Exhibit 15

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Company Name: Zynga Inc
Company Ticker: ZNGA US
Date: 2012-04-26
Event Description: Q1 2012 Earnings Call

Market Cap: 2,278.90
Current PX: 3.00
YTD Change($): -6.41
YTD Change(%): -68.119

Bloomberg Estimates - EPS
Current Quarter: 0.025
Current Year: 0.061
Bloomberg Estimates - Sales
Current Quarter: 292.750
Current Year: 1235.150

Q1 2012 Earnings Call

Company Participants

- Krista Bessinger
- Mark J. Pincus
- John Schappert
- David M. Wehner

Other Participants

- Mark Alan May
- Atul Bagga
- John Peter Egbert
- Kaizad K. Gotla
- Richard Greenfield
- Colin A. Sebastian
- Doug Creutz
- Heath Patrick Terry
- Arvind Bhatia
- Mike Hickey
- Andrew D. Connor
- Daniel Ernst
- Andrew McNellis
- Edward Williams
- John G. Taylor

MANAGEMENT DISCUSSION SECTION

Operator

Good day, ladies and gentlemen, and welcome to Zynga's First Quarter 2012 Earnings Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference, Krista Bessinger, Senior Director of Investor Relations.

Krista Bessinger

Good afternoon, everyone, and welcome to Zynga's first quarter 2012 earnings conference call. With us are Mark Pincus, Chief Executive Officer; John Schappert, Chief Operating Officer; and David Wehner, Chief Financial Officer.

Before we begin, I would like to remind you that during the course of today's call we will make forward-looking statements, which are subject to various risks and uncertainties. These include statements related to, among other things, our outlook for 2012, our ability to launch successful new games, our ability to sustain bookings from existing games and increase payer conversion, our growth in advertising and mobile revenue, and our operational plans and strategies.

Actual results may differ materially from the results predicted. Factors that could cause or contribute to such differences include our ability to launch new games in a timely manner and monetize those games, our ability to maintain a good relationship with Facebook, and possible changes in management or corporate strategy.

More information about factors that could affect our results is included under the captions Risk Factors and Management's Discussion and Analysis of Financial Condition and Results Of Operations in our registration statement on Form S-1, filed with the SEC on March 23, 2012.

Also I would like to remind you that during the course of this call we will discuss certain non-GAAP financial measures. Reconciliations to most directly comparable GAAP financial measures are provided in the tables in the press release and on our Investor Relations website. These non-GAAP measures are not intended to be considered in isolation from, as a substitute for, or superior to, our GAAP results.

This conference call is being broadcast on the Internet and is available through Zynga's Investor Relations website, investor.zynga.com. An audio replay of this call will also be available on our Investor Relations website in a few hours.

And with that, I'll turn the call over to Mark.

Mark J. Pincus

Thanks, Krista. Good afternoon, everyone. Welcome to our Q1 2012 earnings call. John and Dave will review details of Zynga's first full quarter as a public company. But first, I'd like to talk about our progress against our vision of enabling one billion people to play together.

In Q1, our audience metrics grew year-over-year and accelerated quarter-over-quarter. In the quarter, we had 292 million monthly active users. We grew daily active users 20% from the prior quarter, monthly active users grew 21%, and monthly unique users grew 19%.

Our strategy has been to lead in every genre of play, and in Q1 we added some new leaders launching five games in growing categories including Hidden Chronicles, which became the most popular hidden objects game in the world; Zynga Slingo, our first entry into the arcade category; and this summer we'll be hosting our second Zynga Unleashed event, where we'll be introducing our next generation of games.

In Q1 we made great progress in building the Zynga mobile. With three new launches, Scramble With Friends, Dream PetHouse and Dream Heights, we organically grew our mobile DAUs to an average 21 million up from 12 million in the previous quarter. This establishes Zynga as the largest mobile gaming network by daily active users.

Towards the end of the quarter, we also acquired Draw Something, which further extends our leadership position. With 11 million DAUs per AppData, this game dramatically increases the size of our mobile network, allowing us to distribute our games to an even larger audience.

We expect the purchase of OMGPOP, the makers of Draw Something to be accretive on many fronts. To offer some insight into our approach, let me share the example of our only other major product line acquisition, Words With Friends.

We acquired this game because it had a lead in a new area of mobile social gaming, turn-based play. We grew that game on our network more than 5x to 14 million daily active users, and we extended that brand family with two hit games: Hanging With Friends and Scramble With Friends; Draw Something, innovated with player generated content, virally shared through social media channels like Twitter and Instagram. We believe we have a similar opportunity to grow the Draw Something product line around the brand and the game.

And finally we introduced our platform with the launch of Zynga.com and publishing. Player feedback has already been positive, attracting 350,000 daily active users during the beta period, with plans to activate marketing and cross-promotion later this quarter. We will also soon be launching games from our first round of publishing partners.

Now I'll turn it over to John, who'll provide more details about our performance.

John Schappert

Thanks, Mark, and good afternoon, everyone. We delivered a strong first quarter with record bookings and strong audience growth, and we're raising bookings and EBITDA guidance for the year. We had bookings of $329 million, up 15% year-over-year and up 7% over Q4.

Our core portfolio of games, which includes FarmVille, CityVille, CastleVille, and Zynga Poker, continues to generate solid bookings. In Q1, we added six new games, including two web games, Hidden Chronicles, our first game in the hidden objects category; and Zynga Slingo, our first entry in the arcade genre.

