience makes it difficult to know whether we will succeed in developing such games that appeal to players or advertisers. The uncertainties we face include:

- our experience in developing social games for use primarily on Facebook may not be relevant for developing games for mobile platforms;
- we have limited experience working with wireless carriers, mobile platform providers and other partners whose cooperation we may need in order to be successful;

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- we may encounter difficulty in integrating features on games developed for mobile platforms that a sufficient number of players will pay for; and
- we will need to move beyond payment methods provided by social networks and successfully allow for a variety of payment methods and systems based on the mobile platform, geographies and other factors.

These and other uncertainties make it difficult to know whether we will succeed in developing commercially viable games for mobile. If we do not succeed in doing so, our growth prospects will suffer.

***Our core values of focusing on our players first and acting for the long term may conflict with the short-term interests of our business.***

One of our core values is to focus on surprising and delighting our players, which we believe is essential to our success and serves the best, long-term interests of Zynga and our stakeholders. Therefore, we have made, in the past and may make in the future, significant investments or changes in strategy that we think will benefit our players, even if our decision negatively impacts our operating results in the short term. For example, in late 2009 and in 2010 we reduced in-game advertising offers in order to improve player experience. This decrease in in-game offers led to a reduction of advertising revenue in 2010 as compared to 2009. Our decisions may not result in the long-term benefits that we expect, in which case the success of our games, business and operating results could be harmed.

***If we lose the services of our founder and Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy.***

Our success depends in a large part upon the continued service of our senior management team. In particular, our founder and Chief Executive Officer, Mark Pincus, is critical to our vision, strategic direction, culture, products and technology. We do not maintain key-man insurance for Mr. Pincus or any other member of our senior management team. The loss of our founder and Chief Executive Officer, even temporarily, or any other member of senior management would harm our business.

On December 12, 2011, Bloomberg News reported in an article that Eric Schmidt, the Executive Chairman of the Board of Directors of Google Inc., one of our stockholders, had said with respect to Mark Pincus, our founder and chief executive officer, “he is a we’re-going-to-make-this-happen-or-else type of person” and “he is a fearsome, strong negotiator.” The article also stated “Pincus often gets his way with other companies as well, said Google’s Schmidt. In the summer of 2009, Pincus was seeking a partnership that led to Google buying a 3 percent stake in Zynga. When Pincus came to the negotiating table, he knew more about the proposed deal than everyone on the Google side of the table combined, according to Schmidt.” Google has agreed to sell shares of our Class A common stock in this offering if the over-allotment option the selling stockholders have granted to the underwriters is exercised. The statements regarding Mr. Pincus should not be taken in isolation, but should be read together with the risks and uncertainties described in this prospectus. You should make your investment decision only after reading this entire prospectus carefully.

***If we are unable to attract and retain highly qualified employees, we may not be able to grow effectively.***

Our ability to compete and grow depends in large part on the efforts and talents of our employees. Such employees, particularly game designers, product managers and engineers, are in high demand, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees. We have historically hired a number of key personnel through acquisitions, and as competition with several other game companies increases, we may incur significant expenses in continuing this practice. The loss of employees or the inability to hire additional skilled employees as necessary could result in significant disruptions to our business, and the integration of replacement personnel could be time-consuming and expensive and cause additional disruptions to our business.

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We believe that two critical components of our success and our ability to retain our best people are our culture and our competitive compensation practices. As we continue to grow rapidly, and we develop the infrastructure of a public company, we may find it difficult to maintain our entrepreneurial, execution-focused culture. In addition, many of our employees may be able to receive significant proceeds from sales of our equity in the public markets after our initial public offering, which may reduce their motivation to continue to work for us. Moreover, we expect that this offering will create disparities in wealth among our employees, which may harm our culture and relations among employees.

***An increasing number of individuals are utilizing devices other than personal computers to access the Internet, and versions of our games developed for these devices might not gain widespread adoption, or may not function as intended.***

The number of individuals who access the Internet through devices other than a personal computer, such as smartphones, tablets, televisions and set-top box devices, has increased dramatically, and we believe this trend is likely to continue. The generally lower processing speed, power, functionality and memory associated with these devices make playing our games through such devices more difficult; and the versions of our games developed for these devices may not be compelling to players. In addition, each device manufacturer or platform provider may establish unique or restrictive terms and conditions for developers on such devices or platforms, and our games may not work well or be viewable on these devices as a result. We have limited experience in developing and optimizing versions of our games for players on alternative devices and platforms. To expand our business, we will need to support a number of alternative devices and technologies. Once developed, we may choose to port or convert a game into separate versions for alternative devices with different technological requirements. As new devices and new mobile platforms or updates to platforms are continually being released, we may encounter problems in developing versions of our games for use on these alternative devices and we may need to devote significant resources to the creation, support, and maintenance of such devices and platforms. If we are unable to successfully expand the platforms and devices on which our games are available, or if the versions of our games that we create for alternative platforms and devices are not compelling to our players, our business will suffer.

***Expansion into international markets is important for our growth, and as we expand internationally, we face additional business, political, regulatory, operational, financial and economic risks, any of which could increase our costs and hinder such growth.***

Continuing to expand our business to attract players in countries other than the United States is a critical element of our business strategy. An important part of targeting international markets is developing offerings that are localized and customized for the players in those markets. We have limited operating history as a company outside the United States. We expect to continue to devote significant resources to international expansion through acquisitions, the establishment of additional offices and development studios, and increasing our foreign language offerings. Our ability to expand our business and to attract talented employees and players in an increasing number of international markets requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. We have experienced difficulties in the past and have not been successful in all the countries we have entered. Expanding our international focus may subject us to risks that we have not faced before or increase risks that we currently face, including risks associated with:

- recruiting and retaining talented and capable management and employees in foreign countries;
- challenges caused by distance, language and cultural differences;
- developing and customizing games and other offerings that appeal to the tastes and preferences of players in international markets;
- competition from local game makers with significant market share in those markets and with a better understanding of player preferences;

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- ✦ protecting and enforcing our intellectual property rights;
- ✦ negotiating agreements with local distribution platforms that are sufficiently economically beneficial to us and protective of our rights;
- ✦ the inability to extend proprietary rights in our brand, content or technology into new jurisdictions;
- ✦ implementing alternative payment methods for virtual goods in a manner that complies with local laws and practices and protects us from fraud;
- ✦ compliance with applicable foreign laws and regulations, including privacy laws and laws relating to content;
- ✦ compliance with anti-bribery laws including without limitation, compliance with the Foreign Corrupt Practices Act;
- ✦ credit risk and higher levels of payment fraud;
- ✦ currency exchange rate fluctuations;
- ✦ protectionist laws and business practices that favor local businesses in some countries;
- ✦ foreign tax consequences;
- ✦ foreign exchange controls or U.S. tax restrictions that might restrict or prevent us from repatriating income earned in countries outside the United States;
- ✦ political, economic and social instability;
- ✦ higher costs associated with doing business internationally;
- ✦ export or import regulations; and
- ✦ trade and tariff restrictions.

Entering new international markets will be expensive, our ability to successfully gain market acceptance in any particular market is uncertain, and the distraction of our senior management team could harm our business.

***Competition within the broader entertainment industry is intense and our existing and potential players may be attracted to competing forms of entertainment such as offline and traditional online games, television, movies and sports, as well as other entertainment options on the Internet.***

Our players face a vast array of entertainment choices. Other forms of entertainment, such as offline, traditional online, personal computer and console games, television, movies, sports and the Internet, are much larger and more well-established markets and may be perceived by our players to offer greater variety, affordability, interactivity and enjoyment. These other forms of entertainment compete for the discretionary time and income of our players. If we are unable to sustain sufficient interest in our games in comparison to other forms of entertainment, including new forms of entertainment, our business model may no longer be viable.

***There are low barriers to entry in the social game industry, and competition is intense.***

The social game industry is highly competitive, with low barriers to entry and we expect more companies to enter the sector and a wider range of social games to be introduced. Our competitors that develop social games for social networks vary in size and include publicly-traded companies such as Electronic Arts Inc. and The Walt Disney Company and privately-held companies such as Crowdstar, Inc., Vostu, Ltd. and wooga GmbH. In addition, online game developers and distributors who are primarily focused on specific international markets, such as Tencent Holdings Limited in Asia, and high-profile companies with significant online presences that to date have not developed social games, such as Amazon.com, Facebook, Google Inc., Microsoft Corporation and Yahoo! Inc., may decide to develop social games. Some of these current and potential competitors have significant resources for developing or acquiring additional games, may be able to incorporate their own strong



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brands and assets into their games, have a more diversified set of revenue sources than we do and may be less severely affected by changes in consumer preferences, regulations or other developments that may impact the online social game industry. In addition, we have limited experience in developing games for mobile and other platforms and our ability to succeed on those platforms is uncertain. As we continue to devote significant resources to developing games for those platforms, we will face significant competition from established companies that may have far greater experience than us, including Electronic Arts Inc., DeNA Co. Ltd., Gameloft SA, Glu Mobile Inc. and Rovio Mobile Ltd. We expect new mobile-game competitors to enter the market and existing competitors to allocate more resources to develop and market competing games and applications.

***The value of our virtual goods is highly dependent on how we manage the economies in our games. If we fail to manage our game economies properly, our business may suffer.***

Paying players purchase virtual goods in our games because of the perceived value of these goods which is dependent on the relative ease of securing an equivalent good via non-paid means within the game. The perceived value of these virtual goods can be impacted by an increase in the availability of free or discounted Facebook Credits or by various actions that we take in the games including offering discounts for virtual goods, giving away virtual goods in promotions or providing easier non-paid means to secure these goods. If we fail to manage our virtual economies properly, players may be less likely to purchase virtual goods and our business may suffer.

***Some of our players may make sales and/or purchases of virtual goods used in our games through unauthorized third-party websites, which may impede our revenue growth.***

Some of our players may make sales and/or purchases of our virtual goods, such as Zynga Poker virtual poker chips, through unauthorized third-party sellers in exchange for real currency. These unauthorized transactions are usually arranged on third-party websites. We do not generate any revenue from these transactions. Accordingly, these unauthorized purchases and sales from third-party sellers could impede our revenue and profit growth by, among other things:

- ☛ decreasing revenue from authorized transactions;
- ☛ downward pressure on the prices we charge players for our virtual currency and virtual goods;
- ☛ lost revenue from paying players who stop playing a particular game;
- ☛ costs we incur to develop technological measures to curtail unauthorized transactions;
- ☛ legal claims relating to the diminution of value of our virtual goods; and
- ☛ increased customer support costs to respond to dissatisfied players.

To discourage unauthorized purchases and sales of our virtual goods, we have stated in our terms of service that the buying or selling of virtual currency and virtual goods from unauthorized third-party sellers may result in bans from our games and/or legal action. We have banned players as a result of such activities. We have also developed technological measures to help detect unauthorized transactions. If we decide to implement further restrictions on players' ability to transfer virtual goods, we may lose players, which could harm our financial condition and results of operations.

***The proliferation of "cheating" programs and scam offers that seek to exploit our games and players affects the game-playing experience and may lead players to stop playing our games.***

Unrelated third parties have developed, and may continue to develop, "cheating" programs that enable players to exploit our games, play them in an automated way or obtain unfair advantages over other players who do play fairly. These programs harm the experience of players who play fairly and may disrupt the virtual

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economy of our games. In addition, unrelated third parties attempt to scam our players with fake offers for virtual goods. We devote significant resources to discover and disable these programs and activities, and if we are unable to do so quickly our operations may be disrupted, our reputation damaged and players may stop playing our games. This may lead to lost revenue from paying players, increased cost of developing technological measures to combat these programs and activities, legal claims relating to the diminution in value of our virtual currency and goods, and increased customer service costs needed to respond to dissatisfied players.

***Our quarterly operating results are volatile and difficult to predict, and our stock price may decline if we fail to meet the expectations of securities analysts or investors.***

Our bookings, revenue, traffic and operating results could vary significantly from quarter-to-quarter and year-to-year and may fail to match our past performance or the expectations of securities analysis or investors because of a variety of factors, some of which are outside of our control. Any of these events could cause the market price of our Class A common stock to fluctuate. Factors that may contribute to the variability of our operating results include the risk factors listed in this section and the factors discussed in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Performance.”

In particular, we recognize revenue from sale of our virtual goods in accordance with GAAP, which is complex and based on our assumptions and historical data with respect to the sale and use of various types of virtual goods. In the event that such assumptions are revised based on new data or there are changes in the historical mix of virtual goods sold due to new game introductions, reduced virtual good sales in existing games or other factors or there are changes in our estimates of average playing periods, the amount of revenue that we recognize in any particular period may fluctuate significantly. For further information regarding our revenue recognition policy, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Revenue Recognition.”

Given our short operating history and the rapidly evolving social game industry, our historical operating results may not be useful in predicting our future operating results. In addition, metrics we have developed or those available from third parties regarding our industry and the performance of our games, including DAUs, MAUs, MUUs and ABPU may not be indicative of our financial performance.

