



Q4 2012

Rhythm Insights

Previous quarterly reports available at www.rhythmnewmedia.com

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About This Report

Data points are based on ads served across Android, Tablets, iPhone, iPod Touch, and other devices in the US market. The data points cover brand ad campaigns from Q4 2012.

About Rhythm

Rhythm provides a publisher technology platform and a direct advertising sales team to monetize leading media on mobile and tablets. Rhythm connects brand advertisers with highly engaged mobile audiences by selling and serving video, rich media and premium display advertising. Rhythm has partnered with more than 50 premium media companies including NBC Universal, CBS, ABC, Fox, Warner Bros., IAC and Demand Media, typically on an exclusive basis, across an unparalleled portfolio of 200+ properties. In 2012 alone, more than 200 top brand advertisers including P&G, Disney, Samsung, McDonald's, General Motors, Ford, AT&T, Verizon, Macy's, Marriott and Wrigley ran campaigns with Rhythm and achieved unprecedented engagement results.

The metrics provided herein are solely representative of Rhythm's collection of premium properties and may not reflect the overall ecosystem for similar ads.

Definitions

- **In-Stream Mobile Video Ads:** Ads appearing in the context of a video, as a commercial break in full episodes or before videos clips.
- **Premium Media Properties:** Apps and mobile websites from well known companies such as NBC Universal, CBS, ABC, VEVO, Fox, Warner Bros., IAC, Demand Media, etc. When video content is premium, users accept the value exchange of watching an ad in exchange for watching great content. High ad completion rates typically follow.
- **Brand Advertising:** Advertising that aims to drive brand identity, awareness, preference and demand.
- **Social Mobile Campaigns:** Mobile advertising campaigns that tie into social media platforms by tapping to Facebook, Twitter, etc.

Summary: Social Media & Mobile Audience Insights

Slide #

- 8 **Mobile social media users are extremely active:** 74% access Facebook and 63% access Twitter several times per day via smartphone or tablet.
- 9 **Mobile is the primary social media device:** Users cite their smartphone as the device on which they most often use Facebook (74%) and Twitter (62%)
- 10 **Rhythm's audience is highly social:** 50% more likely to access social media via smartphone than the industry average
- 11 **Majority follow or "like" brands on social media sites:** 68% currently "like" a favorite brand/show/product/store on Facebook, 56% currently follow favorite brand/show/product/store on Twitter
- 12 **Brand loyalty and sales deals are key reasons to "like" or follow:** Facebook and Twitter users say they "like" or follow brands to show their interest/loyalty (58% and 61% respectively) and to get info about sales and deals (56% and 52% respectively)

Summary: Q4 2012 Campaign Insights

Slide #

- 14 **Mobile and social go hand in hand:** 24% of marketers are now activating social media through mobile campaigns
- 15 **Growing advertiser interest in social mobile campaigns:** Huge 430% Y/Y growth in social media use in mobile campaigns
- 16 & 17 **Social media ties nicely into mobile video:** 30% of Interactive In-Stream campaigns included social media buttons, seeing a 36% lift in engagement
- 18 **Mobile sees higher completion rates than online:** In-Stream mobile video ads continue to outperform online with an 89% completion rate
- 19 **Mobile sees higher engagement rates than online:** In-Stream mobile video ads are 115% more engaging than online

