

ZipRealty, Inc.
Supplemental Data
Reclassification of Consolidated Statement of Operations

Effective January 1, 2007, for income statement presentation purposes, we have reclassified sales support and marketing expenses from general and administrative to sales and marketing (previously stated as marketing and customer acquisition). In management's opinion, the reclassification to sales and marketing more appropriately reflects the nature of these activities which include sales support and marketing activities of our district offices, regional services and ZipAgent and customer support services. In conjunction with this reclassification, we have also allocated headquarter occupancy costs to corporate departments based upon square footage to product development, sales and marketing and general and administrative; previously all headquarter occupancy costs were recorded under general and administrative expenses. The following tables have been conformed to this presentation:

Quarterly consolidated statement of operations for the year ended December 31, 2006 (unaudited) - Table A

Quarterly consolidated statement of operations for the year ended December 31, 2006 presenting operating results as a percentage of net revenues (unaudited) - Table B

Additionally, effective January 1, 2007, we are presenting net transaction revenues, cost of revenues, sales and marketing expenses and certain statistical data broken out between comparable existing markets and new markets. New markets are transferred to existing markets on January 1st following the completion of their first full calendar year of operation. Net transaction revenues derived from transactions in the state of California compared to net transaction revenues from outside of California are disclosed as well. The following table presents:

Quarterly net transaction revenues, cost of revenues, sales and marketing expenses and statistical data for the year ended December 31, 2006 with January 1, 2007 market classifications (unaudited) - Table C

ZipRealty, Inc.**Table A****Supplemental Data****Reclassification of Consolidated Statement of Operations**

(in thousands)

Year Ended December 31, 2006, as reported

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
Net transaction revenue	\$ 18,648	\$ 26,195	\$ 25,420	\$ 22,396	\$ 92,659
Referral and other revenues	569	714	765	680	2,728
Net revenues	<u>19,217</u>	<u>26,909</u>	<u>26,185</u>	<u>23,076</u>	<u>95,387</u>
Operating expenses:					
Cost of revenues	10,740	14,590	14,238	12,598	52,166
Product development	1,279	1,275	1,284	1,542	5,380
Marketing and customer acquisition	3,073	3,224	3,116	3,176	12,589
General and administrative	7,431	7,478	7,922	9,346	32,177
Total operating expenses	<u>22,523</u>	<u>26,567</u>	<u>26,560</u>	<u>26,662</u>	<u>102,312</u>
Income (loss) from operations	<u>(3,306)</u>	<u>342</u>	<u>(375)</u>	<u>(3,586)</u>	<u>(6,925)</u>
Other income (expense):					
Interest income	800	896	1,086	1,125	3,907
Other expense, net	-	-	(8)	(8)	(16)
Total other income (expense), net	<u>800</u>	<u>896</u>	<u>1,078</u>	<u>1,117</u>	<u>3,891</u>
Income (loss) before income taxes	(2,506)	1,238	703	(2,469)	(3,034)
Provision for (benefit from) income taxes	<u>(1,718)</u>	<u>1,458</u>	<u>81</u>	<u>17,739</u>	<u>17,560</u>
Net income (loss)	<u>\$ (788)</u>	<u>\$ (220)</u>	<u>\$ 622</u>	<u>\$ (20,208)</u>	<u>\$ (20,594)</u>

Year Ended December 31, 2006, as reclassified

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
Net transaction revenue	\$ 18,648	\$ 26,195	\$ 25,420	\$ 22,396	\$ 92,659
Referral and other revenues	569	714	765	680	2,728
Net revenues	<u>19,217</u>	<u>26,909</u>	<u>26,185</u>	<u>23,076</u>	<u>95,387</u>
Operating expenses:					
Cost of revenues	10,740	14,590	14,238	12,598	52,166
Product development	1,401	1,351	1,376	1,647	5,775
Sales and marketing	7,083	7,596	7,719	8,512	30,910
General and administrative	3,299	3,030	3,227	3,905	13,461
Total operating expenses	<u>22,523</u>	<u>26,567</u>	<u>26,560</u>	<u>26,662</u>	<u>102,312</u>
Income (loss) from operations	<u>(3,306)</u>	<u>342</u>	<u>(375)</u>	<u>(3,586)</u>	<u>(6,925)</u>
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Net income (loss)	<u>\$ (788)</u>	<u>\$ (220)</u>	<u>\$ 622</u>	<u>\$ (20,208)</u>	<u>\$ (20,594)</u>

