EXHIBIT B



Zynga's Secret To Success: Steal Great Ideas!

Nick Saint Jan. 19, 2010, 2:10 PM 69,411 ₽ 25

One reason people love to hate Zynga is the approach Zynga has taken to becoming so successful: The Microsoft approach.

Specifically: Copy a competitor's product, then crush the competitor.

Bill Gates did not grow Microsoft into an global giant by purely innovating or creating completely new products. Instead, he identified successful products, duplicated them, and used Microsoft's superior positioning and power to crush the existing competition.

For instance, Microsoft's Windows banished the Macintosh to years of relative obscurity; Internet Explorer killed off Netscape; Excel walloped Lotus, and Word replaced WordPerfect as the gold standard in wordprocessing.

Similarly, to grow his company, Zynga founder and CEO Mark Pincus has applied this model to the social gaming industry.

One way Zynga creates huge hits is by identifying popular games from other studios, creating a near replica, and then beating the original with a bigger marketing budget.



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As with Microsoft, this strategy has made Zynga unpopular. The company has already paid one sevenfigure settlement, and is mired in a slew of ongoing lawsuits.

But unpopularity -- and even perpetual legal battling -- may be problems Zynga is happy to put up with. As Microsoft has demonstrated, the strategy works.

Until his recent displays of philanthropic munificence, Bill Gates was never a beloved figure -- not the way Steve Jobs and Larry Ellison were. But you never caught his shareholders complaining.

So far, Mark Pincus and Zynga appear to be making that same trade-off.

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Take a look at Zynga's games, the games it copied, and how it has crushed the innovators \rightarrow

Photo: Joi

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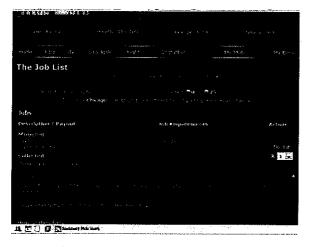
 Facebook Places Is An Obvious • Three Engineers Foursquare Rip-Off And It's Going To Be Huge

• Facebook Places Off To A Rough Start In San Francisco

Before Zynga came out with Mafia Wars...



...Psycho Monkey developed Mob Wars



And here's where things stand now:

MOB WARS Date Released: September 2008

Developer: Psycho

Monkey LLC Users: 1,205,879

MAFIA WARS Date Released:

November 2008 Users: 23,256,287 Developer: Zynga

What it is: Commit

crimes or attack other

players with the click of a button, then read about how it all turned out. Criminal activity earns you in-game cash to buy weapons, equipment, and real estate, and experience points that allow you to improve your abilities.

RESOLUTION: Psycho Monkey filed a lawsuit against Zynga that was ultimately settled for between \$7-\$9 million.

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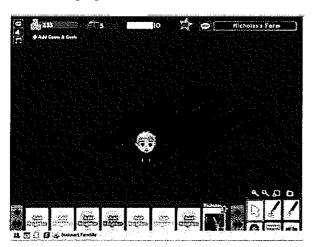
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Before Zynga's FarmVille...





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...there was Slashkey's Farm Town



And here's where things stand now:

Farm Town: **Date Released:**

April 2009 Developer: Slashkey

Users: 14.104.459

FARMVILLE: Date Released:

June 2009

Users: 74,008,714

What it is: You farm. You plant seeds, which take

time to grow, at which point you can harvest and sell them. You advance in much the same manner as in Mafia Wars (and nearly all of Zynga's other games), gaining cash and experience for your work, allowing you to expand and improve your farm. Friends playing FarmVille can become your 'neighbors', their farms actually appearing right next to yours; interacting with them, or getting more people to sign up, helps you earn more.

Before Zynga made FishVille...

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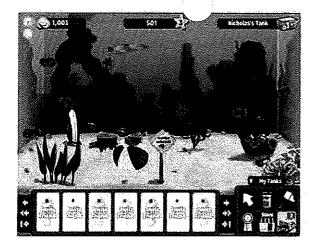
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...TallTree Games had a hit with Fish World



And here's where things stand now:

FISH WORLD Date Released:

October 2009 Developer: TallTree

Games

Users: 7,607,655

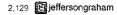
FISHVILLE Date Released:

November 2009 Users: 24,460,783

What it Is: You can read much, much more about FishVille

and how it makes money here, but the premise is pretty simple: you start with an empty fish tank, and you want to build up a fish tank filled with exotic fish and neat decorations. You buy baby fish and sell grown fish, which are mysteriously more valuable. As always, you can trade with friends who also play.

Zynga's game Cafe World came after...