We added four mobile games during the quarter, Scramble With Friends, Dream PetHouse, Dream Heights and Draw Something, which we acquired in March. On average mobile DAUs grew to over 22 million in Q1 up from 12 million in Q4, with the majority of the growth being organic. We currently have eight of the top 10 games on Facebook, and we launched Zynga's own platform with Zynga.com, a new destination for social games and Zynga Platform Partners, a program that enables third-party game developers to publish their games through Zynga.

We had three key wins during Q1. We tackled new game genres, we became a leader on the mobile charts, and we launched the Zynga Platform. Before I go into more detail on these wins, I'd like to highlight how our core games performed during the first quarter.

I'm happy to report that our core portfolio of games remains healthy and continues to provide solid bookings. We're pleased with the performance of CastleVille, the latest game in our popular Ville franchise, which we launched in last November. Both CastleVille and Zynga Poker delivered record bookings in Q1. And two of our largest games, FarmVille and CityVille, remain at the top of the charts on Facebook as we continue to launch expansions, including Hawaiian Paradise in FarmVille, airports and islands in CityVille and parties and alliances in CastleVille.

In Q1, our advertising and partnership revenue doubled year-over-year and was up 3% quarter-over-quarter, even though advertising spending is typically strongest during the fourth quarter with holidays.

In Q1, we continued to work with advertising partners like American Express, McDonald's and Fox, and we on-boarded new partners including Kia, Scotts Miracle-Gro and Match.com.

In Q1, we introduced reward advertising within a few of our games including CityVille. Players now have another option to acquire more virtual goods, like energy. They can still buy energy, and now they can also earn it by watching an ad. The ads have been very successful and we plan to bring this feature to other games in the second quarter.

International revenue continues to grow nicely, up nearly 50% year-over-year and 8% quarter-over-quarter. We're increasing international monetization through content localization and improved international payment mechanisms. We now support 28 currencies worldwide and 18 languages.

Hidden Chronicles launched in 15 languages and has been a hit worldwide, especially in Europe. More and more we're also developing content across our games with international players in mind, such as CityVille's Welcome the World, an expansion that introduces stories and characters from around the world.

Now let me talk about the three key wins we had in Q1. First, we said one of our key growth areas is to expand in new game categories. And in Q1, we launched two new games in two new genres. In January, we released Hidden Chronicles, our first and the most popular game in the hidden objects category. Hidden Chronicles quickly grew to over 7 million DAUs after launch. And despite the arrival of new competition, it remains the undisputed leader in the hidden objects category and is a top 10 game on Facebook based on DAUs.

In addition, we launched Zynga Slingo, our first game in the arcade category. We've just turned on promotion for this game in late March. And while still early, Zynga Slingo is performing very well and has already hit 4 million DAUs.

Second, mobile is another key area of growth for us. I'm proud to say we made great progress in Q1. We nearly doubled our average mobile DAUs quarter-over-quarter to 22 million in Q1, up from 12 million in Q4. And I'd like to point out that the majority of this growth was organic and driven by Words With Friends, Scramble With Friends and Zynga Poker, as we acquired Draw Something very late in the quarter.

Zynga Poker, coupled with our With Friends franchise and Draw Something, consistently lead the mobile charts for free, paid and top grossing game apps on iOS and Android.

In March, Apple announced that Words With Friends was the number one free game app of all time for iOS. And just last week, Zynga Poker, which has been on mobile for over three years, was the top grossing game on both Android and iOS platforms.

Draw Something passed 50 million total installs within 50 days, making it one of the fastest growing games ever. We're thrilled to have the OMGPOP team as part of our mobile group. Our teams are already working well together, and we just released an update last week that brought new social features to the game, including messaging and the ability to easily post your drawings to Facebook and Twitter.

While we are expanding our reach on mobile, we're also focused on increasing monetization by launching our mobile games with more user pay features such as coins and power-ups in our With Friends games and color packs in Draw Something.

And we've just gotten started in mobile. We have a number of mobile games in development, and you can expect more releases in 2012 to continue our momentum.

The third key highlight in Q1 was the launch of the Zynga Platform, which includes Zynga.com and Zynga Platform Partners. In March, we debuted Zynga.com, a new destination for social games. We're still in the beta period, but we're very happy with its performance to-date. Most of all, we're proud that our players are enjoying it. The majority of players rate the site as fun or very fun, and they want to continue playing on Zynga.com.

Zynga is becoming a platform company and we're opening up the Zynga Platform to third-party developers. The Zynga Platform will offer third-party developers access to our network of over 290 million monthly active users and, over time, Zynga's tools, APIs and zCloud infrastructure. We've already partnered with six third-party developers including Konami, Playdemic and Rebellion, and we look forward to on-boarding more developers and more games.

Looking ahead, we're excited about our game pipeline for the rest of the year. During this quarter, we will launch our second arcade game and will begin marketing Zynga Bingo, our second casino game offering on the web. We will also release additional mobile games in the quarter.

Overall, Q1 was a great start to 2012 and we feel well positioned and growing our business through our flagship franchises, new games, new platforms and mobile.

With that, let me turn the call over to Dave, who will discuss our financial results in more detail.

David M. Wehner

Thanks, John. Good afternoon, everyone. Q1 was a strong quarter across all our key operating and financial metrics. As we've discussed, one of our top priorities is to grow our reach and engagement, and we made solid progress on that front.

On a year-over-year basis, we grew MUUs 25% to 182 million, we grew MAUs 24% to 292 million, and we grew DAUs 6%, 65 million. We delivered these strong results off a very strong quarter a year ago, which included the first full quarter of CityVille.