ZipRealty, Inc.**Table B****Supplemental Data****Reclassification of Consolidated Statement of Operations as a Percentage of Revenues**

(in thousands)

Year Ended December 31, 2006, as reported

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
Net transaction revenue	97.0%	97.3%	97.1%	97.1%	97.1%
Referral and other revenues	3.0%	2.7%	2.9%	2.9%	2.9%
Net revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Operating expenses:					
Cost of revenues	55.9%	54.2%	54.4%	54.6%	54.7%
Product development	6.7%	4.7%	4.9%	6.7%	5.6%
Marketing and customer acquisition	16.0%	12.0%	11.9%	13.8%	13.2%
General and administrative	38.7%	27.8%	30.3%	40.5%	33.7%
Total operating expenses	<u>117.3%</u>	<u>98.7%</u>	<u>101.5%</u>	<u>115.6%</u>	<u>107.2%</u>
Income (loss) from operations	<u>(17.3%)</u>	<u>1.3%</u>	<u>(1.5%)</u>	<u>(15.6%)</u>	<u>(7.2%)</u>
Other income (expense):					
Interest income	4.2%	3.3%	4.1%	4.9%	4.1%
Other expense, net	0.0%	0.0%	0.0%	0.0%	0.0%
Total other income (expense), net	<u>4.2%</u>	<u>3.3%</u>	<u>4.1%</u>	<u>4.9%</u>	<u>4.1%</u>
Income (loss) before income taxes	(13.1%)	4.6%	2.6%	(10.7%)	(3.1%)
Provision for (benefit from) income taxes	<u>(8.9%)</u>	<u>5.4%</u>	<u>0.3%</u>	<u>76.9%</u>	<u>18.4%</u>
Net income (loss)	<u>(4.2%)</u>	<u>(0.8%)</u>	<u>2.3%</u>	<u>(87.6%)</u>	<u>(21.5%)</u>

Year Ended December 31, 2006, as reclassified

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
Net transaction revenue	97.0%	97.3%	97.1%	97.1%	97.1%
Referral and other revenues	3.0%	2.7%	2.9%	2.9%	2.9%
Net revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Operating expenses:					
Cost of revenues	55.9%	54.2%	54.4%	54.6%	54.7%
Product development	7.3%	5.0%	5.3%	7.2%	6.0%
Sales and marketing	36.9%	28.2%	29.5%	36.9%	32.4%
General and administrative	17.2%	11.3%	12.3%	16.9%	14.1%
Total operating expenses	<u>117.3%</u>	<u>98.7%</u>	<u>101.5%</u>	<u>115.6%</u>	<u>107.2%</u>
Income (loss) from operations	<u>(17.3%)</u>	<u>1.3%</u>	<u>(1.5%)</u>	<u>(15.6%)</u>	<u>(7.2%)</u>
Other income (expense):					
Interest income	4.2%	3.3%	4.1%	4.9%	4.1%
Other expense, net	0.0%	0.0%	0.0%	0.0%	0.0%
Total other income (expense), net	<u>4.2%</u>	<u>3.3%</u>	<u>4.1%</u>	<u>4.9%</u>	<u>4.1%</u>
Income (loss) before income taxes	(13.1%)	4.6%	2.6%	(10.7%)	(3.1%)
Provision for (benefit from) income taxes	<u>(8.9%)</u>	<u>5.4%</u>	<u>0.3%</u>	<u>76.9%</u>	<u>18.4%</u>
Net income (loss)	<u>(4.2%)</u>	<u>(0.8%)</u>	<u>2.3%</u>	<u>(87.6%)</u>	<u>(21.5%)</u>

ZipRealty, Inc.
Supplemental Data

Table C

Year Ended December 31, 2006, as reclassified (unaudited)
Market Classifications as of January 1, 2007