***Failure to protect or enforce our intellectual property rights or the costs involved in such enforcement could harm our business and operating results.***

We regard the protection of our trade secrets, copyrights, trademarks, trade dress, domain names and other product rights as critical to our success. We strive to protect our intellectual property rights by relying on federal, state and common law rights, as well as contractual restrictions. We enter into confidentiality and invention assignment agreements with our employees and contractors and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, these contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary information or deter independent development of similar technologies by others.

We pursue the registration of our domain names, trademarks, and service marks in the United States and in certain locations outside the United States. We are seeking to protect our trademarks, patents and domain names in an increasing number of jurisdictions, a process that is expensive and time-consuming and may not be successful or which we may not pursue in every location. We may, over time, increase our investment in protecting our innovations through increased patent filings that are expensive and time-consuming and may not result in issued patents that can be effectively enforced. The Leahy-Smith America Invents Act, or the Leahy-Smith Act, was adopted in September 2011. The Leahy-Smith Act includes a number of significant changes to

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United States patent law, including provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. The United States Patent and Trademark Office is currently developing regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act will not become effective until up to 18 months after its enactment. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could harm our business.

Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs, adverse publicity or diversion of management and technical resources, any of which could adversely affect our business and operating results. If we fail to maintain, protect and enhance our intellectual property rights, our business and operating results may be harmed.

***We are, and may in the future be, subject to intellectual property disputes, which are costly to defend and could require us to pay significant damages and could limit our ability to use certain technologies in the future.***

From time to time, we have faced, and we expect to face in the future, allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including from our competitors, non-practicing entities and former employers of our personnel. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict. As the result of any court judgment or settlement we may be obligated to cancel the launch of a new game, stop offering certain features, pay royalties or significant settlement costs, purchase licenses or modify our games and features while we develop substitutes.

In addition, we use open source software in our games and expect to continue to use open source software in the future. From time to time, we may face claims from companies that incorporate open source software into their products, claiming ownership of, or demanding release of, the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our games, any of which would have a negative effect on our business and operating results.

Although we do not believe that the final outcome of litigation and claims that we currently face will have a material adverse effect on our business, our expectations may not prove to be correct. Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, operating results, financial condition, reputation or the market price of our Class A common stock.

***Programming errors or flaws in our games could harm our reputation or decrease market acceptance of our games, which would harm our operating results.***

Our games may contain errors, bugs, flaws or corrupted data, and these defects may only become apparent after their launch, particularly as we launch new games and rapidly release new features to existing games under tight time constraints. We believe that if our players have a negative experience with our games, they may be less inclined to continue or resume playing our games or recommend our games to other potential players. Undetected programming errors, game defects and data corruption can disrupt our operations, adversely affect the game experience of our players by allowing players to gain unfair advantage, harm our reputation, cause our players to stop playing our games, divert our resources and delay market acceptance of our games, any of which could result in legal liability to us or harm our operating results.

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***Evolving regulations concerning data privacy may result in increased regulation and different industry standards, which could prevent us from providing our current games to our players, or require us to modify our games, thereby harming our business.***

The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the Internet and mobile platforms have recently come under increased public scrutiny, and civil claims alleging liability for the breach of data privacy have been asserted against us. The U.S. government, including the Federal Trade Commission and the Department of Commerce, has announced that it is reviewing the need for greater regulation for the collection of information concerning consumer behavior on the Internet, including regulation aimed at restricting certain targeted advertising practices. In addition, the European Union is in the process of proposing reforms to its existing data protection legal framework, which may result in a greater compliance burden for companies with users in Europe. Various government and consumer agencies have also called for new regulation and changes in industry practices.

We began operations in 2007 and have grown rapidly. While our administrative systems have developed rapidly, during our earlier history our practices relating to intellectual property, data privacy and security, and legal compliance may not have been as robust as they are now, and there may be unasserted claims arising from this period that we are not able to anticipate. In addition, our business, including our ability to operate and expand internationally, could be adversely affected if laws or regulations are adopted, interpreted, or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, the design of our website, games, features or our privacy policy. In particular, the success of our business has been, and we expect will continue to be, driven by our ability to responsibly use the data that our players share with us. Therefore, our business could be harmed by any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of data our players choose to share with us, or regarding the manner in which the express or implied consent of consumers for such use and disclosure is obtained. Such changes may require us to modify our games and features, possibly in a material manner, and may limit our ability to develop new games and features that make use of the data that our players voluntarily share with us.

***We process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.***

We receive, store and process personal information and other player data, and we enable our players to share their personal information with each other and with third parties, including on the Internet and mobile platforms. There are numerous federal, state and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other player data on the Internet and mobile platforms, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. We generally comply with industry standards and are subject to the terms of our own privacy policies and privacy-related obligations to third parties (including voluntary third-party certification bodies such as TRUSTe). We strive to comply with all applicable laws, policies, legal obligations and certain industry codes of conduct relating to privacy and data protection, to the extent reasonably attainable. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to players or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other player data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our players to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties we work with, such as players, vendors or developers, violate applicable laws or our policies, such violations may also put our players' information at risk and could in turn have an adverse effect on our business.

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In the area of information security and data protection, many states have passed laws requiring notification to players when there is a security breach for personal data, such as the 2002 amendment to California's Information Practices Act, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws may subject us to significant liabilities.

***Our business is subject to a variety of other U.S. and foreign laws, many of which are unsettled and still developing and which could subject us to claims or otherwise harm our business.***

We are subject to a variety of laws in the United States and abroad, including laws regarding consumer protection, intellectual property, export and national security, that are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly laws outside the United States. For example, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted or the content provided by users. It is also likely that as our business grows and evolves and our games are played in a greater number of countries, we will become subject to laws and regulations in additional jurisdictions. We are potentially subject to a number of foreign and domestic laws and regulations that affect the offering of certain types of content, such as that which depicts violence, many of which are ambiguous, still evolving and could be interpreted in ways that could harm our business or expose us to liability. In addition, certain of our games, including *Zynga Poker*, may become subject to gambling-related rules and regulations and expose us to civil and criminal penalties if we do not comply. It is difficult to predict how existing laws will be applied to our business and the new laws to which we may become subject. See the discussion included in the section titled "Business — Government Regulation."

If we are not able to comply with these laws or regulations or if we become liable under these laws or regulations, we could be directly harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to modify our games, which would harm our business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business and operating results.

It is possible that a number of laws and regulations may be adopted or construed to apply to us in the United States and elsewhere that could restrict the online and mobile industries, including player privacy, advertising, taxation, content suitability, copyright, distribution and antitrust. Furthermore, the growth and development of electronic commerce and virtual goods may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours conducting business through the Internet and mobile devices. We anticipate that scrutiny and regulation of our industry will increase and we will be required to devote legal and other resources to addressing such regulation. For example, existing laws or new laws regarding the regulation of currency and banking institutions may be interpreted to cover virtual currency or goods. If that were to occur we may be required to seek licenses, authorizations or approvals from relevant regulators, the granting of which may be dependent on us meeting certain capital and other requirements and we may be subject to additional regulation and oversight, all of which could significantly increase our operating costs. Changes in current laws or regulations or the imposition of new laws and regulations in the United States or elsewhere regarding these activities may lessen the growth of social game services and impair our business.

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***Companies and governmental agencies may restrict access to Facebook, our website or the Internet generally, which could lead to the loss or slower growth of our player base.***

Our players need to access the Internet and in particular Facebook and our website to play our games. Companies and governmental agencies, could block access to Facebook, our website or the Internet generally for a number of reasons such as security or confidentiality concerns or regulatory reasons, or they may adopt policies that prohibit employees from accessing Facebook, our website or other social platforms. For example, the government of the People's Republic of China has blocked access to Facebook in China. If companies or governmental entities block or limit access to Facebook or our website or otherwise adopt policies restricting players from playing our games our business could be negatively impacted and could lead to the loss or slower growth of our player base.

***Our business will suffer if we are unable to successfully integrate acquired companies into our business or otherwise manage the growth associated with multiple acquisitions.***

We have acquired businesses, personnel and technologies in the past and we intend to continue to pursue acquisitions that are complementary to our existing business and expand our employee base and the breadth of our offerings. Our ability to grow through future acquisitions will depend on the availability of suitable acquisition and investment candidates at an acceptable cost, our ability to compete effectively to attract these candidates and the availability of financing to complete larger acquisitions. Since we expect the social game industry to consolidate in the future, we may face significant competition in executing our growth strategy. Future acquisitions or investments could result in potential dilutive issuances of equity securities, use of significant cash balances or incurrence of debt, contingent liabilities or amortization expenses related to goodwill and other intangible assets, any of which could adversely affect our financial condition and results of operations. The benefits of an acquisition or investment may also take considerable time to develop, and we cannot be certain that any particular acquisition or investment will produce the intended benefits.

Integration of a new company's operations, assets and personnel into ours will require significant attention from our management. The diversion of our management's attention away from our business and any difficulties encountered in the integration process could harm our ability to manage our business. Future acquisitions will also expose us to potential risks, including risks associated with any acquired liabilities, the integration of new operations, technologies and personnel, unforeseen or hidden liabilities and unanticipated, information security vulnerabilities, the diversion of resources from our existing businesses, sites and technologies, the inability to generate sufficient revenue to offset the costs and expenses of acquisitions, and potential loss of, or harm to, our relationships with employees, players, and other suppliers as a result of integration of new businesses.

***Fluctuations in foreign currency exchange rates will affect our financial results, which we report in U.S. dollars.***

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. We incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency, and an increasing percentage of our international revenue is from players who pay us in currencies other than the U.S. dollar. Fluctuations in the exchange rates between the U.S. dollar and those other currencies could result in the dollar equivalent of such expenses being higher and/or the dollar equivalent of such foreign-denominated revenue being lower than would be the case if exchange rates were stable. This could have a negative impact on our reported operating results.



**Table of Contents*****The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.***

The current administration has made public statements indicating that it has made international tax reform a priority, and key members of the U.S. Congress have conducted hearings and proposed new legislation. Recent changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the United States are repatriated to the United States, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to the large and expanding scale of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and harm our financial position and results of operations.

***A change in the application of the tax laws of various jurisdictions could result in an increase to our worldwide effective tax rate and a change in how we operate our business.***

Our corporate structure and intercompany arrangements, including the manner in which we develop and use our intellectual property and the transfer pricing of our intercompany transactions, are intended to provide us worldwide tax efficiencies. The application of the tax laws of various jurisdictions, including the United States, to our international business activities is subject to interpretation and depends on our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine that the manner in which we operate our business is not consistent with the manner in which we report our income to the jurisdictions, which could increase our worldwide effective tax rate and harm our financial position and results of operations.

***Our facilities are located near known earthquake fault zones, and the occurrence of an earthquake or other natural disaster could cause damage to our facilities and equipment, which could require us to curtail or cease operations.***

Our principal offices and a network operations center are located in the San Francisco Bay Area, an area known for earthquakes, and are thus vulnerable to damage. We are also vulnerable to damage from other types of disasters, including power loss, fire, explosions, floods, communications failures, terrorist attacks and similar events. If any disaster were to occur, our ability to operate our business at our facilities could be impaired.

***We may require additional capital to meet our financial obligations and support business growth, and this capital might not be available on acceptable terms or at all.***

We intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new games and features or enhance our existing games, improve our operating infrastructure or acquire complementary businesses, personnel and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

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### Risks Related to This Offering and Ownership of Our Class A Common Stock

***The three class structure of our common stock has the effect of concentrating voting control with those stockholders who held our stock prior to this offering, including our founder and Chief Executive Officer and our other executive officers, employees and directors and their affiliates; this will limit your ability to influence corporate matters.***

Our Class C common stock has 70 votes per share, our Class B common stock has seven votes per share and our Class A common stock, which is the stock we are offering in this offering, has one vote per share. The holders of Class B common stock and Class C common stock, including our founder and Chief Executive Officer, Mark Pincus, and our other executive officers, employees and directors and their affiliates, will collectively hold approximately 98.2% of the voting power of our outstanding capital stock immediately following this offering. Mr. Pincus will beneficially own approximately 36.2% of the total voting power of our outstanding capital stock immediately following this offering. As a result, Mr. Pincus and the other holders of our Class B common stock will have significant influence over the management and affairs of the company and control over matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, for the foreseeable future. This concentrated voting control will limit your ability to influence corporate matters and could adversely affect the market price of our Class A common stock.

Future transfers or sales by holders of Class B common stock or Class C common stock will result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those stockholders who retain their existing shares of Class B or Class C common stock. In addition, as shares of Class B common stock are transferred or sold and converted to Class A common stock, the sole holder of Class C common stock, Mr. Pincus, will have greater relative voting control to the extent he retains his existing shares of Class C common stock, and as a result he could in the future control a majority of our total voting power. Mr. Pincus is entitled to vote his shares in his own interests and may do so.

