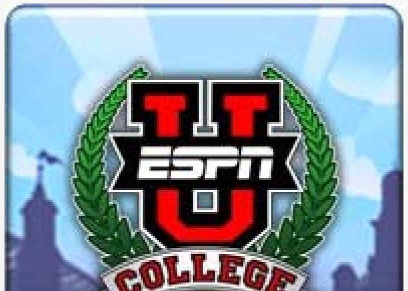
PLAYDOM INTERNATIONAL

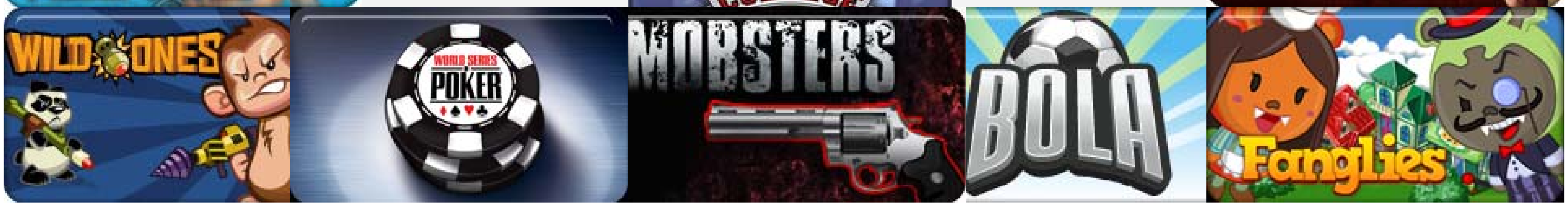
"Picking the winners" – factors in prioritizing and evaluating Social Gaming opportunities

Marianne Borenstein, VP Platform Relations, International Operations

What is Playdom

- Leading Social Gaming Company (online/mobile):
- #1 game on MySpace, many of fastest growing applications on Facebook
- DIMG – Disney Affiliate ☺





Playdom At-A-Glance

Facts and Figures

- ***500+ employees in 10 offices worldwide***
- ***Highest Industry ARPU***
- ***Acquired by Disney: August 2010***
- **Diverse portfolio of casual games for social networks and smart phones, including Facebook and MySpace, Apple and Android**
- **To date, Playdom games have been installed over 130 million times on leading platforms including Facebook, MySpace, iPhone and Hi5**

Agenda

- Market Conditions
- Social Media Landscape
- Success Factors
- Brand Integration
- Conclusions/Take-Aways

Source: Information Solutions Group , February 2010

Market Conditions

Social Gaming On The Rise

Social gaming in the U.S. and U.K. represents *100 MILLION* users and growing:

Among U.S. social gamers:

- **95%** of play ***MULTIPLE TIMES*** per week
- **68% *PLAY DAILY***
- **61%** average session lasts ***30 MINUTES***
- **56%** have been playing for ***MORE THAN A YEAR***
- Over **1 out of 3** say their consumption of social games ***HAS INCREASED*** over the past three months (only **10%** cited decrease in consumption)
- U.S. social gamers are **55% female** and **45% male**

Source: Information Solutions Group , February 2010

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Social Gaming On The Rise

Among U.S. social network users:

- **39%** of their time spent on social networking sites is dedicated to ***PLAYING GAMES***
- Almost **half of all** social network users log into sites with the intention to ***SPECIFICALLY*** play social games
- 10% of total time spent on line is ***PLAYING GAMES***

Source: Information Solutions Group , February 2010

Changing Market Conditions

Development Cycles	Development Costs	User Acquisition
January 2010 3 Months	January 2010 $300K to $500K	January 2010 $.50 min spend per user
Present 6 Months	Present $500K to $1MM	Present $1.05 min spend per user