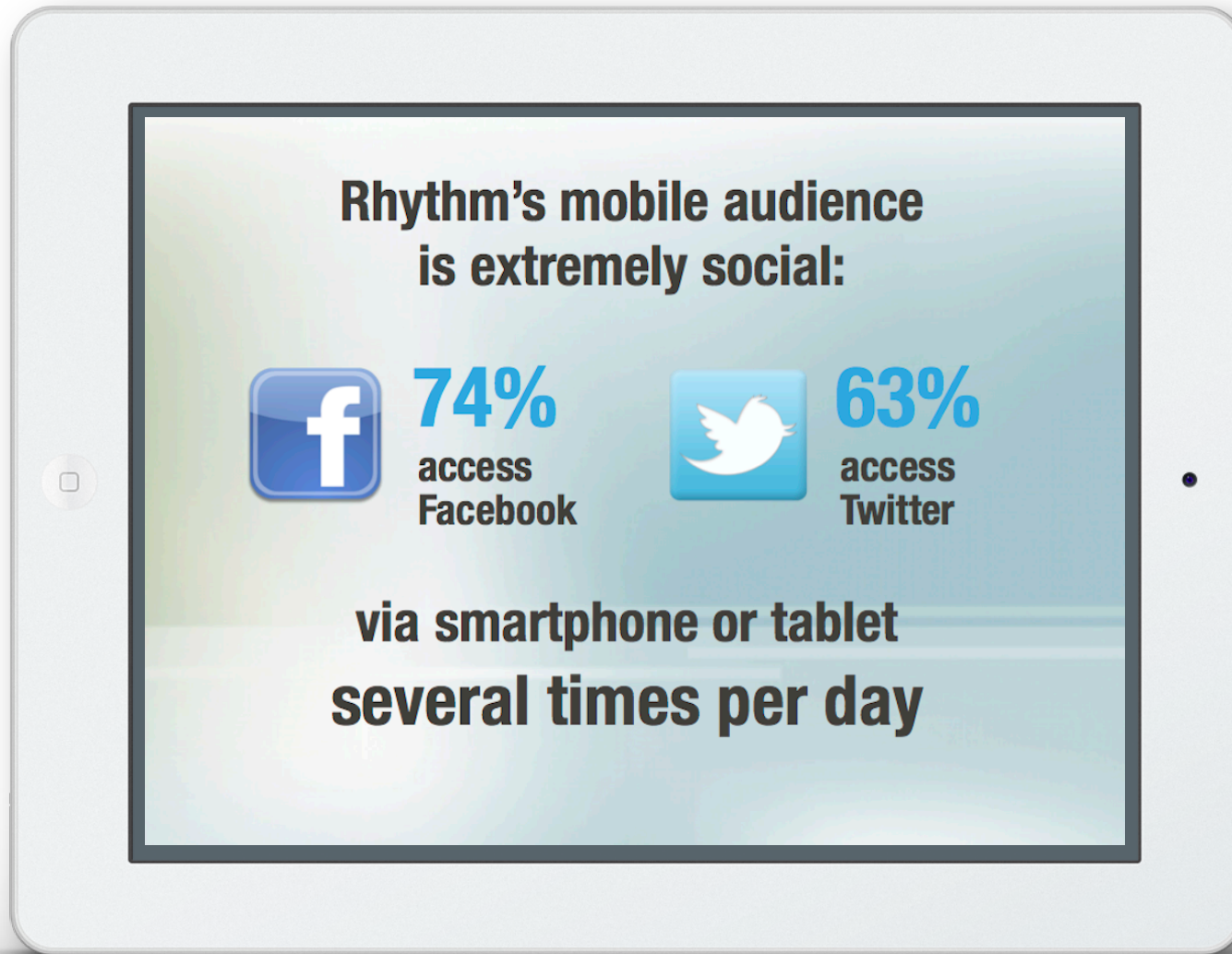
Summary: Key Mobile Video Viewing Trends

Slide #

- 21 **Mobile and tablet video viewing is a daily habit:** Overall Rhythm platform video viewing spread throughout the week, with tablet viewing peaking slightly on weekends
- 22 **Consistent viewing for mobile video means no primetime spike:** Smartphone premium video viewing stable throughout the day, with slight peak on weekend mornings
- 23 **Tablet video viewing peaks in primetime:** Tablet premium video viewing peaks during primetime on weekdays, but is spread evenly throughout weekends

Social Media & Mobile Audience Insights

Social Media Activity Across Mobile Continues to Grow

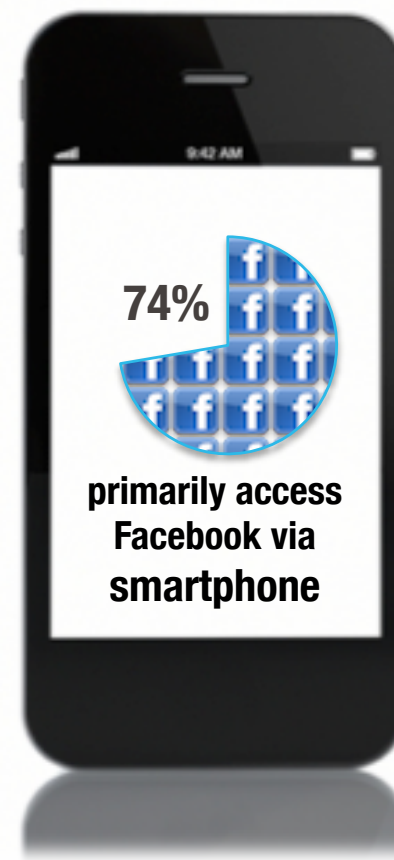


Source: Rhythm conducted the on-device survey among 598 mobile users in Q1 2013. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