On a sequential basis, user growth also accelerated nicely, with significantly higher sequential growth rates than in the prior quarter. MUUs grew 19% quarter-over-quarter, MAUs grew 21% quarter-over-quarter, and DAUs grew 28%

quarter-over-quarter. I'd like to quickly note that these metrics include 10 days of the games acquired in the OMGPOP acquisition. So this had minimal impact on these measures and did not change any trend.

Turning to monetization, average bookings per DAU or ABPU was $0.055, up 8% year-over-year, but down 10% quarter-over-quarter. On a year-over-year basis, ABPU growth was driven by improved conversion and increased advertising.

ABPU did tick down sequentially, however, due to strong mobile growth. As a reminder, mobile ABPU is currently lower than total ABPU, and as a result rapid growth in mobile put downward pressure on ABPU in the quarter. That said, we do expect to be able to improve mobile ABPUs over time with increased focus on mobile monetization and in app purchases.

We grew our monthly unique payers, or MUPs, 21% quarter-over-quarter to 3.5 million. This represented an acceleration from 13% sequential growth in the prior quarter. MUPs include payers on both web and mobile, and I note that both web and mobile MUPs were up quarter-over-quarter.

Please note, monthly unique payers in conversion do not include OMGPOP because the data was not historically tracked.

Conversion also excluding OMGPOP was stable at 1.9%. We see significant opportunity to increase our payer conversion and monetization over time, with room for growth especially in increased mobile user pay, improved international ease of paying and new genres.

I will now turn to our financial performance. Note that many financial measures herein are expressed on a non-GAAP basis. Be sure to look at our earnings release issued this afternoon for a reconciliation of the historical non-GAAP measures discussed on this call to the comparable GAAP metrics.

We manage our business on bookings, which is a key indicator of top line performance. Q1 bookings were strong, reaching $329 million, up 15% year-over-year and 7% quarter-over-quarter. This was our third quarter of accelerating bookings growth on a sequential basis, and both web and mobile bookings were up year-over-year.

The primary drivers of total bookings growth were successful launches of new games, including CastleVille and Hidden Chronicles, and growth in our mobile and advertising businesses, all on top of solid performance from our existing games, which provided a stable base on which to grow.

First, let me talk about bookings growth in terms of both existing and new games. We wanted to provide you with a one-time snapshot to illustrate the bookings stability we're seeing from our existing base of games. Please note that we do not plan to disclose this metric on an ongoing basis.

In the first quarter, the total bookings from games that are more than a year old was approximately 80% of what those games delivered in the first quarter of 2011. The key takeaways here are twofold. One, we had a stable base of bookings from existing games. And two, there's not always a direct correlation between bookings growth and publicly available BAU data, which showed a steeper decline year-over-year.

On top of the stable base of bookings, we saw growth from new web games like CastleVille and Hidden Chronicles. There continues to be strong demand for our core social games like CastleVille. In the first full quarter after launch, CastleVille delivered comparable bookings to CityVille in its first full quarter and more than FarmVille in its full quarter.

In addition to bookings growth in terms of games, I wanted to talk about bookings growth by platform, both web and mobile. We saw growth in both web and mobile bookings on a year-over-year and quarter-over-quarter basis. Mark and John talked about the rapid mobile audience growth we've experienced, but mobile is not just driving audience growth, it is also driving bookings growth. In the first quarter, the majority of our bookings growth came from our mobile games on both a year-over-year and quarter-over-quarter basis. We're very pleased with the strength from our mobile games.

Now let me turn from bookings to revenue. In the first quarter, revenue was $321 million, up 32% year-over-year. Online game revenue was $293 million, up 27% year-over-year. And advertising revenue was $28 million, up 117% year-over-year.

Revenue was also strong across all major geographies. In the U.S., revenue reached $196 million or 61% of total revenue. This was up 23% year-over-year. And international revenue reached $125 million, or 39% of total revenue. This was up 49% year-over-year.

In addition, changes in estimated payer life in our games resulted in a $10 million increase in current period revenue and a corresponding $10 million decrease to our end-of-quarter deferred revenue balance. Despite this reduction, due to our strength in bookings, our deferred revenue balance increased $8 million in the quarter to $489 million.

In the first quarter, we delivered adjusted EBITDA margins – adjusted EBITDA of $87 million, which was up 28% from the fourth quarter. This resulted in a 26% adjusted EBITDA-to-bookings margin in Q1, an improvement of 400 basis points quarter-over-quarter. This is our highest quarterly margin since the transition to Facebook Credits was completed in mid 2011.

Non-GAAP net income and EPS also continued to improve, with non-GAAP net income of $47 million, up 27% from the prior quarter and non-GAAP EPS of $0.06 per share.

I'll now turn to operating expenses. We continue to make large investments in the future of play, in particular investing in the launching of new games and developing our proprietary technology platform. The amounts I'm about to mention exclude stock-based expense.

Cost of revenue in Q1 was $83 million, up 24% year-over-year. It was down $5 million quarter-over-quarter due to the roll-off of certain third-party hosting contracts. Cost of revenue was up $16 million year-over-year, driven by increased mobile platform transaction processing fees due to the higher volume and player activity, and increased network operations expense associated with data center operations and depreciation associated with the build-out of our zCloud infrastructure.

R&D expense in Q1 was $109 million, up 74% year-over-year, driven primarily by increased game development head count. Sales and marketing expense was $44 million, up 16% year-over-year, driven primarily by an increase in direct marketing spend and increased head count.