***Certain provisions in our charter documents and under Delaware law could limit attempts by our stockholders to replace or remove our board of directors or current management and limit the market price of our Class A common stock.***

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing changes in our board of directors or management. Our certificate of incorporation and bylaws will include provisions that:

- ✦ establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- ✦ prohibit cumulative voting in the election of directors; and
- ✦ reflect three classes of common stock, as discussed above.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

***Our share price may be volatile, and you may be unable to sell your shares at or above the initial public offering price, if at all.***

The initial public offering price for the shares of our Class A common stock will be determined by negotiations between us and representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. The market price of our Class A common stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- ✦ changes in projected operational and financial results;

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- issuance of new or updated research or reports by securities analysts;
- the use by investors or analysts of third-party data regarding our business that may not reflect our actual performance;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- fluctuations in the trading volume of our shares, or the size of our public float; and
- general economic and market conditions.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. If the market price of our Class A common stock after this offering does not exceed the initial public offering price, you may not realize any return on your investment and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could harm our business.

***Our Class A common stock price may be volatile due to third-party data regarding our games.***

Third parties, such as AppData, publish daily data about us and other social game companies with respect to DAUs and MAUs and other information concerning social game usage, in particular on Facebook. These metrics can be volatile, particularly for specific games, and in many cases do not accurately reflect the actual levels of usage of our games across all platforms and may not correlate to our bookings or revenue from the sale of virtual goods. There is a possibility that third parties could change their methodologies for calculating these metrics in the future. To the extent that securities analysts or investors base their views of our business or prospects on such third-party data, the price of our Class A common stock may be volatile and may not reflect the performance of our business.

***We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.***

The net proceeds from the sale of shares by us in the offering may be used for general corporate purposes, including working capital. We may also use a portion of the net proceeds to acquire or invest in complementary businesses, technologies or other assets. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds to us from this offering may be invested with a view towards long-term benefits for our stockholders, and this may not increase our operating results or the market value of our Class A common stock. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

***If securities or industry analysts do not publish research about our business, or publish negative reports about our business, our share price and trading volume could decline.***

The trading market for our Class A common stock will, to some extent, depend on the research and reports that securities or industry analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

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### ***Future sales of our Class A common stock in the public market could cause our share price to decline.***

Sales of a substantial number of shares of our Class A common stock in the public market after this offering, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. Based on the total number of outstanding shares of our common stock as of September 30, 2011, upon the closing of this offering, we will have 100,000,000 shares of Class A common stock, 578,855,599 shares of Class B common stock and 20,517,472 shares of Class C common stock outstanding.

All of the shares of Class A common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act. The 578,855,599 shares of Class B common stock and 20,517,472 shares of Class C common stock outstanding after this offering, based on shares outstanding as of September 30, 2011, will be restricted as a result of securities laws, lock-up agreements or other contractual restrictions that restrict transfers after the date of this prospectus. Please see the discussion in the section titled “Shares Eligible For Future Sale”.

After this offering, the holders of 363,241,145 shares of Class B common stock, or 51.9% of our total outstanding common stock, based on shares outstanding as of September 30, 2011, will be entitled to rights with respect to registration of these shares under the Securities Act pursuant to an investors’ rights agreement. Shares of our Class B and Class C common stock automatically will convert into shares of our Class A common stock upon any sale or transfer, whether or not for value, except for certain transfers described in our amended and restated certificate of incorporation. If these holders of our Class B and Class C common stock, by exercising their registration rights, sell a large number of shares, they could adversely affect the market price for our Class A common stock. If we file a registration statement for the purposes of selling additional shares to raise capital and are required to include shares held by these holders pursuant to the exercise of their registration rights, our ability to raise capital may be impaired. We intend to file a registration statement on Form S-8 under the Securities Act to register shares of our common stock for issuance under our Amended and Restated 2007 Equity Incentive Plan, 2011 Employee Stock Purchase Plan and 2011 Equity Incentive Plan. Once we register these shares, they can be freely sold in the public market upon issuance and once vested, subject to a lock-up period and other restrictions provided under the terms of the applicable plan and/or the agreements entered into with the holders of these shares.

### ***No public market for our Class A common stock currently exists, and an active public trading market may not develop or be sustained following this offering.***

Prior to this offering, there has been no public market for our Class A common stock, and there has been no public market or active private market for our other classes of capital stock. Although we have applied to list our Class A common stock on the NASDAQ Global Select Market, an active trading market may not develop following the completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the market price of your shares of Class A common stock. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

### ***If we are unable to implement and maintain effective internal control over financial reporting in the future, the accuracy and timeliness of our financial reporting may be adversely affected.***

If we are unable to maintain adequate internal controls for financial reporting in the future, or if our auditors are unable to express an opinion as to the effectiveness of our internal controls as will be required pursuant to the Sarbanes-Oxley Act, investor confidence in the accuracy of our financial reports may be impacted or the market price of our Class A common stock could be negatively impacted.

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***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.***

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the NASDAQ Global Select Market and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results.

We also expect that being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results.

***We do not intend to pay dividends for the foreseeable future, and as a result your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.***

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

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### LETTER FROM OUR FOUNDER

Dear potential Zynga shareholders,

I'm proud and excited to be writing this letter to you today.

Zynga is a company with more than 2,500 amazingly talented employees dedicated to engaging, surprising and delighting an audience that has grown to 152 million monthly unique users in 175 countries. And because our users typically play more than one of our games each month, they account for 227 million "MAUs" (monthly active users). Our players create and store more than 30,000 virtual items every second and spend 2 billion minutes a day with our service. In just over 4 years, we've generated over \$1.5 billion in revenue and over \$2.0 billion in bookings.

We founded Zynga in 2007 with the mission of connecting the world through games. We believed *play*—like search, share and shop—would become one of the core activities on the internet.

*Play* is one of life's big macros—it's an activity people love to do and do often. Zynga was founded on a deeply held passion for games that family and friends play together—connecting, collaborating, gifting, bragging, nurturing, admiring and sometimes just doing silly stuff together. Reality is, we all wish we had more time to play together.

To put the *play* macro in perspective, games have become the second most popular internet activity based on time spent, and have even surpassed email. We've turned our rapidly growing base of smartphones and tablets into play devices. In fact, games are now the most popular category of apps on smartphones and represent nearly half of the time spent. But, Zynga has a lot of hard work, innovation and growth ahead of us to create a future where social gaming becomes a daily habit for nearly everyone.

Our strategy from the beginning has been to build the biggest macro bet on social gaming to provide our players with the most accessible, social and fun games. Despite our rapid growth, we have been careful to build for the long term. I've always thought of this journey as being a series of sprints that make up a marathon.

We raised hundreds of millions of dollars to maximize our ability to make large investments in teams, games and infrastructure. For example, our Chief Technology Officer joined us in the fall of 2008 with a mission of building the greatest data warehouse in the game industry, which now processes 15 terabytes of game data every day. We will continue to make these big investments and big bets in pursuit of our mission.

Our operating philosophies have been fundamental to our growth. They include:

- ✦ **Games should be accessible to everyone, anywhere, any time.** From the beginning, we have strived to lower the barriers to *play* in people's lives. We want to build games to play with our parents, our children, our co-workers and our best friends.
- ✦ **Games should be social.** Every week our teams test new features to make our games more social. Historically, our players have created over 4 billion neighbor connections. And, our 54 million daily active users interact with each other over 450 million times a day.
- ✦ **Games should be free.** Free games are more social because they're more accessible to everyone. We've also found them to be more profitable. We have created a new kind of customer relationship with new economics—free first, high satisfaction, pay optional. This model aligns shareholder value with delivering the best player experience.
- ✦ **Games should be data driven.** Our culture combines the creative with the analytical. We develop and operate our games as live services with daily, metrics-based player feedback. This allows us to continually iterate, innovate and invest in the content our players love.
- ✦ **Games should do good.** We want to help the world while doing our day jobs. Through Zynga.org our players have purchased social goods, raising more than \$10 million for those in need from tornado-stricken communities in Alabama to earthquake survivors in Haiti. With programs like our Sweet Seeds for Haiti, our players have touched people around the world.

As we look to the future, we believe our core values will be key to our continued growth. Our goal is for everyone at Zynga to be a CEO with accountability and authority to drive important outcomes. It takes inspired



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people to make inspiring products. We've endeavored to create an environment that fosters intelligent risk-taking in order to invent bold beats—innovations that really advance the social gaming experience for our players. Our company is diverse, creative and entrepreneurial. I often describe Zynga as a confederation of entrepreneurs.

More specifically, our core values that make up these philosophies are:

- ♣ **Build games you and your friends love to play.**
- ♣ **Surprise and delight our players.**
- ♣ **Zynga is a meritocracy.**
- ♣ **Be a CEO and own outcomes.**
- ♣ **Move at Zynga speed.**
- ♣ **Put Zynga first, decisions for the greater good.**
- ♣ **Always innovate.**

And now, by offering our shares to the public we hope to enable Zynga to invest more in *play* than any company in history. To accomplish this, we will continue to make big investments in servers, data centers and other infrastructure so players' farms, cities, islands, airplanes, triple words and empires can be available on all their devices in an instant. We will also continue to fund the best teams around the world to build the most accessible, social and fun games.

We believe we will maximize long-term shareholder value by delivering long-term player value. This means we will make decisions and trade-offs that are different from other companies. We will prioritize innovation and long-term growth over quarterly earnings. We will not make short-term decisions that sacrifice our core values or veer from our long-term vision.

As we have done with our current investors, we will strive to communicate with transparency to help you understand how we are doing against our mission. You will be able to track our performance every day in publicly available third-party traffic reports. And of course, you'll be able to play our games yourself to be able to track our progress against being the most fun and most social.

With this offering we are inviting you to join our mission. Invest with us because you believe in the potential for the world to play together. Evaluate us by how many of your friends and family play our games. Before you invest, we hope you will play our games. And, if you're part of the hundreds of millions who have already played our games, thank you. You're part of the future.

At Zynga, we feel a personal connection to our games through our friends and family. I love that my brother in-law, who has five kids and no free time, religiously plays our game Words with Friends.

While I'm humbled by the size of the audience we enable to play today, we're just getting started. We're thinking every day how much more accessible, social and fun our games can get.

My kids decided a few months ago that peek-a-boo was their favorite game. While it's unlikely we can improve upon this classic, I look forward to playing Zynga games with them very soon. When they enter high school there's no doubt that they'll search on Google, they'll share with their friends on Facebook and they'll probably do a lot of shopping on Amazon. And I'm planning for Zynga to be there when they want to play.

Let's play.



Mark Pincus  
Founder and CEO

December 2, 2011  
San Francisco, CA

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### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the letter from our founder and the sections titled “Prospectus Summary,” “Risk Factors,” “Market Data and User Metrics,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and “Shares Eligible for Future Sale,” contains forward-looking statements. In some cases you can identify these statements by forward-looking words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” or the negative or plural of these words or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our future relationship with Facebook;
- launching new games and enhancements to games that are commercially successful;
- continued growth in demand for virtual goods and in the social games industry;
- building and sustaining our franchise games;
- the ability of our games to generate revenue and bookings for a significant period of time after launch;
- capital expenditures and investment in our network infrastructure, including data centers;
- retaining and adding players and increasing the monetization of our player base;
- maintaining a technology infrastructure that can efficiently and reliably handle increased player usage, fast load times and the deployment of new features and products;
- attracting and retaining qualified employees and key personnel;
- designing games for mobile and other non-PC devices, and pursuing mobile initiatives generally;
- our successful growth internationally;
- maintaining, protecting and enhancing our intellectual property;
- protecting our players’ information and adequately addressing privacy concerns; and
- successfully acquiring and integrating companies and assets.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

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Revenue growth will depend largely on our ability to attract and retain players and more effectively monetize our player base through the sale of virtual goods and advertising. We intend to do this through the launch of new games, enhancements to current games and expansion into new markets and distribution platforms.

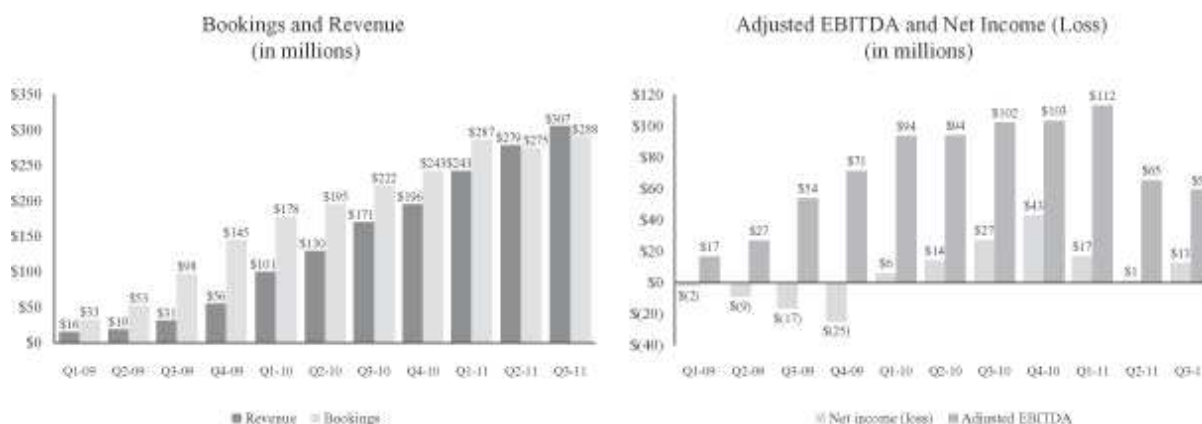
## Key Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions.