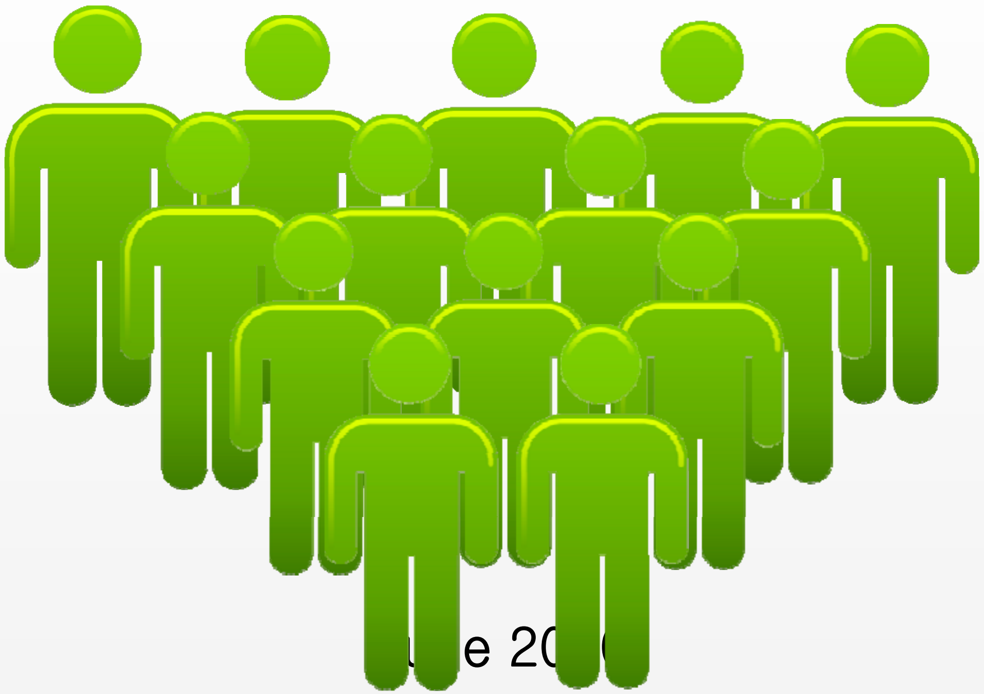
- New social games lacking a growing virtual goods economy and unable to easily exceed 100,000 DAU on Facebook....will likely struggle to recoup their development costs
- Only 17 new games released in the first half of 2010 have reached these two benchmarks - Of these 17 games, 15 came from venture-funded companies
- No single company published more than 2 of these top-tier games; Zynga, Playdom, EA, Digital Chocolate and Crowdstar.

Crowded Marketplace

Source: Facebook

Success requires scale and infrastructure

Indie developers with Top 25 Facebook Games



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June 2010

January 2009

Source: Inside Social Games/App Data, by MAU
Inside Facebook, June 2010

Social Games 2015

- Higher Budgets
- More Branded Entertainment
- Fewer Major Players but Many Indies
- Anytime, Any place, Any Device

Social Media <> Facebook

Not Just Facebook

Mobile Social

- Convergence of mobile and social
- Virtual goods/economy

Brand Integration

The Product Integration Opportunity

- ❖Product Integration
- ❖In Game/In Store Concept
- ❖Long Term Partnerships
- ❖Coordination with Disney Media Group
- ❖Build a Game