G&A expense, including – excluding legal settlements was $36 million, up 44% year-over-year, reflecting increased head count and depreciation associated with the build-out of our new company headquarters. Overall, head count was up 2% quarter-over-quarter and 57% year-over-year, reaching 2,916 heads in the first quarter.

Turning to tax, our non-GAAP effective tax rate for Q1 was 27%, above our previous full year guidance of 20% to 25% due to a change in our geographic earnings mix, specifically higher U.S. profits in Q1. Note that we expect this shift will persist in 2012 and, thus, will impact our full year non-GAAP effective tax rate as well. I'll cover that in the guidance section.

With regards to GAAP results and stock-based expense, please note that our GAAP results for Q1 include stock-based expense of $134 million, including $13 million of stock-based expense in G&A which reflects a one-time 1 million share gift to Zynga.org made in the quarter.

With regards to cash flow, cash flow from operations was $79 million, down 24% year-over-year due to a 42% increase in operating expenses excluding stock-based expense, compared to 15% bookings growth over the same period. CapEx was $35 million in Q1, down 30% year-over-year due to reduced data center spend. Free cash flow was $44 million, down 18% year-over-year due to lower cash flow from operations.

Turning to our balance sheet, we ended Q1 in a strong position with cash and marketable securities of $1.5 billion versus $1.9 billion in the previous quarter. The primary drivers of the decrease in cash quarter-over-quarter were approximately $183 million for the acquisition OMGPOP and $234 million related to the acquisition of our corporate headquarters in April 2012, which was moved to restricted cash in the first quarter.

Let me now turn to guidance. We're well positioned for growth in 2012. Our business continues to track well against the original guidance we gave in February. And we're increasing bookings guidance today to reflect the recent acquisition of OMGPOP. Note, however, that we continue to expect growth to be weighted towards the second half of the year.

For the full year 2012, we expect to deliver bookings between $1.425 billion and $1.5 billion, with adjusted EBITDA between $400 million and $450 million. We've increased adjusted EBITDA to reflect stronger bookings, partially offset by increases in both sales and marketing and R&D.

In terms of stock-based expense, we expect it to be between $420 million and $445 million for the year. We've increased our estimate to reflect the Zynga.org contribution and the OMGPOP acquisition.

We expect CapEx for the year to be between $390 million and $410 million. We increased our estimate to reflect the purchase and build-out of our headquarters building in San Francisco.

In terms of non-GAAP weighted average diluted shares outstanding, we expect to end the year with approximately 880 million shares. We expect our effective tax rate for non-GAAP net income to be between 25% and 30%, an increase above our previous 20% to 25% range due to a change in our expected geographic earnings mix. And finally, we expect non-GAAP EPS to be between $0.23 and $0.29 per share.

In summary, Q1 was a great quarter with strong organic performance across our key operating and financial metrics. We grew our audience 25% year-over-year and delivered record bookings with significant margin expansion quarter-over-quarter. We're pleased with our results and excited about the future of play and the long-term opportunity for our business.

With that, I'll turn it back over to the operator for Q&A. Karen?

Q&A

Operator

Thank you, sir. [Operator Instructions] Our first question comes from the line of Mark May from Barclays.

<Q - Mark Alan May>: Thank you. I have several, but I'll limit it to one. Maybe if you could provide a bit more color. As you mentioned, it looks like that the flow-through on the bookings guidance increase to EBITDA was maybe not as great as implied in just the core business margins, you talked about offsets in sales and marketing and R&D. My assumption is that the OMGPOP business is highly profitable. So the question is how much are you assuming from contribution from OMGPOP on a bookings and EBITDA basis? And can you provide a bit more color in terms of some of the OpEx offsets that you talked about?

<A - David M. Wehner>: Sure, Mark. I think we're not providing specifics on OMG. That was the source of the raise in guidance. We are reinvesting for future growth in a number of areas, including R&D for new game development in casino, arcade and mobile. So that's the primary additional investment that we're doing because we see upside growth opportunity in the long run in those categories.

<Q - Mark Alan May>: Great. And you talked about the implied web-based DAUs and bookings, I think, were flat sequentially. Can you talk about is that just a function of the short-term window in terms of web-based game launches and/or what is your expectation ultimately for being able to grow the web-based games from a bookings and DAU perspective over the next 12 months?

<A - David M. Wehner>: Why don't I take that and then John can follow up with some observations about the future and pipeline. We did grow web bookings quarter-over-quarter. We see real strong prospects in the web games. We have CastleVille, which as I mentioned launched and in its first full quarter had bookings comparable to that of CityVille, which was our most successful launch in the past in its first full quarter. So we're very bullish on the prospects of web – of our web launches and our web games.

<**A - John Schappert**>: Yeah. And Mark, I'll just add that I think what's exciting about the past quarter is we added two games in two new categories for us, with Hidden Chronicles in the hidden objects category and with Zynga Slingo in the arcade category. And as we announced, we have another arcade game coming next quarter. And we're going to turn on the monetization funnel for Zynga Bingo, which is our first entry into the casino category. And we have a nice pipeline of games beyond that and a strong pipeline of mobile titles too. So we feel good about the remainder of the year.

<**Q - Mark Alan May**>: That's great. Thanks a lot. Sounds exciting.

<**A - David M. Wehner**>: Thanks, Mark. Karen, you can go to the next question.

Operator

Thank you. Our next question comes from the line of Atul Bagga from Lazard Capital.