### Key Financial Metrics

**Bookings.** Bookings is a non-GAAP financial measure that we define as the total amount of revenue from the sale of virtual goods in our online games and advertising that would have been recognized in a period if we recognized all revenue immediately at the time of the sale. Bookings, as opposed to revenue, is the fundamental top-line metric we use to manage our business, as it reflects the sales activity in a given period. Over the long term, the factors impacting our bookings and revenue are the same. However, in the short term, there are factors that may cause revenue to exceed or be less than bookings in any period. Trends in bookings and revenue for applicable periods are discussed below. Annual bookings grew by \$292.2 million from \$35.9 million in 2008 to \$328.1 million in 2009, and by \$510.8 million to \$838.9 million from 2009 to 2010. For a reconciliation of revenue to bookings, see the section titled “—Quarterly Results of Operations.”

**Adjusted EBITDA.** Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss), adjusted for provision for income taxes; other income (expense), net; interest income; gain (loss) from legal settlements; depreciation and amortization; stock-based compensation and change in deferred revenue. We believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. For a reconciliation of net income (loss) to adjusted EBITDA, see the section titled “—Quarterly Results of Operations.”



### Key Operating Metrics

We manage our business by tracking several operating metrics: “DAUs,” which measures daily active users of our games, “MAUs,” which measures monthly active users of our games, “MUUs,” which measures monthly unique users of our games, and ABPU, which measures our average daily bookings per average DAU, each of which is recorded by our internal analytics systems.

**DAUs.** We define DAUs as the number of individuals who played one of our games during a particular day. Under this metric, an individual who plays two different games on the same day is counted as two DAUs. Similarly, an

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individual who plays the same game on two different platforms (e.g., web and mobile) or on two different social networks on the same day would be counted as two DAUs. Average DAUs for a particular period is the average of the DAUs for each day during that period. We use DAU as a measure of audience engagement.

**MAUs.** We define MAUs as the number of individuals who played a particular game in the 30-day period ending with the measurement date. Under this metric, an individual who plays two different games in the same 30-day period is counted as two MAUs. Similarly, an individual who plays the same game on two different platforms (e.g., web and mobile) or on two different social networks in a 30-day period would be counted as two MAUs. Average MAUs for a particular period is the average of the MAUs at each month-end during that period. We use MAU as a measure of total game audience size.

**MUUs.** We define MUUs as the number of unique individuals who played any of our games on a particular platform in the 30-day period ending with the measurement date. An individual who plays more than one of our games in a given 30-day period would be counted as a single MUU. However, because we cannot distinguish unique individuals playing across multiple platforms, an individual who plays any of our games on two different platforms (e.g., web and mobile) in a given 30-day period would be counted as two MUUs. Because many of our players play more than one game in a given 30-day period, MUUs are always lower than MAUs in any given time period. Average MUUs for a particular period is the average of the MUUs at each month-end during that period. We use MUU as a measure of total audience reach across our network of games.

**Average Bookings per User (ABPU).** We define ABPU as (i) our total bookings in a given period, divided by (ii) the number of days in that period, divided by, (iii) the average DAUs during the period. We believe that ABPU provides useful information to investors and others in understanding and evaluating our results in the same manner as our management and board of directors. We use ABPU as a measure of overall monetization across all of our players through the sale of virtual goods and advertising.

Our business model for social games is designed so that, as there are more players that play our games, social interactions increase and the more valuable the games and our business becomes. All engaged players of our games help drive our bookings and, consequently, both online game revenue and advertising revenue. Virtual goods are purchased by players who are socializing with, competing against or collaborating with other players, most of whom do not buy virtual goods. Accordingly, we primarily focus on bookings, DAUs and ABPU, which together we believe best reflect the economic value of all of our players.

	Mar 31,	Jun 30,	Sep 30,	Dec 31,	For the Three Months Ended			Mar 31,	Jun 30,	Sep 30,
					Mar 31,	Jun 30,	Sep 30,			
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011
					(users in millions)					
Average DAUs	NA	NA	24	58	67	60	49	48	62	59
Average MAUs	NA	NA	99	207	236	234	203	195	236	228
Average MUUs	NA	NA	63	110	124	119	110	111	146	151
ABPU	NA	NA	\$ 0.044	\$ 0.027	\$ 0.030	\$ 0.036	\$ 0.049	\$ 0.055	\$ 0.051	\$ 0.051

NA means data is not available.

Our user metrics are impacted by several factors that cause them to fluctuate on a quarterly basis. Beginning in early 2010, Facebook changed its policies for application developers regarding use of its communication channels. These changes limited the level of communication among users about applications on the Facebook platform, which we believe contributed to a decline in our number of players throughout 2010. In addition, beginning with the third quarter of 2010, our bookings and revenue growth rates were negatively impacted due to our adoption of Facebook Credits as the primary payment method on Facebook. We account for Facebook Credits net of amounts retained by Facebook. Our DAUs, MAUs and MUUs all increased in the three months ended March 31, 2011, primarily due to the launch of *CityVille* in December 2010, the addition of new content to existing games and the launch of several mobile initiatives. In the third quarter of 2011, DAUs declined mainly due to a decline in players of our more mature games and a limited number of new game launches in the first

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nine months of 2011. Future growth in audience and engagement will depend on our ability to retain current players, attract new players, launch new games and expand into new markets and distribution platforms.

Our operating metrics may not correlate directly to quarterly bookings or revenue trends in the short term. For instance, revenue has grown every quarter since our inception, including in quarters where DAU, MAU and MUU did not grow.

### Other Metrics

The following tables present certain bookings and estimated unique payer data for 2009, 2010 and each of the nine month periods ended September 30, 2010 and 2011, as well as each quarter:

	Year Ended Dec 31,		Nine Months Ended Sep 30,	
	2009	2010	2010	2011
	(in thousands, except per unique payer data)			
Bookings	\$328,070	\$838,896	\$ 595,347	\$ 849,002
Unique payer bookings (1)	\$273,760	\$752,834	\$ 537,941	\$ 735,700
Unique payers (2)	2,888	6,382	5,122	6,673
Unique payer bookings per unique payer (3)	\$ 95	\$ 118	\$ 105	\$ 110

	For the Three Months Ended:									
	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011	Sep 30, 2011
	(in thousands, except per unique payer data)									
Bookings	\$ 32,523	\$52,548	\$98,447	\$144,552	\$178,318	\$194,696	\$222,383	\$243,499	\$286,598	\$274,743
Unique payer bookings (1)	\$20,655	\$40,918	\$80,862	\$131,324	\$164,374	\$176,427	\$197,140	\$214,893	\$254,002	\$233,898
Unique payers (2)	284	459	1,041	1,903	2,330	2,577	2,754	3,027	3,676	3,336
Unique payer bookings per unique payer (3)	\$ 73	\$ 89	\$ 78	\$ 69	\$ 71	\$ 68	\$ 72	\$ 71	\$ 69	\$ 70

- (1) Unique payer bookings represents the amount of bookings that we received through payment methods for which we can quantify the number of unique payers. Amounts included in bookings but excluded from unique payer bookings include bookings from advertising and bookings received through certain mobile payment platforms and certain smaller web-based payment methods for which we cannot quantify the number of unique payers.
- (2) Unique payers represents the aggregate number of unique players who made a payment at least once during the applicable period through a payment method for which we can quantify the number of unique payers. It does not include payers on certain mobile platforms and payers who use certain smaller web-based 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 period, the player would be counted as two unique payers in that period.
- (3) Unique payer bookings per unique payer is calculated by dividing unique payer bookings by unique payers.

Unique payers increased each period from the first quarter of 2009 through the first quarter of 2011 as a result of the introduction of new games, new content in our games and additional payment methods throughout these periods. Unique payers decreased by approximately 340,000 in the second quarter of 2011 compared to the first quarter due to the launch of *CityVille* just prior to the beginning of the first quarter and no other new game launches from December 2010 through May 2011. Unique payers for the 12 months ended September 30, 2011 were approximately 7.7 million.

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### Results of Operations

The following table sets forth our results of operations for the periods presented as a percentage of revenue for those periods.

	For The Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010	2010	2011
<b>Consolidated Statements of Operations Data :</b>					
Revenue	100%	100%	100%	100%	100%
Costs and expenses:					
Cost of revenue	52	47	29	32	27
Research and development	63	42	25	24	34
Sales and marketing	57	35	19	19	15
General and administrative	44	19	6	12	14
Total costs and expenses	216	143	79	87	90
Income (loss) from operations	(116)	(43)	21	13	10
Interest income	2	—	—	—	—
Other income (expense), net	—	—	—	1	—
Income (loss) before income taxes	(114)	(43)	21	14	10
Provision for income taxes	—	—	(6)	(2)	(6)
Net income (loss)	(114)%	(43)%	15%	12%	4%

### Nine Months Ended September 30, 2010 and 2011

#### Revenue

	Nine Months Ended September 30,		% Change
	2010	2011	
	(dollars in thousands)		
Revenue by type:			
Online game	\$ 387,151	\$ 781,738	102%
Advertising	14,549	47,125	224%
Total	<u>\$ 401,700</u>	<u>\$ 828,863</u>	106%

Total revenue increased \$427.2 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011, as a result of growth in both online game and advertising revenue. Bookings increased by \$253.6 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. ABPU increased from \$0.038 to \$0.053, reflecting improved overall monetization of our players, while DAUs decreased from 59 million to 58 million. The adoption of Facebook Credits as our primary in-game payment method beginning in the third quarter of 2010 negatively impacted online game revenue in the nine months ended September 30, 2011.

Online game revenue increased \$394.6 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. *FarmVille*, *FrontierVille* and *CityVille* accounted for \$100.8 million, \$118.9 million and \$84.9 million of the increase, respectively. *FarmVille* was launched in June 2009, and the increase in revenue reflects an increase in bookings from new content, as well as the recognition of revenue derived from bookings recorded over a longer period of time. The increase in revenue from *FrontierVille* and *CityVille* was the result of the launch of these games in June 2010 and December 2010, respectively, and, with respect to *FrontierVille*, a change in the estimated weighted-average life used to recognize revenue from durable virtual goods, which resulted in a \$30.7 million increase in revenue from *FrontierVille* in the 2011 period. All other games accounted for the remaining net increase of \$90.0 million.



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International revenue as a percentage of total revenue increased from 32% in the nine months ended September 30, 2010 to 35% in the nine months ended September 30, 2011.

For the nine months ended September 30, 2010, *Mafia Wars*, *FarmVille* and *Zynga Poker* were our top revenue-generating games and comprised 32%, 29% and 20%, respectively, of online game revenue. For the nine months ended September 30, 2011, *FarmVille*, *FrontierVille*, *Zynga Poker*, *Mafia Wars* and *CityVille* were our top revenue-generating games and comprised 27%, 16%, 15%, 14% and 11%, respectively, of our online game revenue. No other game generated more than 10% of online game revenue during either period.

Consumable virtual goods accounted for 39% and 29% of online game revenue in the nine months ended September 30, 2010 and 2011, respectively. Revenue from consumable virtual goods accounted for 20% of the increase in online game revenue from the nine months ended September 30, 2010 to the nine months ended September 30, 2011.

Durable virtual goods accounted for 61% and 71% of online game revenue in the nine months ended September 30, 2010 and 2011. Revenue from durable virtual goods accounted for 80% of the increase in online game revenue from the nine months ended September 30, 2010 to the nine months ended September 30, 2011.

The estimated weighted-average life of durable virtual goods for bookings during the nine months ended September 30, 2010 was 18 months compared to 15 months for the nine months ended September 30, 2011. In addition, in 2011 cumulative changes in our estimated average life of durable virtual goods for various games resulted in a net increase in revenue of \$48.5 million in the nine months ended September 30, 2011.

Advertising revenue increased \$32.6 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011, due to a \$19.6 million increase in revenue from in-game offers, sponsorships and engagement ads, and a \$13.0 million increase in revenue from other advertising activity. Revenue from in-game offers, sponsorships and engagement ads increased in part due to a higher level of in-game offers during 2011, reflecting in part the fact that we discontinued certain in-game offers in the fourth quarter of 2009 and resumed and gradually increased in-game offers during the nine months ended September 30, 2010 but did not have in-game offers for the entire period.