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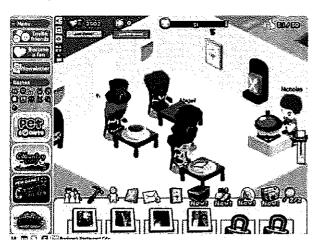
Meet The YouTube Stars Making \$100,000 Plus Per Year 180,283 Views



18 Companies That Consumers Absolutely Hate 134,699 Views



...Playfish's Restaurant City



And here's where things stand now:

RESTAURANT CITY

Date Released:

April 2009

Developer: Playfish **Users:** 15,009,117

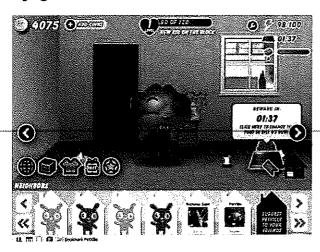
CAFE WORLD Date Released:

September 2009 **Users**: 29,967,961

What it is: You are the owner and chef of a new restaurant.

After hiring a waiter, you begin cooking food, which is served to customers. This earns you money. Money allows you to buy more cooking equipment. And so on.

Zynga's PetVille...



...followed Playfish's Pet Society



And here's where things stand now:

PET SOCIETY:

Date Released: September 2008

Developer: Playfish **Users**: 20,042,566

03613. 20,042,000

PETVILLE:
Date Released:

December 2009

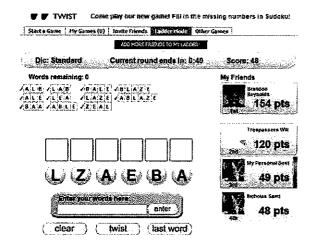
Users: 17,944,083

What it is: You have a new pet to take care of. This

involves feeding him,

washing him, playing with him, and the like. Keeping him happy earns you money to decorate your home, which is very important to your pet. You can also take him to your friends houses to play with their pets, which makes him *very* happy.

Zynga's came out with Word Twist after...



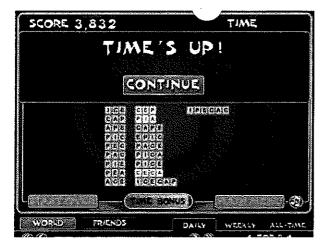
...GameHouse made TextTwist

And here's where things stand now:

TEXTTWIST

Date Released:

July 2009 (for the Facebook version, but it has existed as a web game for years)



Developer:

GameHouse

Users: 195,229

WORD TWIST

Date Released:

September 2008

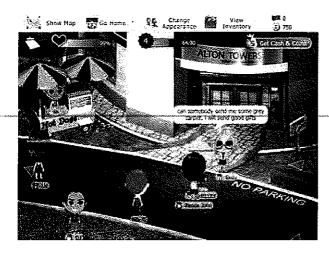
Users: 445,228

What it is: Find as many words as you can using the letters provided. You can play by yourself, or challenge up to four friends at a time.

Zynga's Game: YoVille



What Came First: Nothing!



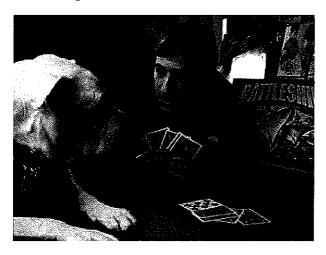
YoVille Date Released:

September 2008
Users: 15,234,993
What it is: YoVille
is PetVille without the
pets, or FishVille
without the fish.
Decorating your home
is a big part of it. So
is visiting the homes
of your friends. You
can earn money by
actually going to work
(at a factory!) and by

with other players (tic-tac-toe, rocks, paper, scissors, etc.).

It isn't too closely modeled on anything as far as we can tell. This one is Zynga all the way.

Summary

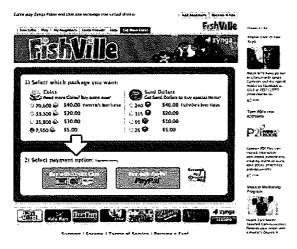


In addition to the games profiled here, Zynga has a number of Mafia Wars clones, with nearly identical game play but different subject matter: Fashion Wars, Dragon Wars, Pirates, Vampires, Street Racing, and Special Forces. It also has a game called Roller Coaster Kingdom which is fairly close to Cafe

World. Finally, it has versions of a few common games that either aren't anyone's intellectual property (poker) or are regularly duplicated with impunity (Boggle).

All in all, then, Zynga has one original game in its 19-strong Facebook lineup, just over 5% of its total output.