<**Q - Atul Bagga**>: Hey, guys. Thanks for taking my call, and congratulations on a great quarter. I have one question and one clarification. The question is as – if I look at the opportunities in front of you guys, it seems like you have a number of opportunities in growth and monetization internationally, mobile, advertising. Can you help us understand [indiscernible] (28:24) how you work on your capital allocation decisions anda different opportunities which are out there [indiscernible] (28:28). And in terms of clarification, I just wanted to understand to – I want to understand how do you calculate MUU on mobile, how do you identify a unique user on mobile? Thank you.

<**A - David M. Wehner**>: So why don't I take the MUU question? Thanks, Atul. It was a little bit hard to hear you, but I think we got most of your question. MUU, we calculate – for those people on mobile who are connected with Facebook Connect, we're able to reconcile that with users on Facebook on our web games. So we're able to de-dupe any of those numbers. So if anybody's connected with Facebook Connect, we can tell that. And then we obviously de-dupe across our entire network if they're not connected to Facebook Connect as well.

<**A - John Schappert**>: And Atul, this is John. I'll just add a little bit. Again, it was hard to hear you, but I think you were talking about our growth vectors and how we allocate our – for growth. And I think the reality is we're investing in the four key growth areas right now, which is mobile, international and advertising, web and platform. And just this last quarter you saw a great movement in mobile with 12 million to 22 million daily active users on average. Internationally, we grew very very nicely. And web, we launched a couple of new games in new categories. And on platform, we launched Zynga Platform.

So I guess my answer is we're investing in all of those. We've got high upside and those we feel bullish on that, which is why we I think posted a great quarter and have good prospects for the remainder of the year.

<**Q - Atul Bagga**>: And John, just to follow up, is there one category of these opportunities which is – which seems more near term, more exciting to you than others?

<**A - John Schappert**>: I have to say.

<**Q - Atul Bagga**>: [indiscernible] (30:18)

<**A - John Schappert**>: Sorry. Sorry, Atul. I have to say I think mobile is very exciting to us. And we saw that opportunity coming, we've invested, and I think we're really proud of the performance that we had this past quarter even prior to the acquisition of OMGPOP growing our average mobile DAUs from 12 million to 21 million. And then of course when you layer in OMGPOP, it gets that much more exciting for us.

<**A - David M. Wehner**>: All right. Thanks, Atul. And Karen, why don't we take the next question?

Operator

Thank you. Our next question comes from the line of Scott Devitt from Morgan Stanley.

<Q - John Peter Egbert>: Hi. This is John Egbert asking for Scott Devitt. Just had a question about mobile monetization of some of the newer games. So last quarter you mentioned that Scramble With Friends monetized two or three times better than Words With Friends because of some of the clean mechanics. Could you put maybe Dream Heights and Dream PetHouse and some of the newer games kind of in relation to those two? Are they doing even better than Scramble With Friends since it seems like they have just a more natural monetization mechanic like your web games? Thanks.

<A - David M. Wehner>: Yeah, Johnny, that's true. We do see the Dream series games, which are what we would characterize as invest and express games, monetize at comparable levels to web games.

<Q - John Peter Egbert>: Okay, thanks.

<A - David M. Wehner>: All right. Karen, we can go ahead and take the next question.

Operator

Thank you. Our next question comes from the line of Doug Anmuth from JPMorgan.

<Q - Kaizad K. Gotla>: Thanks for taking the question. This is Kaizad in for Doug. Can you just talk about the progression of bookings for mobile titles over time? I think in the past you mentioned web game bookings take four to eight quarters to reach peak bookings. So we just trying to get some color on mobile monetization curves. And then secondly, can you just give us a sense for total bookings coming from platforms such as Google+, Android and iOS? Thank you.

<A - David M. Wehner>: Yeah. Thanks, Kaizad. We don't break out bookings for platform, so we can't provide any more detail there. In terms of progression of mobile bookings, we are early days in some of the categories like the Dream games, which we just launched in the last quarter. So we don't have enough data to be able to say. I will tell you that Words With Friends continues to deliver record bookings. And it's now probably three years after the original launch of Words With Friends. So that we're seeing certainly very strong prospects for evergreen franchises in mobile like Words With Friends.

<Q - Kaizad K. Gotla>: Thank you.

<A - David M. Wehner>: Karen, we can take the next question.

Operator

Thank you. And our next question comes from the line of Richard Greenfield from BTIG.

<Q - Richard Greenfield>: Hi. Just one clarification and a question. Could you just – when you talked about guidance, would guidance have been unchanged, raised or lowered, if you had not actually made the OMGPOP acquisition?

And then from a question standpoint, mobile monetization, specifically on the advertising side or sponsorship side, today it's really either untargeted ads or you're asking people to pay to avoid those ads. I guess this is really a question for Mark, when you like – when you think about high level, like, what should your approach to monetization on mobile be over time, what is it and where are we in getting there?

<A - David M. Wehner>: Okay. Rick, I'll take the guidance question and Mark can take the mobile monetization question. We would not have changed guidance if it were not have been for the OMGPOP acquisition.

<A - Mark J. Pincus>: Sure. And let me answer the second part of the question. First of all, I want to just give the context on mobile that it's very early days. We think mobile is a similar place to where we saw the web business and service opportunity a few years ago. And so as we said on the last call, we're really focused this year first and foremost on getting the product experience right and building out the network distribution and our ability to, in a repeatable way, bring hits to market. So that's just level [indiscernible] (34:27).