### Cost of revenue

	Nine Months Ended September 30,		% Change
	2010	2011	
	(dollars in thousands)		
Cost of revenue	\$ 124,449	\$ 225,908	82%

Cost of revenue increased \$101.5 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. The increase was primarily attributable to an increase in hosting costs of \$60.8 million to support additional games and player activity, a \$31.9 million increase in depreciation and amortization related to depreciation of new fixed assets and amortization of acquired intangibles, a \$14.4 million increase in consulting costs primarily related to third-party customer support necessitated by higher player activity and an \$8.7 million increase in headcount-related expenses for our infrastructure groups to support the growth of our business. These increases in costs of revenue were offset by decreases in sales tax expense and payment processing fees of \$10.8 million and \$4.7 million, respectively, during the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010.

### Research and development

	Nine Months Ended September 30,		% Change
	2010	2011	
	(dollars in thousands)		
Research and development	\$ 98,019	\$ 282,316	188%

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Research and development expenses increased \$184.3 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. The increase was primarily attributable to a \$150.5 million increase in headcount-related expenses and a \$17.1 million increase in consulting costs due to the ongoing investment in new game development, in addition to an increase in allocated facilities and other overhead support costs of \$12.5 million.

***Sales and marketing***

	Nine Months Ended September 30,		<u>% Change</u>
	<u>2010</u>	<u>2011</u>	
	(dollars in thousands)		
Sales and marketing	\$ 75,885	\$ 121,971	61%

Sales and marketing expenses increased \$46.1 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. The increase was primarily attributable to a \$23.9 million increase in player acquisition costs and an increase in headcount-related expenses of \$15.9 million.

***General and administrative***

	<u>Nine Months Ended September 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>% Change</u>
	(dollars in thousands)		
General and administrative	\$ 49,339	\$ 117,723	139%

General and administrative expenses increased \$68.4 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. The increase was primarily attributable to a \$33.1 million increase in headcount-related expenses, \$10.6 million in stock-based compensation expenses related to a common stock warrant issued in June 2011, an \$8.1 million increase in information technology costs, a \$3.6 million increase in facilities and overhead expenses and a \$4.6 million increase in depreciation expense.

***Interest income***

	Nine Months Ended September 30,		<u>% Change</u>
	<u>2010</u>	<u>2011</u>	
	(dollars in thousands)		
Interest income	\$ 749	\$ 1,223	63%

Interest income increased \$0.5 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. The increase was primarily attributable to the increase in our cash and marketable securities balance driven by the increase in cash flows from operations and proceeds from the sale and issuance of Series C preferred stock in February 2011.

***Other income (expense), net***

	Nine Months Ended September 30,		
	2010	2011	% Change
	(dollars in thousands)		
Other income (expense), net	\$ 478	\$ (273)	NM

Other income (expense), net decreased \$0.8 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. The decrease was primarily attributable to losses due to foreign exchange rate changes.

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*Provision for income taxes*

	Nine Months Ended September 30,		% Change
	2010	2011	
	(dollars in thousands)		
Provision for income taxes	\$ (7,632)	\$ (51,206)	NM

The provision for income taxes increased \$43.6 million from the nine months ended September 30, 2010 to the nine months ended September 30, 2011. This increase was attributable to the increase in pre-tax income of \$26.7 million in the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 and the realization of deferred tax assets from prior periods that offset current tax expense in 2010. In addition, the provision for income taxes at September 30, 2011 was higher as a result of an increase in non-deductible stock-based compensation expense and the initial implementation costs of our international tax structure, offset by tax credits and a favorable change in our jurisdictional mix of income, which provides for income earned in foreign tax jurisdictions to be taxed at lower income tax rates.

For the foreseeable future, our effective tax rate will be impacted by significant post-IPO stock-based compensation expense and additional tax expense associated with the implementation of our international tax structure. Following our IPO, we expect stock-based compensation expense to generate significant tax benefits which may be deducted against future income. As these deductions are recognized and the implementation of our international tax structure is completed, we anticipate that our effective tax rate will be lower than the U.S. statutory rate.

**Years Ended December 31, 2008, 2009 and 2010***Revenue*

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
Revenue by type:					
Online game	\$ 5,272	\$ 85,748	\$574,632	1,526%	570%
Advertising	14,138	35,719	22,827	153%	(36)%
Total	<u>\$ 19,410</u>	<u>\$121,467</u>	<u>\$597,459</u>	526%	392%

*2009 Compared to 2010* . Total revenue increased \$476.0 million from 2009 to 2010, as a result of growth in both online game and advertising revenues. Bookings increased by \$510.8 million from 2009 to 2010. ABPU increased from \$0.035 to \$0.041, reflecting improved overall monetization of our players, while DAUs increased from 41 million to 56 million. ABPU data for 2009 only includes data from July to December as prior months are not available.

Online game revenue increased \$488.9 million from 2009 to 2010. *FarmVille*, *Mafia Wars* and *Zynga Poker* accounted for \$166.9 million, \$129.1 million and \$85.1 million of the increase, respectively. The increase in revenue from *FarmVille* was the result of the launch of this game in June 2009. *Mafia Wars* was launched in June 2008 and *Zynga Poker* was launched in July 2007, and the increase in revenue from these games reflects an increase in bookings from new content, as well as the recognition of revenue derived from bookings recorded over a longer period of time. All other games accounted for the remaining net increase of \$107.8 million.

In 2009, *Mafia Wars*, *Zynga Poker* and *YoVille* were our top revenue-generating games and comprised 39%, 32% and 11%, respectively, of online game revenue. In 2010, *FarmVille*, *Mafia Wars* and *Zynga Poker* were our top revenue-generating games and comprised 30%, 28% and 20%, respectively, of online game revenue. No other game comprised 10% or more of online game revenue during 2009 or 2010.

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Consumable virtual goods accounted for 15% of online game revenue in 2009 compared to 37% in 2010. The increase in online game revenue from consumable virtual goods in 2010 was largely due to our ability in late 2009 and early 2010 to track separately consumable virtual goods from durable virtual goods, allowing us to recognize consumable virtual goods as they were consumed. Revenue from consumable virtual goods accounted for 41% of the increase in online game revenue from 2009 to 2010.

Durable virtual goods accounted for 85% of online game revenue in 2009 compared to 63% in 2010. Revenue from durable virtual goods accounted for 59% of the increase in online game revenue from 2009 to 2010.

The estimated weighted-average life of durable virtual goods included in bookings during 2009 was 19 months compared to 18 months during 2010.

Advertising revenue decreased \$12.9 million as we reduced the volume of in-game offers in order to improve player experience. International revenue as a percentage of total revenue was 14%, 27% and 33% in 2008, 2009 and 2010, respectively. These increases were primarily due to more international payment options, additional localized content and more demand for our games internationally.

*2008 Compared to 2009.* Total revenue increased \$102.1 million from 2008 to 2009. Bookings increased by \$292.1 million from 2008 to 2009 and increased in every quarter due to the launch of several new games, as well as new content added to existing games.

Online game revenue increased \$80.5 million from 2008 to 2009. *Mafia Wars*, *Zynga Poker* and *YoVille* accounted for \$32.2 million, \$24.1 million and \$9.7 million of the increase, respectively. The increase in revenue from *Mafia Wars* and *YoVille* was due to the launch and acquisition of these games, respectively, in June 2008. *Zynga Poker* was launched in July 2007, and the increase in revenue reflects an increase in bookings from new content, as well as the recognition of revenue derived from bookings recorded over a longer period of time. All other games accounted for the remaining net increase of \$14.5 million.

In 2008, *Zynga Poker* and *Mafia Wars* were our top revenue-generating games and comprised 71% and 20%, respectively, of online game revenue. No other game comprised 10% or more of online game revenue during 2008.

The estimated weighted-average life of durable virtual goods included in bookings during 2008 was 15 months compared to 19 months during 2009.

Advertising revenue increased \$21.6 million due to player growth and an increase in in-game offers.

### Cost of revenue

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
Cost of revenue	\$10,017	\$56,707	\$176,052	466%	210%

*2009 Compared to 2010.* Cost of revenue increased \$119.3 million from 2009 to 2010. The increase was primarily attributable to an increase of \$47.6 million in hosting costs to support additional games and increased player activity, an increase of \$23.9 million in depreciation and amortization expense related to depreciation of new fixed assets and amortization of intangibles acquired in business acquisitions, an increase of \$18.0 million in consulting costs primarily related to third-party customer support necessitated by higher player activity, and an increase of \$13.4 million in headcount-related costs for our technology and customer support groups to support the growth of our business. In addition, payment processing fees increased by \$9.6 million.

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*2008 Compared to 2009.* Cost of revenue increased \$46.7 million from 2008 to 2009. The increase was primarily attributable to an increase of \$14.3 million in hosting costs to support new games and increased player activity, an increase of \$12.8 million in payment processing fees as a result of increased payment transactions, and an increase of \$7.4 million in headcount-related costs for our technology and customer support groups in order to support our ongoing investment in game development and enhancements.

### Research and development

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
Research and development	\$12,160	\$51,029	\$149,519	320%	193%

*2009 Compared to 2010.* Research and development expenses increased \$98.5 million from 2009 to 2010. The increase was primarily attributable to an increase of \$77.9 million in headcount-related expenses and an increase of \$8.2 million in third-party design expenses related to game development and an increase of \$8.9 million in allocated facilities and overhead support costs.

*2008 Compared to 2009.* Research and development expenses increased \$38.9 million from 2008 to 2009. The increase was primarily attributable to an increase of \$29.5 million in headcount-related expenses related to game development.

### Sales and marketing

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
Sales and marketing	\$10,982	\$42,266	\$114,165	285%	170%

*2009 Compared to 2010.* Sales and marketing expenses increased \$71.9 million from 2009 to 2010. The increase was primarily attributable to an increase of \$44.5 million in player acquisition costs, an increase of \$18.7 million in headcount-related costs and an increase of \$5.5 million in general marketing expenses related to new marketing and brand programs.

*2008 Compared to 2009.* Sales and marketing expenses increased \$31.3 million from 2008 to 2009. The increase was primarily attributable to an increase of \$26.3 million in player acquisition costs and an increase of \$3.2 million in headcount-related expenses.

### General and administrative

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
General and administrative	\$8,834	\$24,243	\$32,251	174%	33%

*2009 Compared to 2010.* General and administrative expenses increased \$8.0 million from 2009 to 2010. The increase was primarily attributable to an increase of \$22.8 million in headcount-related expenses, an increase of \$14.0 million in professional service costs, a \$4.8 million increase in depreciation expense and a \$2.5 million increase in information technology costs to support the growth of our business. These increased expenses were offset by a net gain from legal settlements of \$39.3 million.

*2008 Compared to 2009.* General and administrative expenses increased \$15.4 million from 2008 to 2009. The increase was primarily attributable to an increase of \$13.2 million in professional services associated with ongoing litigation and an increase of \$10.3 million in headcount-related expenses related to the support of the growth of our business. In 2008, we recorded \$7.0 million of general and administrative expenses related to a legal settlement.

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### Interest income

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
Interest income	\$319	\$177	\$1,222	(45)%	590%

*2009 Compared to 2010.* Interest income increased \$1.0 million from 2009 to 2010 primarily due to the increase in our cash and marketable securities balance driven by the increase in cash flows from operations and cash from financing activities, including proceeds from the sale and issuance of Series B-2 preferred stock in the second quarter of 2010.

*2008 Compared to 2009.* Interest income decreased \$0.1 million primarily due to the decrease in interest rates during 2009.

### Other income (expense), net

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
Other income (expense), net	\$ 187	\$(209)	\$ 365	NM	NM

*2009 Compared to 2010.* Other income (expense), net increased \$0.6 million from 2009 to 2010 primarily due to an increase in net transaction gain on foreign exchange rate changes.

*2008 Compared to 2009.* Other income (expense), net decreased \$0.4 million from 2008 to 2009 primarily due to a net transaction loss on foreign exchange rate changes.

### Provision for income taxes

	Year Ended December 31,			2008 to 2009	2009 to 2010
	2008	2009	2010	% Change	% Change
	(dollars in thousands)				
Provision for income taxes	\$(38)	\$(12)	\$(36,464)	NM	NM

*2009 Compared to 2010.* Provision for income taxes increased \$36.5 million from 2009 to 2010, primarily as a result of the increase in pre-tax income in 2010 from a pre-tax loss in 2009. In 2010, we recorded a provision for income taxes that was principally attributable to U.S. federal taxes, California taxes and foreign taxes. The effective tax rate for 2010 was 28.7%. The increase in our annual effective tax rate for 2010 was driven by the implementation cost of our international tax structure, state income taxes and non-deductible stock compensation expense. These increases were offset by the benefit of releasing the federal valuation allowance in 2010 due to our achievement of profitability, and by the utilization of both federal and California research and development credits.