Smartphones are the Primary Device for Accessing Social Media

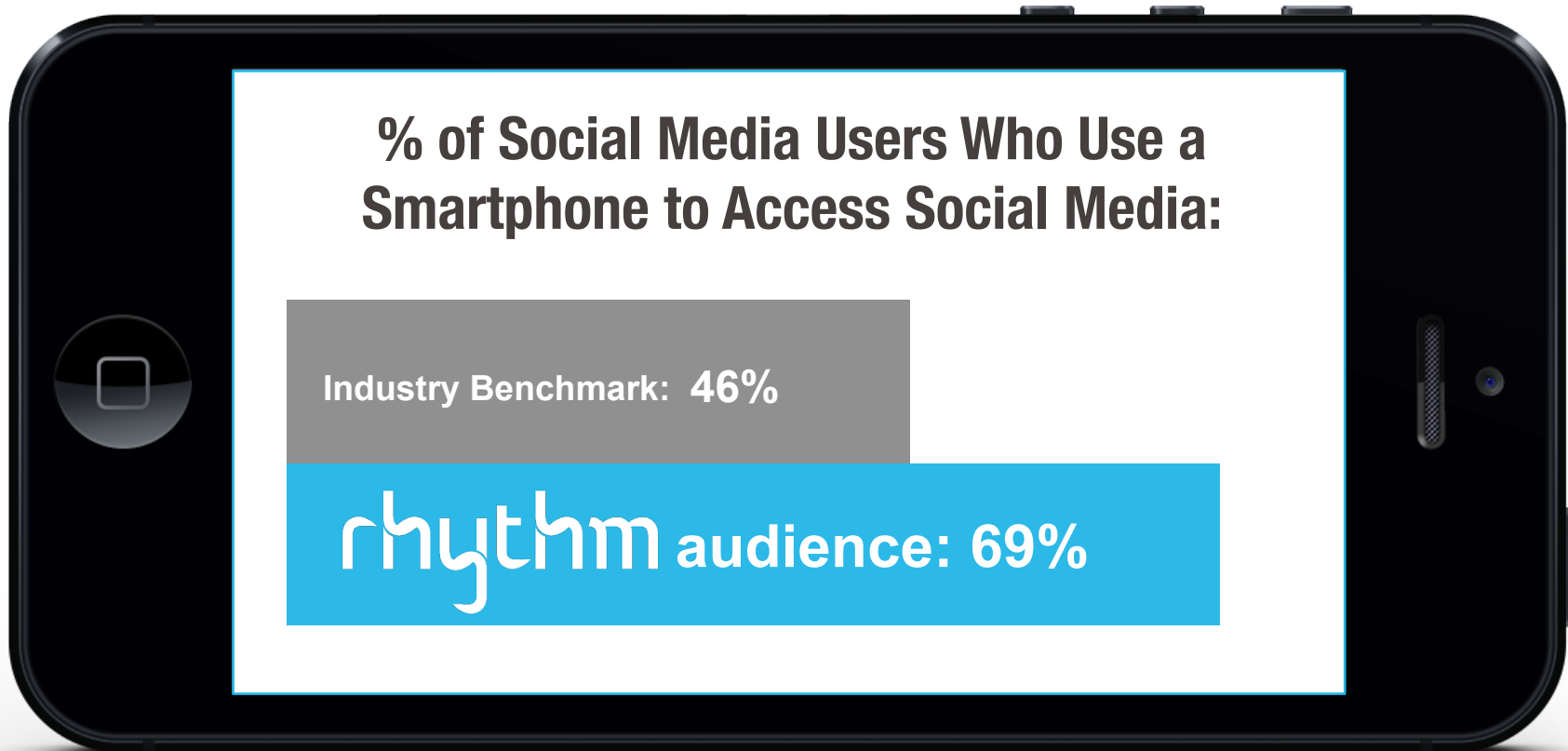
We asked Rhythm's Audience:

- Which device do you use most frequently to access Twitter?
- Which device do you use most frequently to access Facebook?