We have been pleased and excited by the monetization and revenues that we're seeing on mobile. But to your point specifically, Richard, we agree with you that the mobile ad experience is very early days and it is open for a lot of innovation and we haven't gotten to it yet. And we think that where it could go is the ads that you could around the game could be much more compelling and engaging and it could start to actually be fun and be additive to your game experience. We want to focus on that first, and then we think that monetization will follow.

<Q - Richard Greenfield>: Thank you.

<A - David M. Wehner>: Thanks, Rich. Karen, we're ready for the next question.

Operator

Our next question comes from the line of Colin Sebastian from Robert Baird.

<Q - Colin A. Sebastian>: Okay. Thanks very much. I guess, firstly, just a clarification on the full year guidance where you expect the slower sequential growth in the first half. If we'd assume the same Q1 sequential growth rate for the remainder of the year, if my math is correct then that would generate bookings above the midpoint of your guidance. So maybe you could just clarify that for me if that's conservatism or some lumpiness or if that's more of a year-over-year growth comparison that we should use?

<A - David M. Wehner>: Yeah. I think we're just saying that the sequential growth rates will be higher in the back two quarters than in the second quarter.

<Q - Colin A. Sebastian>: Okay. And then just to follow up on the sequential dip in ABPU, if there is an element of seasonality in that as well. Obviously the monetization rates increased slightly sequentially, but there might be some seasonality on a bookings per DAU basis.

<A - David M. Wehner>: We see seasonality in some of the advertising businesses. So we do see that there is seasonality in PPM on the advertising front.

<Q - Colin A. Sebastian>: Okay. Thank you very much.

<A - David M. Wehner>: Thanks. Karen, why don't we have the next question, please?

Operator

Thank you. Our next question comes from Doug Creutz from Cowen & Company.

<Q - Doug Creutz>: Hi, thanks. You had a pretty substantial sequential improvement in gross margins, and I think you mentioned that you had some third-party contracts roll off that helped that. I guess, A, is this level of gross margin something we can expect going forward and/or will any other contracts roll off later in the year that could drive the gross margins higher? Thanks.

<A - David M. Wehner>: Hey. Thanks, Doug. We're going to have some additional contracts roll off this year and into the first couple quarters of next year. We're going to see improvement from those. Offsetting that, we're going to have some additional expenses from mobile fees because mobile payment fees are in the cost of sales. So as we increase the mobile side of the business, we're going to have a rise in cost of revenue as it relates to fees partners like Apple and Android. So you kind of have two offsetting things, but we should see the benefit of additional roll-off of contracts over the next several quarters.

<Q - Doug Creutz>: Okay. Thank you.

<A - David M. Wehner>: Thanks. Karen, we can have the next question.

Operator

Thank you. Our next question comes from line of Heath Terry from Goldman Sachs.

<Q - Heath Patrick Terry>: Great, thanks. I've been curious what kind of impact on desktop revenues do you believe you're seeing from the shift of usage on the social platforms or games are on from desktop to mobile. And if you could give us an idea of what the timeline looks like for getting more of your games on the desktop versions of the social platforms on to the mobile versions?

<A - David M. Wehner>: Thanks, Heath. Why don't I have John cover the – how we're thinking about the multi-platform strategy?

<A - John Schappert>: Sure. And with respect to the revenues, Heath, I would say that we actually saw revenue growth on both mobile and web both quarter-on-quarter and year-over-year. And with respect to getting our desktop games to mobile, I think that there's some great games like we've seen with Zynga Poker that made great desktop and mobile game. And then there's some games that actually are tailored just for each of those devices. And I think what you're going to see as we continue to launch our games is we're going to do what's right for that product and that platform. And we have a very healthy pipeline of new games coming on both mobile and on web. And as we mentioned, we've gotten our [ph] cabling (38:59) coming next quarter and we're going to turn Zynga Bingo on. So we feel good about our pipeline and both of those platforms.

<A - Mark J. Pincus>: And this is Mark. Let me just add to that, Heath, that I think that we remain still underpenetrated on the Facebook platform for web and PC. And so we have started to see growth in the last quarter of – on the ecosystem side of the – both DAUs and we believe the monthly unique users there, while at the same time also obviously seeing explosive growth and engagement on mobile as well, which is even faster growth than on the web.

<Q - Heath Patrick Terry>: Great. Thank you.

<A - David M. Wehner>: Thanks. Karen, we can have the next question.

Operator

Thank you. Our next question comes from the line of Arvind Bhatia from Sterne, Agee.

<Q - Arvind Bhatia>: Okay, thank you. I just have one quick question and that is essentially on FarmVille, with the DAUs now under 5 million, I wonder if you could maybe update that slide that you had provided in the road show where you talked about the trajectory of FarmVille. And again I know you gave a general idea of your top games from last year and this year but could you hone in a little bit more on FarmVille.

<A - David M. Wehner>: Yes. Thanks, Arvind. We're not providing specifics on individual title-by-title performance. We provided that snapshot on overall, which I think gives a good indication of the stability of the games. We continue to see FarmVille performing well, and we see good prospects for FarmVille and our existing games and new games for the remainder of the year, which is why we're excited and comfortable raising guidance for the year.

<Q - Arvind Bhatia>: So let me ask you a different one then. On the monthly unique payer number, again the 2.9 million to 3.5 million, was that in any way influenced by the OMGPOP acquisition?

<A - David M. Wehner>: No.

<Q - Arvind Bhatia>: I know you only had 10 days.