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Summary

Electronic Arts is an international video game developer, marketer, publisher and distributor. More »



Summary

Social games maker Zynga develops browser-based games that work both standalone and as application widgets on social networking websites such as Facebook. Its games include FarmVille, Mafia Wars, Zynga Poker, YoVille... More »



Summary

Facebook is one of the largest web sites in the world. The site was started in 2004 by Mark Zuckerberg when he was an undergraduate student at Harvard and grew rapidly to include hundreds of millions of users. Since September... More »



Nick Saint is a reporter at The Business Insider.

Contact:

e-mail: nsaint@businessinsider.com AIM: erraticnyc

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25 Comments 5

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OK on Jan 19, 3:15 PM said:

Zynga bought yoville and poker so in fact zynga has never made a original successful game. I doubt they ever will.

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- Reply

Parker (URL) on Jan 19, 3:22 PM said:

2 1

This post reeked of M\$ hate, but its true.

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- Reply

just.a.guy on Jan 19, 3:33 PM said:

. 4

It's pretty amazing how fast Zynga's offerings have followed the competitors. If they are in fact copies after the fact, which seems likely, that is some very very fast fast-following. And some amazingly efficient and fast marketing as well. Flag as Offensive

The products are simpler and easier to distribute, but given the timescales, this is like the Microsoft model on crack.

· Reply

togilvie on Jan 19, 3:38 PM said:

4 📆 0

This has been practiced by the smartest companies for many years. Pretty sure that the standard b-school example for this is Toyota.

Flag as Offensive

♣ Reply

Muhammad (URL) on Jan 19, 3:39 PM said:

You could say the exact same thing about Facebook copying liberally from Tumblr/Twitter: status updates, "like", lists, now retweets.

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reply 📤



Henry Blodget on Jan 19, 5:31 PM said:

🊅 2 🌁 i

@Muhammad: Yes. We have said that, actually. It's a good strategy.

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Reply

henry blodget on Jan 19, 9:24 PM said:

3 7 (

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so they can buy real game developers i just wonder how long that business model will last since they have NO MOAT

Reply

Kareem on Jan-19,-10:05 PM said:---

now they have the money

0

Not sure if you guys are aware, but your site is deathly slow a lot of the time
Flag as Offensive
lately (30 second page loads). It also appears to be maxing out DB
connections or something, because the content will load to a point (header) then stop.

· Reply

Lawrence on Jan 19, 10:14 PM said:

Sounds like YoVille is a copy of the Sims andamal Crossing.

Flag as Offensive

Reply 🛊

FML for your school -> (URL) on Jan 20, 10:29 AM said:

<u>.</u> 0 * 1

@Lawrence: Agree. You can trace anything to something b/c seriously at this point of history no idea is truly "innovative."

Flag as Offensive

However, I find this article insightful. For once SAI is giving some fresh news! lolz (I love SAI nevertheless).

The similarity of graphics is striking.

I wonder if this will be taught as a legitimate business model in the future...I mean...the only cost is couple million in lawsuit settlement, whereas the payoff is not spending money on R & D and cash flow in the future...as long as the latter is greater than former...well, "breaking" a law seems a pretty good strategy.

Money wins.

♣ Reply

popo on Jan 20, 12:16 AM said:

a 1 📆 (

Nick

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What part of business competition, product development and researching the competitive-marketplace do you not understand?

Good for Zynga.

And by the way -- this has nothing to do with Microsoft. The Microsoft strategies were based on:

- 1) Bundling
- 2) Backdoor technical advantages through the OS
- 3) Acquisition

This post reeks of junior-varsity "hate", and makes BusinessInsider look like a whine-rag run by a bunch of losers who are neither business-people, nor "insiders".

🐥 Reply

Thomas Aquinas on Jan 20, 9:27 AM said:

🊅 1 🌁 1

@popo: Wait. Did you read the article?

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There's some gentle mockery of a company whose whole model is based on flirting with copyright infringement. But there is also acknowledgment of the model's success. I quote:

"But unpopularity -- and even perpetual legal battling -- may be problems Zynga is happy to put up with. As Microsoft has demonstrated, the strategy works.

Until his recent displays of philanthropic munificence, Bill Gates was never a beloved figure -- not the way Steve Jobs and Larry Ellison were. But you never caught his shareholders complaining.

So far, Mark Pincus and Zynga appear to be making that same trade-off."

That seems more cool rationality than JV haterade.

Scholasticism rulez!!1!

- Reply

2 70

Time out

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Larry Ellison was beloved? by who?

sent2null (URL) on Jan 20, 12:31 AM said:

grin

	Decision.
•	Reply

Matt on Jan 20, 9:08 AM said:

2 50

Lotus sucked. I had to build an interactive training package on it once, hated every minute of using it.