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
Net transaction revenues					
Comparable existing markets	\$ 18,648	\$ 25,986	\$ 24,594	\$ 20,908	\$ 90,136
New markets	-	209	826	1,488	2,523
	<u>\$ 18,648</u>	<u>\$ 26,195</u>	<u>\$ 25,420</u>	<u>\$ 22,396</u>	<u>\$ 92,659</u>
Cost of Revenues					
Comparable existing markets	\$ 10,740	\$ 14,487	\$ 13,818	\$ 11,830	\$ 50,875
New markets	-	103	420	768	1,291
	<u>\$ 10,740</u>	<u>\$ 14,590</u>	<u>\$ 14,238</u>	<u>\$ 12,598</u>	<u>\$ 52,166</u>
Sales and marketing					
Comparable existing markets	\$ 5,518	\$ 5,562	\$ 5,311	\$ 5,288	\$ 21,679
New markets	183	612	898	1,161	2,854
	<u>\$ 5,701</u>	<u>\$ 6,174</u>	<u>\$ 6,209</u>	<u>\$ 6,449</u>	<u>\$ 24,533</u>
Unit level income (loss)					
Comparable existing markets	\$ 2,390	\$ 5,937	\$ 5,465	\$ 3,790	\$ 17,582
New markets	(183)	(506)	(492)	(441)	(1,622)
	<u>\$ 2,207</u>	<u>\$ 5,431</u>	<u>\$ 4,973</u>	<u>\$ 3,349</u>	<u>\$ 15,960</u>
Unit level income (loss) percentage					
Comparable existing markets	12.8%	22.8%	22.2%	18.1%	19.5%
New markets	-	(242.1%)	(59.6%)	(29.6%)	(64.3%)
All markets	11.8%	20.7%	19.6%	15.0%	17.2%
Remaining revenue and operating expenses					
Referral and other revenue	\$ (569)	\$ (714)	\$ (765)	\$ (680)	\$ (2,728)
Product development	1,401	1,351	1,376	1,647	5,775
Regional sales support and marketing	1,382	1,422	1,510	2,063	6,377
General and administrative	3,299	3,030	3,227	3,905	13,461
	<u>\$ 5,513</u>	<u>\$ 5,089</u>	<u>\$ 5,348</u>	<u>\$ 6,935</u>	<u>\$ 22,885</u>
Income (loss) from operations	<u>\$ (3,306)</u>	<u>\$ 342</u>	<u>\$ (375)</u>	<u>\$ (3,586)</u>	<u>\$ (6,925)</u>

ZipRealty, Inc.
Supplemental Data
Year Ended December 31, 2006, as reclassified (unaudited)
Market Classifications as of January 1, 2007

Table C
(continued)

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
Transaction data - market classification					
Number of markets					
Comparable existing markets	17	17	17	17	
New markets	1	3	5	6	
	<u>18</u>	<u>20</u>	<u>22</u>	<u>23</u>	
Market classifications consist of:	<u>Comparable existing markets</u>		<u>New markets</u>	<u>Opened</u>	
	Atlanta		Tampa	Feb '06	
	Baltimore		Orlando	Apr '06	
	Boston		Minneapolis	May '06	
	Chicago		Austin	Jul '06	
	Dallas		Palm Beach	Sep '06	
	Fresno/Central Valley		Greater		
	Los Angeles		Philadelphia		
	Houston		Area	Dec '06	
	Las Vegas				
	Miami				
	Orange County				
	Phoenix				
	Sacramento				
	San Diego				
	San Francisco Bay Area				
	Seattle				
	Washington DC				
Number of transactions closed during period					
Comparable existing markets	2,638	3,514	3,304	2,751	12,207
New markets	-	38	163	275	476
	<u>2,638</u>	<u>3,552</u>	<u>3,467</u>	<u>3,026</u>	<u>12,683</u>
Average net revenue per transaction (1)					
Comparable existing markets	\$ 7,069	\$ 7,395	\$ 7,444	\$ 7,600	\$ 7,384
New markets	\$ -	\$ 5,490	\$ 5,066	\$ 5,412	\$ 5,300
All Markets	\$ 7,069	\$ 7,375	\$ 7,332	\$ 7,401	\$ 7,306
(1) = net transaction revenue divided by the number of transactions with respect to each period					
Number of ZipAgents at end of period:					
Comparable existing markets	1,466	1,585	1,590	1,591	
New markets	15	84	157	203	
	<u>1,481</u>	<u>1,669</u>	<u>1,747</u>	<u>1,794</u>	
Transaction data - California vs non-California					
Net transaction revenues					
California	\$ 8,028	\$ 10,562	\$ 10,153	\$ 8,847	\$ 37,590
Markets outside of California	10,620	15,633	15,267	13,549	55,069
	<u>\$ 18,648</u>	<u>\$ 26,195</u>	<u>\$ 25,420</u>	<u>\$ 22,396</u>	<u>\$ 92,659</u>