<A - David M. Wehner>: No, there's no MUP impact from the OMGPOP acquisition. They didn't track payers so there's – they're not included in that number. They are included in MUUs, so conversion is slightly understated for that reason.

<A - John Schappert>: And Arvind, it's John. I just wanted to circle back and remind on that slide that we had in the road show that you're speaking to, one of the key points on that slide was that daily active users and monetization are not directly related. In fact, what we talked about was DAUs rise at the launch of the game, they trail off over time while revenues and monetization frankly does the opposite. So FarmVille is nearing in on celebrating its three-year anniversary and it's a strong contributor and we expect continued good things from FarmVille for the remainder of the year.

<Q - Arvind Bhatia>: Great. Thank you.

<A - David M. Wehner>: Karen, we can take the next question.

Operator

Thank you. Our next question comes from the line of Mike Hickey from National Alliance Securities.

<Q - Mike Hickey>: Hey, guys. Thank you for taking my questions, and congratulations on your quarter. Mark, I think you mentioned in your commentary about your next generation games, and I was just hoping you could give us a little clarity in terms of exactly what you mean. And there's been a rumor for a while that FarmVille 2 is in development. So I'm curious just how you kind of manage that risk when you take such an important legacy franchise like FarmVille and try to transition it to a next generation?

<A - Mark J. Pincus>: Sure, Mike. Unfortunately, we can't go into more detail on this call about the forward product pipeline other than I think what John already mentioned that you can see some of the games that you'll be seeing more – hearing more about this quarter are already out. They just haven't been – they haven't been marketed and cross-promoted yet, games like Bingo that you can go out and play with and see. And in terms of the next generation, I don't want to steal the thunder from our upcoming Zynga Unleashed.

<Q - Mike Hickey>: All right, fair enough, and then one other just follow-up question. I think we're all kind of waiting for Apple to come out with the iTV whether it's this year, in 2013. And certainly there's – new platforms are important for growth for you. You certainly showed that in mobile. So I'm just curious how you shape the iTV or kind of IPTV market for your forward growth.

<A - John Schappert>: Hi. This is – Mike, this is John. I think what's great when we think about new platforms like we think about the iPad that just launched a couple of years ago is it's yet another venue for people to play our games. And I think what's great about our games is you can play them just about anywhere you are on just about any device you have. So I think it would be great for Apple to open up the television to more accessible social games. And we've got some great games that will play nicely, but we don't have anything to announce obviously.

<Q - Mike Hickey>: Okay. Thanks, guys.

<A - David M. Wehner>: Thanks. Karen, we can take the next question.

Operator

Thank you. Our next question comes from the line of Michael Olson from Piper Jaffray.

<Q - Andrew D. Connor>: Hey, guys. This is Andrew Connor on for Mike. Question is console gaming continues to be a time share donor to mobile and social, but the console refresh promises some new social features, including maybe some teleconferencing and motion control. So where does the next console sit in terms of your guys' priority in terms of other platforms out there? Thanks.

<A - John Schappert>: Hi, Andrew. As we just said on the last question, I think right now when we think about consoles, it's not an area of focus for our company. We think big broad worldwide adoption in platforms, which is why we're focused on the web, and on mobile, which are growing at very very fast clips. I can't say that we won't be interested as we learn more about these platforms and we see what their uptick might be and what features that they might have. But frankly, when we look at the future, we get really excited about continued growth on the web and mobile, which has continued to just grow very very very rapidly and, of course, the advent of tablets.

<A - Mark J. Pincus>: This is Mark. I'd just add to it. As we said on the last quarterly call, we believe we're in the middle of a secular shift in all gaming to free, social and accessible. And to the extent that we see console gaming start to go there as well, I think that console gaming could benefit from the audience that has started to grow around that, and I think it could start to also circle back and benefit other forms of free gaming.

<A - David M. Wehner>: Thanks. Karen, we can go ahead and take the next question.

Operator

Thank you. And our next question comes from the line of Daniel Ernst from Hudson Square Research.

<Q - Daniel Ernst>: Yes. Good evening. Thanks for taking my call. Looking at your acquisition of OMGPOP, and obviously it's the key driver of your rise in guidance, which implies the valuation of that deal for you was relatively accretive given where social multiples are and where your own multiple relative to price to sales, so I think that's a great thing. But my question is there were some comments in the press from Barry Cottle about future plans for being aggressive in acquisitions using your cash with accessing and being aggressive with increasing leverage, taking down debt to do additional deals. I'm wondering, or hoping rather, that those comments were taking out of context and maybe you could put some color and framework around that what your philosophy is on growing through acquisition versus investing in the internal teams that continue to grow inside Zynga. Thanks.

<A - Mark J. Pincus>: Sure. Dan, this is Mark. So thanks for asking that. We are happy to provide some accurate expectations on our M&A strategy, which is the strategy hasn't changed since the road show and – as we've spoken to all of you. And our primary focus, the way we've built this business has been organic development and growth of games that have led to a network that we have further leveraged to bring more successful games to market. And that's what you should expect to continue us to do to drive the bulk of our growth.

This product line, as we said, was the second major product line that we actually went out and acquired. And so it was a rare instance for us. And we believe it was not just potentially accretive financially, but as we said we were excited about the growth that this game saw in mobile social gaming, a new experience around user-generated content at levels of sharing never seen before in gaming and even setting new boundaries in social media in general and viral growth that hadn't been seen before.