Before we began forming non-U.S. operating companies during 2010, the revenue from non-U.S. users was earned by our U.S. company, resulting in virtually no foreign profit before tax. The new foreign entities, as start-up companies, generated operating losses in 2010. The tax impact of the losses generated in tax jurisdictions with lower statutory rates than the U.S. rate increased tax expense and the effective tax rate.

*2008 Compared to 2009.* In 2008 and 2009, we recorded income taxes that were principally attributable to the California minimum franchise tax and foreign taxes.



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## Quarterly Results of Operations Data

The following tables set forth our unaudited quarterly consolidated statements of operations data in dollars and as a percentage of revenue for each of the 11 quarters ended September 30, 2011 (certain items may not reconcile due to rounding). We also present other financial and operations data, and a reconciliation of revenue to bookings and net income (loss) to adjusted EBITDA, for the same periods. We have prepared the quarterly consolidated statements of operations data on a basis consistent with the audited consolidated financial statements included in this prospectus. In the opinion of management, the financial information reflects all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of this data. This information should be read in conjunction with the audited consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results of operations for a full year or any future period.

	For the Three Months Ended										
	Mar 31,	Jun 30,									
	2009	2009	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,
			2009	2009	2010	2010	2010	2010	2011	2011	2011
	(in thousands)										
Consolidated Statements of Operations Data:											
Revenue	\$ 15,531	\$18,904	\$ 31,311	\$ 55,721	\$100,927	\$130,099	\$170,674	\$195,759	\$242,890	\$279,144	\$306,829
Costs and expenses:											
Cost of revenue	4,467	8,943	16,191	27,106	32,911	41,636	49,902	51,603	67,662	78,076	80,170
Research and development	6,603	9,141	14,302	20,983	27,851	30,386	39,782	51,500	71,760	95,747	114,809
Sales and marketing	4,687	6,324	10,987	20,268	17,398	29,530	28,957	38,280	40,156	38,098	43,717
General and administrative	1,636	3,654	6,952	12,001	16,452	15,130	17,757	(17,088)	27,110	54,218	36,395
Total costs and expenses	17,393	28,062	48,432	80,358	94,612	116,682	136,398	124,295	206,688	266,139	275,091
Income (loss) from operations	\$ (1,862)	\$ (9,158)	\$ (17,121)	\$ (24,637)	\$ 6,315	\$ 13,417	\$ 34,276	\$ 71,464	\$ 36,202	\$ 13,005	\$ 31,738
Net income (loss)	\$ (1,761)	\$ (9,250)	\$ (17,264)	\$ (24,547)	\$ 6,435	\$ 13,951	\$ 27,217	\$ 42,992	\$ 16,758	\$ 1,391	\$ 12,540

	For the Three Months Ended										
	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011
	(as a percentage of revenue)										
Consolidated Statements of Operations Data:											
Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Costs and expenses:											
Cost of revenue	29	47	52	49	33	32	29	26	28	28	26
Research and development	43	48	46	38	28	23	23	26	30	34	38
Sales and marketing	30	33	35	36	17	23	17	20	17	14	14
General and administrative	10	20	22	21	16	12	11	(9)	11	19	12
Total costs and expenses	112	148	155	144	94	90	80	63	86	95	90
Income (loss) from operations	(12)%	(48)%	(55)%	(44)%	6%	10%	20%	37%	14%	5%	10%
Net income (loss)	(11)%	(49)%	(55)%	(44)%	6%	11%	16%	22%	6%	0%	4%

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	For the Three Months Ended											
	Mar 31,	Jun 30,	Sep 30,									
	2009	2009	2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011	Jun 30, 2011	Sep 30, 2011	
(dollars in thousands, except ABPU data)												
Other Financial and Operations Data:												
Bookings	\$ 32,523	\$52,548	\$98,447	\$144,552	\$178,318	\$194,696	\$222,383	\$243,499	\$286,598	\$274,743	\$287,661	
Adjusted EBITDA	\$ 16,656	\$26,635	\$53,848	\$ 71,048	\$ 93,552	\$ 93,794	\$102,200	\$103,192	\$112,263	\$ 65,080	\$ 58,130	
Average DAUs (in millions)	NA	NA	24	58	67	60	49	48	62	59	54	
Average MAUs (in millions)	NA	NA	99	207	236	234	203	195	236	228	227	
Average MUUs (in millions)	NA	NA	63	110	124	119	110	111	146	151	152	
ABPU	NA	NA	\$ 0.044	\$ 0.027	\$ 0.030	\$ 0.036	\$ 0.049	\$ 0.055	\$ 0.051	\$ 0.051	\$ 0.058	
Headcount (at period end)	187	275	404	576	761	961	1,246	1,483	1,858	2,289	2,789	

NA means data is not available.

	For the Three Months Ended										
	Mar 31,	Jun 30,									
	2009	2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011	Jun 30, 2011	Sep 30, 2011
	(in thousands)										
Reconciliation of Revenue to Bookings:											
Revenue	\$ 15,531	\$18,904	\$ 31,311	\$ 55,721	\$100,927	\$130,099	\$170,674	\$195,759	\$242,890	\$279,144	\$306,829
Change in deferred revenue	16,992	33,644	67,136	88,831	77,391	64,597	51,709	47,740	43,708	(4,401)	(19,168)
Bookings	<u>\$ 32,523</u>	<u>\$52,548</u>	<u>\$ 98,447</u>	<u>\$144,552</u>	<u>\$178,318</u>	<u>\$194,696</u>	<u>\$222,383</u>	<u>\$243,499</u>	<u>\$286,598</u>	<u>\$274,743</u>	<u>\$287,661</u>
Reconciliation of Net Income (Loss) to Adjusted EBITDA:											
Net income (loss)	\$ (1,761)	\$ (9,250)	\$ (17,264)	\$ (24,547)	\$ 6,435	\$ 13,951	\$ 27,217	\$ 42,992	\$ 16,758	\$ 1,391	\$ 12,540
Provision for income taxes	3	3	3	3	391	789	6,452	28,832	19,226	12,257	19,723
Other income (expense), net	(65)	128	182	(36)	(430)	(1,101)	1,053	113	736	(200)	(263)
Interest income	(39)	(39)	(42)	(57)	(81)	(222)	(446)	(473)	(518)	(443)	(262)
Gain (loss) on legal settlements	—	—	—	—	—	—	—	(39,346)	—	—	—
Depreciation and amortization	1,284	1,583	2,853	4,652	6,546	8,504	11,292	13,139	17,847	23,365	22,936
Stock-based compensation	242	566	980	2,202	3,300	7,276	4,923	10,195	14,506	33,111	22,624
Change in deferred revenue	16,992	33,644	67,136	88,831	77,391	64,597	51,709	47,740	43,708	(4,401)	(19,168)
Adjusted EBITDA	<u>\$ 16,656</u>	<u>\$26,635</u>	<u>\$ 53,848</u>	<u>\$ 71,048</u>	<u>\$ 93,552</u>	<u>\$ 93,794</u>	<u>\$102,200</u>	<u>\$103,192</u>	<u>\$112,263</u>	<u>\$ 65,080</u>	<u>\$ 58,130</u>

**Quarterly Trends**

Bookings increased sequentially during all periods presented except for a decrease of 4% in the three months ended June 30, 2011 compared to the three months ended March 31, 2011, which was primarily attributable to a decrease in DAUs while ABPU was stable over the quarter. We did not launch any new games in the first half of 2011 in time to materially impact bookings in the first two quarters of 2011. Failure in future periods to launch successful games on a regular basis will have a negative impact on bookings, and ultimately revenue, in future periods. ABPU increased in each sequential quarter in 2010 from \$0.030 in the first quarter of 2010 to \$0.055 in the fourth quarter of 2010 as a result of better monetization of all of our players through the sale of virtual goods and advertising. ABPU decreased slightly from the fourth quarter of 2010 to the first quarter of 2011, reflecting a

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decrease in monetization of a larger player base resulting from a 30% increase in average DAUs. The increase in average DAUs was driven by growth in players on both Facebook and mobile platforms. ABPU remained consistent in the second quarter of 2011 as both average DAUs and bookings decreased slightly from the previous quarter. ABPU increased in the third quarter of 2011 due to higher bookings and a decrease in average DAUs.

Revenue increased sequentially during every quarter presented due to the launch of new games and the release of enhanced content and features in existing games. In addition, during the three months ended December 31, 2009 data became available to separately account for consumable and durable virtual goods for one of our games, thus allowing us to recognize revenue related to consumable goods upon consumption. In the three months ended March 31, 2010, this data became available for several of our other games. As consumable virtual goods are typically consumed by our players within a month of purchase, this resulted in revenue being recognized over a shorter period of time beginning in the three months ended December 31, 2009 as compared to previous periods. Cumulative 2011 changes in our estimated average life of durable virtual goods for various games resulted in a net increase in revenue of \$21.2 million in the three months ended September 30, 2011.

Cost of revenue increased in absolute terms during every quarter presented. The increases were primarily due to increased web-hosting costs, depreciation and amortization expense, consulting and headcount costs related to customer support in connection with the growth of our business. Payment processing fees decreased \$2.9 million in the three months ended December 31, 2010 compared to the three months ended September 30, 2010 due to the transition to Facebook Credits as our primary in-game payment method for games played through Facebook. We do not record any payment processing fees associated with Facebook Credits because we account for revenue related to the redemption of Facebook Credits in our games net of the amounts retained by Facebook. The increase in cost of revenue for the three months ended March 31, 2011 compared to the three months ended December 31, 2010 was primarily due to web-hosting costs associated with higher-than-expected player activity that required us to purchase additional, more expensive temporary capacity.

Research and development expenses increased in absolute terms during every quarter presented, primarily due to headcount-related expenses from continued hiring to develop and enhance our games and consulting costs related to game design and content creation. The increase in the three months ended March 31, 2011 reflects increased resources devoted to existing and new game development. This is a key area of investment for us and core to the long-term success of our business. The increase in the three months ended June 30, 2011 includes \$4.0 million related to payments to a former employee and \$4.8 million of stock compensation expense related to the acceleration of vesting of stock options held by this former employee. For the three months ended September 30, 2011, research and development expenses increased due to an increase in headcount-related expenses, which included \$5.4 million in stock-based compensation expense related to the acceleration of vesting of stock held by a former employee.

Sales and marketing expenses decreased by \$2.9 million from the three months ended December 31, 2009 to the three months ended March 31, 2010 due to a decrease in player acquisition costs. Sales and marketing expenses increased by \$12.1 million from the three months ended March 31, 2010 to the three months ended June 30, 2010 due primarily to an increase in player acquisition costs related to the launch of new games and a \$3.3 million stock-based compensation charge related to a former employee recorded in the three months ended June 30, 2010. Sales and marketing expenses decreased by \$2.1 million from the three months ended March 31, 2011 to the three months ended June 30, 2011 primarily due to a decrease in player acquisition costs partially offset by an increase in headcount-related expenses. Increases in sales and marketing expenses in other quarters were primarily due to increased player acquisition costs, increased headcount-related expenses from continued hiring to support business growth, and increased marketing activities and consulting costs. The timing of these marketing activities and related consulting costs drove fluctuations in expenses during 2010.

General and administrative expenses generally increased in absolute terms over the periods presented. This was primarily due to increased headcount-related expenses from continued hiring to support growth, as well as increased costs related to legal professional services. The timing of legal professional service expenses as well as

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### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in our consolidated financial statements and related notes. Our significant accounting policies are described in Note 1 to our consolidated financial statements included in this prospectus. We have identified below our critical accounting policies and estimates that we believe require the greatest amount of judgment. These estimates and judgments have a significant impact on our consolidated financial statements. Actual results could differ materially from those estimates.

#### ***Revenue Recognition***

We derive revenue from the sale of virtual goods and from the sale of advertising within our games.

##### *Online game*

We operate our games as live services that allow players to play for free. Within these games, players can purchase virtual currency to obtain virtual goods to enhance their game-playing experience. Players can primarily pay for our virtual currency using Facebook Credits when playing our games through the Facebook platform, and can use other payment methods such as credit cards or PayPal on other platforms. We also sell game cards that are initially recorded as a customer deposit liability which is included in other current liabilities on the consolidated balance sheet, net of fees retained by retailers and distributors. Upon redemption of a game card into one of our games and delivery of virtual currency to the player, these amounts are reclassified to deferred revenue.