Spectrum of Opportunities

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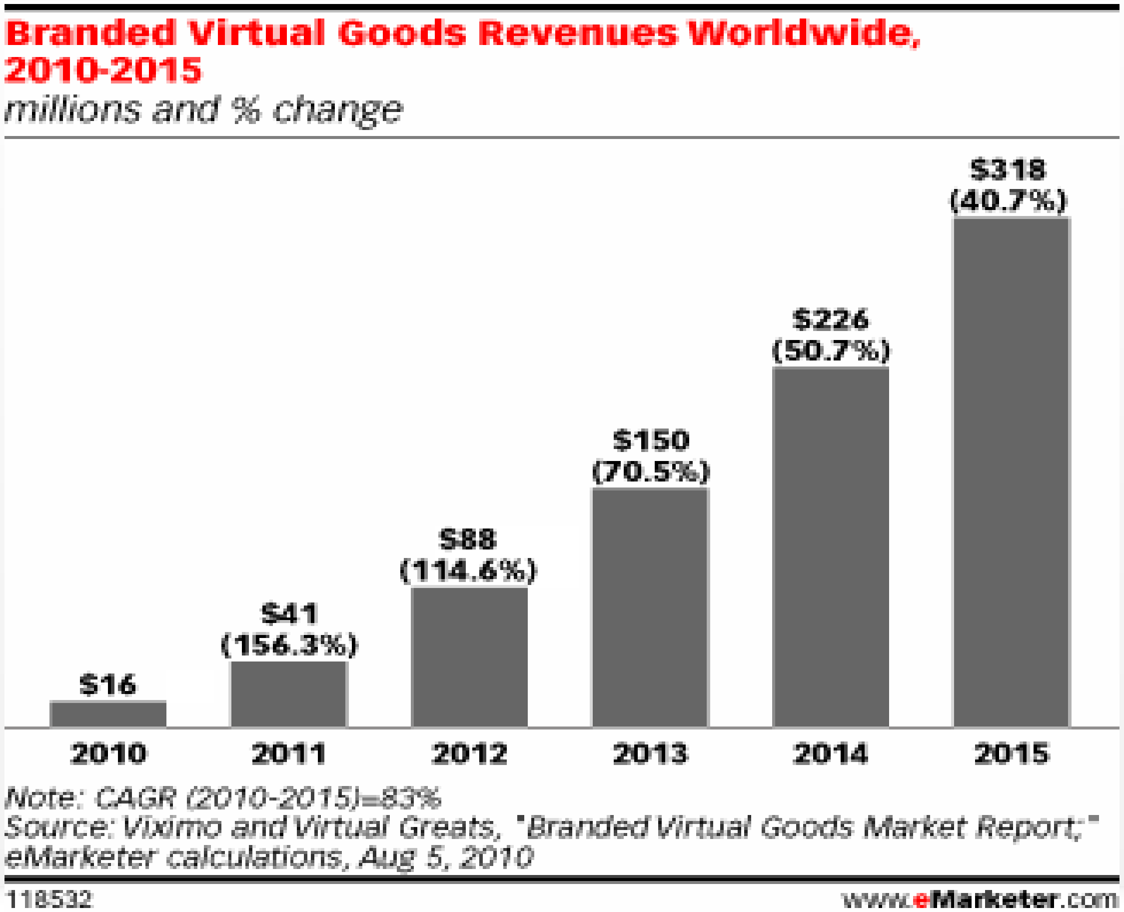
Integration with Virtual Goods

- This year, branded virtual goods revenues will exceed **$16 million worldwide**
- By 2015, virtual goods revenues **will rise to $318 million**, representing a growth rate (CAGR) **of 83%**



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Custom Integration: Part of the Story

- The "Branded Virtual Goods Market Report" from Viximo and Virtual Greats describes the **growing popularity of branded items** in social games:
- *Example:* Snoop Dogg-branded items sell **2.5X more** than the non-branded bestselling items within the same price range
- Free-to-play games are a great place for brands interested in getting into the gaming space.
- Social game companies are expected to attract $293 million in worldwide spending (2011) up from $220 million this year

Ad Spending on Social Games and Applications, 2009-2011

millions and % change

	2009	2010	2011	% change*
US	$144	$142	$192	33%
Non-US	$39	$78	$101	160%
Worldwide	**$183**	**$220**	**$293**	**60%**

*Note: *2011 vs. 2009*
Source: eMarketer, July 2010

118045 www.eMarketer.com

Source: eMarketer

What's Next?

Focus on Increased Media Partnerships

"Content and Franchises"

IP Becomes Increasingly Important

"Not an Advergame Model"

Brands More Active, Earlier in Dev Cycle

"Premium Placement Model"

Conclusions/Take Aways

- Monitor, Predict, Assess & React to Market Conditions
- **Picking Platform Winners & Regions is Key!**
- Immersive Media, IP & Brands will continue to explode in VG economy
- Anytime, Any place, Any Device

Thank You!

mb@playdom.com

Marianne Borenstein