And so similar to what we saw with Words With Friends, we saw a whole new phenomenon that we think is exciting more broadly from mobile social gaming, but we saw a property that really even more quickly than Words With Friends was really created and became mainstream fast. And we thought it would be synergistic to our network and our infrastructure, we thought that like Words With Friends it would be more valuable as part of Zynga that we could organically build more from it as we did before, but it does not represent any change in strategy.

And I'd say more broadly we talked on the road show about our approach to large investments. And just pulling the lens back, if you think about the investments we've made in our data and analytics and in our posting infrastructure, we've at every point been very careful and prudent and bottom line oriented to make those investments where we saw we can connect the dots to an accretive return in a short couple-year timeframe.

<Q - Daniel Ernst>: Great answer. Thanks for clarifying.

<A - David M. Wehner>: Thanks. Karen, we can have the next question.

Operator

Thank you. And our next question comes from the line of Ken Sena from Evercore.

<Q - Andrew McNellis>: Thanks for taking the question. This is Andrew McNellis in for Ken Sena. Can you give us a few more details on traction around the Zynga Platform? We understand it's still in beta, but based on traffic data it looks like unique visitors are actually down since the launch. How are you thinking about gaining traction with players? And have you had much interest from third-party developers beyond the few you mentioned?

<A - John Schappert>: Hi, Andrew. It's John Schappert. I can take that question. So I'd be careful in trying to draw any conclusions on audience data with Zynga.com or any of our games or Platform before we turn on marketing promotion. It is in beta, which means we purposely want to keep it at limited audience, so we can actually improve the features and iterate on it. The reception's been very very positive. So as I mentioned in my prepared remarks, when we give folks a survey after they play a game on it and ask them to rate it is it fun, is it very fun, is it just okay, is it not so much fun, the overwhelming majority rate it as fun and very fun. And so we're off to a very good start with that.

With respect to interest from third-parties, that's why Zynga.com is part of our Zynga Platform along with Zynga Platform Partners, where people will be publishing games on Zynga.com and across the Zynga network. And I would just say our reception has been very very positive from both our players, as I mentioned, and developers. We have a lot of inbound interest, and frankly we're gating that based on how many we can on-board. So I've got good things to say, but I'll also say it's early days.

<Q - Andrew McNellis>: Okay, great. Thanks.

<A - David M. Wehner>: All right, thanks. Karen, we can take the next question.

Operator

Thank you. And our next question comes from the line of Edward William from BMO Capital Markets.

<Q - Edward Williams>: Good afternoon. I just wanted to talk a little bit about monetization rates. Could you characterize how we should look at monetization rates from say arcade-style games or casino-style games over the life of the games, how they vary? And also looking at monetization on North American versus international sales and kind of what steps you're taking there to potentially bring up the international? And then lastly, mobile versus web, what we can see or what we should be able to see over time as – can we see mobile build up towards the web level?

<A - David M. Wehner>: Yeah. This is Dave, I'll take that. On mobile versus web, we do believe that mobile in the long run has the same opportunity that we saw in the web of growing ABPU over time. We've seen that we've been able to effectively grow ABPU in the last three years due to increasing ABPU on the web. We expect that we'll be able to do the same in mobile.

International versus U.S., international does monetize at a lower rate than the U.S. Majority of our audience is international, majority of our bookings is U.S. We do expect that we will see international monetization improve and we're making lots of effort to do that.

In terms of casino and arcade, we see those monetizing at very attractive rates. We've had good experience with that with Poker. And the most exciting thing about Poker, and we think about the casino and arcade categories as not only the immediate ABPU, but that those categories are evergreen and will continue to deliver results in the long run.

<Q - Edward Williams>: Okay, great. Thank you.

<A - David M. Wehner>: All right. Thanks, Ed. Karen, why don't we do one last question?

Operator

Thank you, sir. Our final question comes from the line of John Taylor from Arcadia.

<Q - John G. Taylor>: Hi, thanks for taking my question. I've got a question about customer acquisition cost. And as you sort of deploy across different platforms, ramp up the advertising for the Zynga.com platform, and shift a little bit more to mobile, I wonder if you can talk about cost to customer acquisition trends, because it looks like you're getting some decent leverage on your sales and marketing line as a percent of bookings. So how is that likely to change as you – as your audience and platform mix shifts going forward? Thanks.

<A - David M. Wehner>: John, this is Dave, I can take that one. We've seen a very consistent ability to effectively use marketing to grow. We have seen the ability to acquire both on mobile – both on the web and on mobile at costs that are less than lifetime value of those customers for us and we continue to see opportunities to do that both in web and mobile. We haven't seen any negative trends in terms of customer acquisition costs relative to lifetime value.

<A - Mark J. Pincus>: And I'd add to that, John, this is Mark, that on mobile in particular, we're excited about the future prospects as we build a bigger, more powerful network and we have more opportunities to do brand extensions. If you just look at the success we had with Scramble With Friends and Hanging With Friends, just because of their proximity to Words With Friends and an extension of a similar audience and game play type, they were able to leverage the engagement in one game to try the engagement in another game, similar to what we've done with our web games. And that's also why we were excited about the potential of adding Draw Something. So we think as we get better at driving our related cross-promotion on mobile, we should see better efficiencies on customer acquisition like on the web as well.

<Q - John G. Taylor>: Great. Thank you.

Mark J. Pincus

All right. Well, thank you everyone for joining us on our first quarter conference call. And Karen, we can wrap up.

Operator

Thank you. Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the program and you may now disconnect. Everyone, have a good day.