We recognize revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the player; (3) the collection of our fees is reasonably assured; and (4) the amount of fees to be paid by the customer is fixed or determinable. For purposes of determining when the service has been provided to the player, we have determined that an implied obligation exists to the paying player to continue displaying the purchased virtual goods within the online game over their estimated life or until they are consumed. The proceeds from the sales of virtual goods are initially recorded in deferred revenue. We categorize our virtual goods as either consumable or durable. Consumable virtual goods, such as energy in *CityVille*, represent goods that can be consumed by a specific player action. Common characteristics of consumable goods may include virtual goods that are no longer displayed on the player's game board after a short period of time, do not provide the player any continuing benefit following consumption or often times enable a player to perform an in-game action immediately. For the sale of consumable virtual goods, we recognize revenue as the goods are consumed. Durable virtual goods, such as tractors in *FarmVille*, represent virtual goods that are accessible to the player over an extended period of time. We recognize revenue from the sale of durable virtual goods ratably over the estimated average playing period of paying players for the applicable game, which represents our best estimate of the average life of our durable virtual goods. If we do not have the ability to differentiate revenue attributable to durable virtual goods from consumable virtual goods for a specific game, we recognize revenue from the sale of durable and consumable virtual goods for that game ratably over the estimated average period that paying players typically play our games. We determine our estimated average playing period of paying players for each significant game beginning with the time a player first purchases a virtual good. For the nine months ended September 30, 2011, the estimated average playing period of paying players for our games ranged from eight to 25 months. Future paying player usage patterns and behavior may differ from the historical usage patterns and therefore the estimated average playing periods may change in the future.

Prior to October 1, 2009, we did not have the data to determine the consumption dates for our consumable virtual goods or to differentiate revenue attributable to durable virtual goods from consumable virtual goods. Beginning in October 2009, we had sufficient data to separately account for consumable and durable virtual goods in one of our games, thus allowing us to recognize revenue related to consumable goods upon consumption. Since January 2010, we have had this data for substantially all of our games, thus allowing us to recognize revenue related to consumable goods upon consumption. Future usage patterns may differ from historical usage patterns and therefore the estimated average playing periods may change in the future. We assess the estimated average playing

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period for paying players and the estimated average life of our virtual goods quarterly. We expect that there will be changes in the mix of virtual goods sold due to new game introductions, reduced virtual good sales in existing games or other factors, including changes in estimates in virtual good life or our ability to make such estimates. When such changes occur, and in particular if more of our revenue in any period is derived from goods for which revenue is recognized over the estimated average playing period, or that period increases on average, the amount of revenue that we recognize in a future period may be reduced from prior periods, perhaps significantly. We estimate chargebacks from our third-party payment processors to account for potential future chargebacks based on historical data and record such amounts as a reduction of revenue.

We determine our estimated average playing period for paying players by game beginning at the time of a payer's first purchase and ending on a date that is calculated based on an attrition rate which factors in historical data. To determine the attrition rate for a given game, we analyze paying players for that game who made their first in-game payment between six and 18 months prior to the beginning of each quarter (each month of first time payers is a "cohort") and determine whether each player within the analyzed population is an active or inactive player as of the date of our analysis. To determine which players are inactive, we analyze the dates that each paying player last logged into that game. We determine a paying player to be inactive once they have reached a period of inactivity for which it is probable (defined as at least 80%) that a player will not return to a specific game. For the payers deemed inactive as of our analysis date we analyze the dates they last logged into that game to determine the rate at which inactive players stop playing. Based on these inactivity periods we then project the expected date at which all paying players for each monthly cohort are expected to cease playing our games. We then average the time periods from first purchase date and the date the last player is expected to cease playing the game for each of the monthly cohorts to determine the total playing period for that game. To determine the estimated average playing period we then divide this total playing period by two. The use of this "average" approach is supported by our observations that paying players become inactive at a relatively consistent rate for each of our games. If future data indicates paying players do not become inactive at a relatively consistent rate, we will modify our calculations accordingly. If a new game is launched and only a limited period of paying player data is available for our analysis, then we also consider other factors, such as the estimated average playing period for other recently launched games with similar characteristics, to determine the estimated average playing period.

In May 2010, we entered into an agreement with Facebook that required us to accept Facebook Credits as the primary in-game payment method for our games played through the Facebook platform. The agreement required us to begin migrating our games to Facebook Credits in our games beginning in July 2010, and by April 2011 this migration was complete. Facebook Credits is Facebook's proprietary virtual currency that Facebook sells for use on the Facebook platform. Under the terms of our agreement, Facebook sets the price our players pay for Facebook Credits and collects the cash from the sale of Facebook Credits. Facebook's current stated face value of a Facebook Credit is \$0.10. For each Facebook Credit purchased by our players and redeemed in our games, Facebook remits to us \$0.07, which is the net amount we recognize as revenue. We recognize revenue net of the amounts retained by Facebook because we do not set the pricing of Facebook Credits to the players of our games. Prior to the implementation of Facebook Credits in our games, players could purchase our virtual goods through various widely accepted payment methods offered in the games and we recognized revenue based on the transaction price paid by the player.

### *Advertising*

We have contractual relationships with agencies and brokers for advertisements within our games. We recognize advertising revenue as advertisements are delivered to customers as long as evidence of the arrangement exists (executed contract), the price is fixed and determinable, and we have assessed collectability as reasonably assured. Certain branded virtual goods and sponsorships are deferred and recognized over the estimated average life of the branded virtual good, similar to online game revenue.

We report our advertising revenue net of amounts due to advertising agencies and brokers because we are not the primary obligor in our arrangements, we do not set the pricing, and we do not establish or maintain the relationship with the advertiser.

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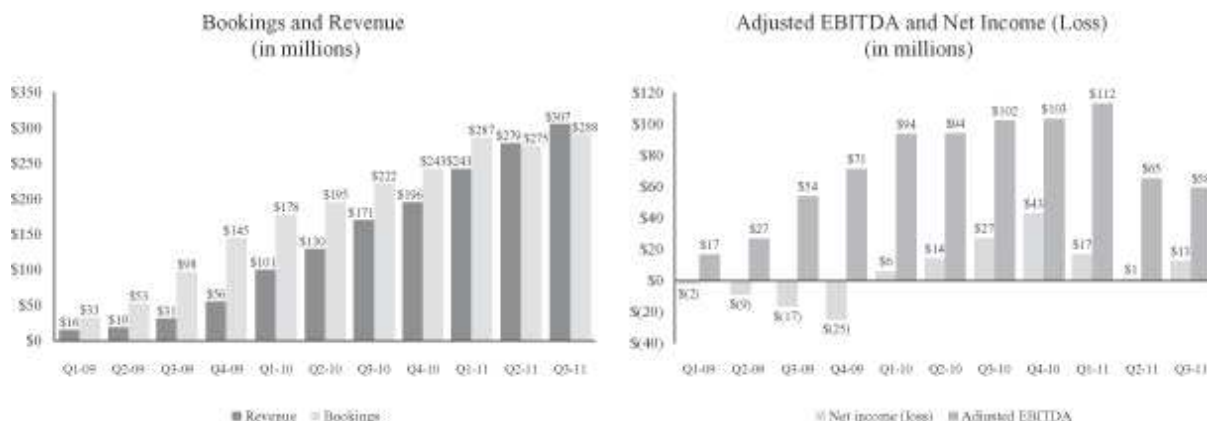
### Our Key Metrics

We measure our business by using several key financial metrics, which include bookings, adjusted EBITDA and ABPU, and operating metrics, which include DAUs, MAUs and MUUs. Our operating metrics help us to understand and measure the engagement levels of our players, the size of our audience and our reach.

For a description of how we calculate each of our key metrics and factors that have caused fluctuations in these metrics, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics.”

In July 2010, we began migrating to Facebook Credits as the primary payment method for our games played through Facebook, and by April 2011, we had completed this migration. Facebook remits to us an amount equal to 70% of the face value of Facebook Credits purchased by our players for use in our games played through Facebook. We record bookings and recognize revenue net of the amounts retained by Facebook.

The charts and the table below show the metrics for the ten quarters indicated:



	For the Three Months Ended										
	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,	Mar 31,	Jun 30,	Sep 30,
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011
	(users in millions)										
Average DAUs	NA	NA	24	58	67	60	49	48	62	59	54
Average MAUs	NA	NA	99	207	236	234	203	195	236	228	227
Average MUUs	NA	NA	63	110	124	119	110	111	146	151	152
ABPU	NA	NA	\$ 0.044	\$ 0.027	\$ 0.030	\$ 0.036	\$ 0.049	\$ 0.055	\$ 0.051	\$ 0.051	\$ 0.058

NA means data is not available.

### Our Strategy

Our mission is to connect the world through games. In pursuit of our mission, we encourage entrepreneurship and intelligent risk taking to produce breakthrough innovations, which we call bold beats. The key elements of our strategy are:

- **Make Games Accessible and Fun.** We operate our games as live services that are available anytime and anywhere. We design our social games to provide players with easy access to shared experiences that delight, amuse and entertain, and we will continue to update our games on an ongoing basis with fresh content and new features to make them more social and fun for our players.
- **Enhance Existing Franchises.** We will continue to enhance our market-leading franchises including *CityVille*, *FarmVille*, *FrontierVille*, *Words with Friends* and *Zynga Poker*. We regularly update our games after launch to encourage social interactions, add new content and features and improve monetization. For



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example, we established a weekly cadence of new content releases for our *FarmVille* franchise after its launch in 2009. *FarmVille* achieved record revenue in the quarter ended March 31, 2011. Further, during the first two days of our *FarmVille English Countryside* expansion in March 2011, we saw a large increase in bookings. Other notable features in our franchises that we developed post launch include the “spice rack” in *Café World* where players can use their spices to accelerate cooking a dish, “robbing” in *Mafia Wars* that augments a player’s “fighting,” and a “hand strength meter” in *Zynga Poker* to help players calculate the effectiveness of their poker hands.

- **Launch New Games.** We will continue to invest in building new games to expand the genres of games that we offer, further engage with our existing players and attract new players. For example, in November 2011, we launched *CastleVille*, which in its first two weeks became the second most popular game on Facebook based on DAUs, as measured by AppData.
- **Continue Mobile Growth.** *Words with Friends* is one of the leading social game franchises on mobile platforms. We believe there is a large opportunity to extend our brand and games to mobile platforms such as Apple iOS and Google Android. We will continue to make our games accessible on a large number of mobile and other Internet-connected devices and invest in developing and acquiring mobile development talent, technologies and content. As of September 30, 2011, we had a total of 11 games available on mobile platforms. We have recently extended franchise games, such as *Zynga Poker*, to mobile platforms and we have developed games, such as *Hanging with Friends*, for initial launch on mobile platforms. Our DAUs on mobile platforms grew more than ten-fold from November 1, 2010 to September 30, 2011 and reached 9.9 million during the third quarter of 2011 and 11.1 million in October 2011.
- **Continue International Growth.** We have seen significant growth in the number of our players in international markets. Our games are available in up to 17 languages. In December 2010, *CityVille* was our first game to launch in multiple languages and, in June 2011, *Empires & Allies* launched in 12 languages. We intend to expand our international audience by making more of our games available in multiple languages, creating more localized game content and partnering with leading international social networking sites and mobile partners. We believe we have a significant opportunity to better monetize our games in international markets as we offer more targeted virtual goods and additional payment options.
- **Extend our Technology Leadership Position.** Our proprietary technology stack and data analytics are competitive advantages that enhance our ability to create the world’s best social games. We will continue to innovate and optimize our network infrastructure to cost-effectively ensure high performance and high availability for our social games. We believe continued investments in infrastructure and systems will allow us to extend our technology leadership.
- **Increase Monetization of Our Games.** We plan to offer increased selection, better merchandising and more payment options to increase the sales of our virtual goods. Our players purchase these virtual goods to extend their play sessions, personalize their game environments, accelerate their progress or send unique gifts to their friends. We will also continue to pursue additional revenue opportunities from advertising, including branded virtual goods and sponsorships. Starting in March 2010, we began selling pre-paid game cards at retail stores and currently sell these game cards at more than 45,000 stores, including 7-Eleven, Best Buy, GameStop and Target. These Zynga game cards allow our players to purchase virtual goods in our games, such as batteries in *CityVille* and food in *FrontierVille*.

## Our Social Games

We design our social games to provide players with shared experiences that surprise and delight them. Our social games leverage the global connectivity and distribution on Facebook, other social networks and mobile platforms, such as Apple iOS and Google Android. In addition to third-party platforms, we recently announced Project Z, our own platform that will allow people to find games through friends and friends through games. Project Z is currently under development and will be available through Zynga.com. Our games are free to play, span a number of genres and attract a community of players that is demographically and geographically diverse.

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We operate our games as live services and update them with fresh content and new features to make them more social, enhance player engagement and improve monetization. We analyze the data generated by our players' game play and social interactions to guide the creation of new content and features. We use this ongoing feedback loop to keep our games compelling and enhance the player experience.

Play, invest and express are player actions that we believe are central to our social games. Players generally start with a standard game board, such as a virtual island in *Empires & Allies*, which they then customize and personalize through their game play. We design our games to inspire and enable our players to express their personalities by customizing the appearances of their characters and building and decorating their own virtual city, farm, homestead or restaurant. Players invest time in our games in a variety of ways, such as by tending virtual crops or developing specialized skills like winemaking or baking. Through activities such as these, players advance in the game, which we refer to as leveling up. Players can choose to advance in the game by investing additional time, requesting help from their friends or purchasing virtual goods.