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Reply

Neek on Jan 20, 10:43 AM said:

<u>_</u> 2 ** 2

There seems to be a lot of mistaken assumptions here.

Flac as Offensive

1) Larry Ellison, beloved by users?

- 2) MS didn't banish the Mac, it was a combination of Apple's early mistakes and MS taking advantage of holes in its strategy (It DID copy the Mac, but that's another story altogether, and Apple DID steal that interface from Xerox too)
- 3) Internet Explorer used the Mosaic license early on, from Spyglass
- 4) Excel didn't "copy" Lotus, MS made its own after Lotus wouldn't support MS-Windows early on.
- 5) Ditto for Wordperfect.

etc. etc.

Dude, the ancient Greeks, Rome and many/most companies get big by assimilating or embracing technology not just in-house, but elsewhere, and use it to great effect.

Why single out MS? Because of its success? Zynga does that as its own strategy to get a leg up, MS or not.



Prick on Jan 20, 11:18 AM said:

្ន្ន 1 📆

@Neek: Not sure your comment on excel is correct. Excel was created in the 80s in response to the completely shifty "visicalc". I could be wrong

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-Reply

Neek on Jan 23, 11:28 AM said:

1

@Prick: You must be referring to MS Multiplan. Excel was made for Windows to be a graphical app after Lotus, Ashton-Tate (before it was acquired by Borland) and Wordperfect Corp. tried to stifle MS hegemony by not supporting Windows and opting instead to stay with DOS and OS/2.

Excel et al took advantage of the graphical interface of Windows, giving it years of leeway before Lotus and the rest of the gang could catch up, having made the wrong bet, and all the while MS's stranglehold on Windows grew stronger.

· Reply

NameCaster (URL) on Mar 6, 6:22 PM said:

<u>≨</u>0 [®]€0

@SonicMaBro

It may be a possibility that what you say could actually be useful but I refuse to read a post that is all caps.

You should fill out an app for Zynga.

Reply

Alacrity on Mar 7, 6:24 PM said:

20 50

Zynga steals good ideas? Did WoW steal their MMO idea from Everquest,
FFXI, Ultima Online? The statement that there is stealing involved does not
take into consideration that everything is spawned from something. Because of this there is an
evolution in games. Zynga took the base idea, and evolved it into something bettwe than what it was.
Even for real world markets, did Pepsi steal Coke's idea? Does the cosmetic industry repeatedly
steal from eachother? How about the fashion industry? When one takes a good look at the big
picture, one can realize that all things are derived from something else. The very essence of

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Zynga guerilla marketing ploy gets legal response

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He may not be Nick the "button man," but San Francisco City Attorney Dennis Herrera has Mafia Wars in his sights.



Herrera's office sent a letter Thursday to Znyga Game Network threatening a lawsuit over a guerrilla marketing campaign the San Francisco-based gaming company is apparently using to drum up interest in the latest version of its Mafia Wars online game.

It seems that dozens of fake \$25,000 bills have been glued to the sidewalk in five locations in Hayes Valley, and the Department of Public Works is sick and tired of cleaning them up.

A steam cleaner has to be brought in to do the work, and it takes about 45 minutes in each location, plus administrative time, DPW officials said.

Some of the offending bills.

"We don't have any staff to spare," DPW

spokeswoman Christine Falvey said. The total cleanup costs are still being tabulated.

Each bill has the website address "mafiawarsly.com," which links to the Las Vegas version of game. The grand prize in a drawing for visiting the site is \$25,000.

The company also blew up an armored car in the desert to commemorate the Vegas game, saying:

Yeah, you read that right. We're taking a 4 1/2 ton armored truck into the Nevada desert, filling it with dynamite and then kaboom!

We're not sure if that's kosher with authorities in Nevada, but the fake bills are definitely not cool with Herrera.

The city wants Zynga to turn over all its information about the guerrilla marketing campaign, asking for "emails, work orders, scope of work, contracts, marketing plans or other records -- that show when and where the graffiti in San Francisco was placed, and by whom," Deputy City Attorney Alex Tse wrote to the company.

The city also wants Zynga to offer "a proposal to fully resolve the issue." Just paying for the cleanup won't be enough, officials said.

"The City Attorney takes violations such as these very seriously and intends to pursue every available cause of action aggressively against Zynga for these illegal marketing tactics," Tse wrote.

Posted By: John Coté (Email) | August 20 2010 at 09:00 AM

Listed Under: City Attorney Dennis Herrera

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