Descriptions of some of our leading games are provided below (including average MAU data for the third quarter of 2011):



**Genre:** Virtual World

**Platforms:** Facebook, iOS, Google+

**Launched:** December 2010

**MAUs:** 60 million

*CityVille* is the largest game on Facebook by MAUs, according to AppData. In *CityVille*, our players build the city of their dreams. Players can build homes, businesses, famous landmarks and public buildings to grow their city. In addition, players can socialize within cities with their family and friends by asking them to help by working in community buildings, such as police departments, or by building franchises, such as toy stores. *CityVille* surpassed 61 million MAUs within the first 50 days after launch. *CityVille* was our first game launched in multiple languages (English, French, German, Italian and Spanish). In June 2011, we launched *CityVille Hometown*, a mobile application available on Apple iOS platforms. *CityVille Hometown* enables players to build small towns and villages and connect with their Facebook friends.



**Genre:** Card

**Platforms:** Facebook, Myspace, Yahoo!, Android, iOS, Google+

**Launched:** July 2007

**MAUs:** 34 million

*Zynga Poker* was our first social game and is the largest free-to-play online poker game in the world. Players have the option to play at any table, meet new people from around the world or join friends for a game, choosing from casual Hold 'Em tables, tournament play or VIP tables. A leader board shows players how they compare in chip ranking to their friends and through the gift shop players can personalize and decorate their seat at the table. Players interact with other players by chatting, completing challenges and sending and receiving gifts, including poker chips. According to AppData, it is the fourth most popular game on Facebook, four years after its launch. Also available on Google Android and Apple iOS, *Zynga Poker* was a top three grossing game in the Apple App Store for iPhone as of September 30, 2011.

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**Genre:** Virtual World  
**Platforms:** Facebook, iOS  
**Launched:** June 2009  
**MAUs:** 32 million

*FarmVille* lets players cultivate their farms by plowing, planting and harvesting crops and trees. Players also care for their farm animals: milking their cows and collecting eggs from their chickens. According to AppData, *FarmVille* was the top game by DAUs on Facebook between August 2009 and December 2010, when *CityVille* claimed the top spot. We continue to enhance the social aspects of the game, including in-game gifting to friends, cooperative crafting jobs and trading goods in the farmer's market. In March 2011, we released *FarmVille English Countryside*, which provides players the opportunity to create a second farm styled after an English country farm. In our first retail tie-in in May 2010, we partnered with 7-Eleven to offer *FarmVille*-branded game cards and items on many of the convenience retailer's products, including Slurpee and Big Gulp drinks in nearly 7,000 stores. We partnered with Lady Gaga in May 2011 by creating *GagaVille* — a Lady Gaga-inspired farm where players could visit and listen to songs from her album *Born This Way*. In September 2011, we launched *Lighthouse Cove*, a second expansion where players help restore a seaside area reminiscent of Martha's Vineyard to its former glory.



**Genre:** Strategy  
**Platform:** Facebook  
**Launched:** June 2011  
**MAUs:** 29 million

*Empires & Allies* launched in June 2011 in 12 languages and lets players build up their island empires, create virtual armies of tanks, planes and ships, and battle their enemies while defending their allies. Players decide whether to help and trade with each other or attack each other's military defenses while pillaging resources. The game also features a single-player story-based campaign with a cast of more than 20 heroes and villains. *Empires & Allies* is our first strategy combat game. *Empires & Allies* reached 27 million MAUs for the first month after launch.



**Genre:** Role-Playing  
**Platform:** Facebook  
**Launched:** June 2010  
**MAUs:** 11 million

*FrontierVille* lets players tame the wilderness and explore the Wild West. Players begin with a covered wagon and a plot of land to establish and grow a homestead with friends and family. We believe that *FrontierVille* was innovative in the industry with a strong, evolving storyline about life on the frontier. It was our first social game to enable the ability to control multiple avatars on a single screen, raise a virtual family and interact with other players' game boards. In November 2010, *FrontierVille* released a set of five limited-time Thanksgiving missions which increased engagement and bookings. Players planted seasonal fall crops, helped friends with their wish lists, built a feast table and prepared a Thanksgiving meal for their friends. In August 2011, we released *Pioneer Trail*, where players journey with other players through an adventure in search of wild turkeys and "Fort Courage."

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**Genre:** Role-Playing

**Platforms:** Facebook, feature phones, iOS

**Launched:** June 2008

**MAUs:** 6 million

*Mafia Wars* allows players to build their virtual criminal empires by collaborating with their friends to complete crime jobs, fight and rob other Mafia crews, run underground businesses and purchase criminal must-haves like weapons and getaway cars. Set in New York City at launch, the game has added a number of locales for players to expand their criminal empires: Cuba in June 2009, Moscow in September 2009, Bangkok in January 2010, Las Vegas in June 2010, Italy in October 2010 and Brazil in March 2011. These new locales included enhanced features and extended the popularity of *Mafia Wars*. *Mafia Wars* is available in eight languages. In October 2011, we launched *Mafia Wars 2*, our first sequel to an existing franchise. *Mafia Wars 2* challenges players to maneuver a thuggish avatar through the game to battle other players and conquer seven different worlds.



**Genre:** Word

**Platforms:** Android, iOS, Facebook

**Launched:** June 2009

**Acquired:** November 2010

*Words with Friends* is a leading social mobile game challenging players to create the highest-scoring words while playing against family and friends. Players can be engaged in up to 20 games at once and are able to chat with each other in game. In Apple's App Store for iPhone, *Words with Friends* has regularly been the leading game in the word category since 2010 until *Hanging with Friends* became the leading game in June 2011. In August 2011, we released *Words with Friends* on Facebook, our first adaptation of one of our mobile games for Facebook. *Words with Friends* was acquired through our purchase of Newtoy, Inc. By leveraging our scale, technology infrastructure and deep knowledge of social game mechanics, we were able to double the DAUs for *Words with Friends* within approximately 120 days after the acquisition.

In the fourth quarter of 2011, we launched three new games — *CastleVille*, *Dream Zoo* and *Mafia Wars Shakedown* — and announced our intention to launch several additional games, including *Hidden Chronicles* and *Zynga Bingo*.

### *Social Experience in Our Games*

The social design of our games is at the core of how our players experience our games. Our games encourage players to quickly connect to their friends when they start a game and to build and enhance these relationships throughout the game experience. Examples of social game play on *Empires & Allies* and *Hanging with Friends* are detailed below.

**Table of Contents****SHARES ELIGIBLE FOR FUTURE SALE**

Prior to this offering, there has been no public market for our capital stock. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Based on the number of shares outstanding as of September 30, 2011, upon the closing of this offering, 100,000,000 shares of Class A common stock, 578,855,599 shares of Class B common stock and 20,517,472 shares of Class C common stock will be outstanding, assuming no exercise of the underwriters' over-allotment option, no exercise of outstanding options or warrants and the issuance of 13,924,484 shares of Class B common stock upon the vesting of ZSUs in connection with this offering. All of the shares sold in this offering will be freely tradable, except that any shares held by our affiliates, as that term is defined in Rule 144 under the Securities Act, may only be sold in compliance with the limitations described below.

Substantially all of the shares of our Class B common stock and Class C common stock outstanding after this offering are restricted securities as such term is defined in Rule 144 under the Securities Act and are subject to lock-up agreements with us as described below. Following the expiration of the lock-up period, restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or 701 promulgated under the Securities Act, described in greater detail below. Up to 5,000,000 shares of our Class B common stock will be excluded from lock-up agreements in order to allow such shares to be sold to cover tax withholding obligations relating to ZSUs that will vest from time to time during the 165-day lock-up period described below.

**Rule 144**

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (ii) we have been subject to the Securities Exchange Act of 1934, as amended, periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately 1,000,000 shares immediately after this offering assuming no exercise of the underwriters' over-allotment option; or
- the average weekly trading volume of our Class A common stock on the NASDAQ Global Select Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Provided, in each case, that we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

**Rule 701**

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers, directors or consultants who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders



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of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and under “Underwriting” and will become eligible for sale at the expiration of those agreements.

### Lock-Up Arrangements

We have agreed with the underwriters that for a period of 165 days following the date of this prospectus, we will not offer, sell, assign, transfer, pledge, contract to sell or otherwise dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for shares of our common stock, subject to specified exceptions. Morgan Stanley & Co. LLC and Goldman, Sachs & Co. may, in their sole discretion, at any time, release all or any portion of the shares from the restrictions in such agreement.

The restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 165-day restricted period we issue a release regarding earnings or regarding material news or events relating to us; or
- prior to the expiration of the 165-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 165-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

All of our officers and directors and the holders of substantially all of our capital stock have entered into lock-up agreements with us which provide that they will not offer, sell or transfer any shares of our common stock beneficially owned by them for 165 days, subject in certain cases to extension under certain circumstances, following the date of this prospectus. We have agreed with Morgan Stanley & Co. LLC and Goldman, Sachs & Co. not to waive these lock-up restrictions without their prior consent. After the offering, our employees, including Mark Pincus, our founder and Chief Executive Officer, and other executive officers, may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act to diversify their assets and investments. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

Employees can only sell vested shares. Employees who do not hold vested shares, including shares subject to options, upon expiration of these selling restrictions will not be able to sell shares until they vest.

### Registration Rights

On the date beginning 165 days after the date of this prospectus, the holders of approximately 363,241,145 shares of our Class B common stock, or their transferees, will be entitled to certain rights with respect to the registration of those shares under the Securities Act. For a description of these registration rights, please see “Description of Capital Stock—Registration Rights.” If these shares are registered, they will be freely tradable without restriction under the Securities Act.

### Equity Incentive Plans

Immediately following the effectiveness of the registration statement of which this prospectus forms a part, we intend to file a Form S-8 registration statement under the Securities Act to register shares of our common stock issued or reserved for issuance under our equity compensation plans and agreements. This registration statement will become effective immediately upon filing, and shares covered by this registration statement will thereupon be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above and Rule 144 limitations applicable to affiliates. For a more complete discussion of our equity compensation plans, see the section titled “Executive Compensation—Employee Benefit and Stock Plans.”



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### UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC and Goldman, Sachs & Co. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them the number of shares indicated below:

<u>Name</u>	<u>Number of Shares</u>
Morgan Stanley & Co. LLC	
Goldman, Sachs & Co.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Barclays Capital Inc.	
J.P. Morgan Securities LLC	
Allen & Company LLC	
Total	<u>100,000,000</u>

The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Class A common stock offered by this prospectus if any such shares are taken. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. In addition, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the representatives.

The selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 15,000,000 additional shares of Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Class A common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of the additional shares of Class A common stock as the number of shares listed next to the underwriter's name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all underwriters in the preceding table.

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The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us and the selling stockholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 15,000,000 shares of Class A common stock from the selling stockholders.

	<u>Per Share</u>	<u>Total No Exercise</u>	<u>Full Exercise</u>
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by:	\$	\$	\$
Us	\$	\$	\$
The selling stockholders	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$
Proceeds, before expenses, to selling stockholders	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$5,500,000.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of Class A common stock offered by them.

We have applied to list our Class A common stock on the NASDAQ Global Select Market under the trading symbol "ZNGA."

We have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Goldman, Sachs & Co. on behalf of the underwriters, we will not, during the period ending 165 days after the date of this prospectus, subject to certain exceptions:

- ☛ offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- ☛ file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- ☛ enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The 165-day restricted period described in the preceding paragraph will be extended if:

- ☛ during the last 17 days of the 165-day restricted period we issue an earnings release or material news event relating to us occurs; or
- ☛ prior to the expiration of the 165-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 165-day period;

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

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All of our officers and directors and the holders of substantially all of our capital stock have entered into lock-up agreements with us which provide that they will not offer, sell or transfer any shares of our common stock beneficially owned by them for 165 days, subject in certain cases to extension under certain circumstances, following the date of this prospectus. We have agreed with Morgan Stanley & Co. LLC and Goldman, Sachs & Co. not to waive these lock-up restrictions without their prior consent. After the offering, our employees, including Mark Pincus, our founder and Chief Executive Officer, and other executive officers, may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act to diversify their assets and investments. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

In order to facilitate the offering of the Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of Class A common stock in the open market to stabilize the price of the Class A common stock. These activities may raise or maintain the market price of the Class A common stock above independent market levels or prevent or retard a decline in the market price of the Class A common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time. The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

We, the selling stockholders and the underwriters have agreed to severally indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of Class A common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. We cannot assure you that the prices at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our Class A common stock will develop and continue after this offering.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses. Certain of the underwriters or their affiliates are lenders under our credit facility.

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders  
Zynga Inc.

We have audited the accompanying consolidated balance sheets of Zynga Inc. as of December 31, 2009 and 2010, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule listed in Part II, Item 16.(b). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Zynga Inc. at December 31, 2009 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

San Francisco, California

July 1, 2011,  
except for the retrospective application of the change in capital structure  
as described in Note 1 to the consolidated financial statements, as to which the date is  
September 16, 2011