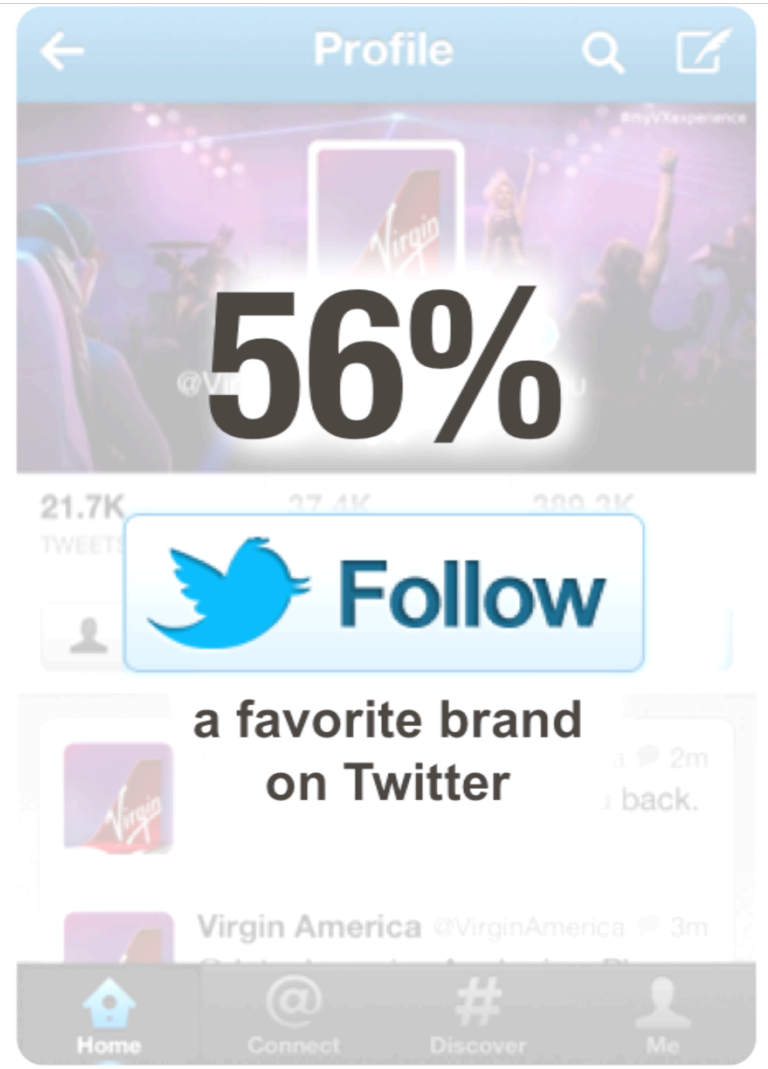
Source: Rhythm conducted the on-device survey among 598 mobile users in Q1 2013. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

Rhythm's Audience is 50% More Likely to Access Social Media via Smartphone than the Industry Average



Source: Rhythm conducted the on-device survey among 598 mobile users in Q1 2013. The surveys were distributed exclusively across Rhythm's collection of premium media properties. Rhythm percentage: Average taken from total number respondents who cited using smartphone to access Facebook and/or Twitter several times per day. Industry Benchmark: Nielsen and NM Incite: "State of the Media: The Social Media Report 2012," Dec 3, 2012.

More than Half of Rhythm's Audience Currently Follow a Favorite Brand on Twitter or Facebook



Source: Rhythm conducted the on-device survey among 598 mobile users in Q1 2013. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

Users Follow Brands on Twitter for Exclusive Content and Follow on Facebook for Advocacy & Information

Why do you decide to “like” or follow a brand?



To show support
or loyalty

Twitter:

60.7%

Facebook:

57.6%



get information
on sales/deals

51.9%

55.9%



exclusive content
and updates

51.1%

39.8%

Source: Rhythm conducted the on-device survey among 598 mobile users in Q1 2013. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

Rhythm Q4 2012 Campaign Insights

24% of Marketers Combine Social Media Initiatives with Mobile Campaigns



Source: Rhythm Insights, Q4 2012. Screenshots are for illustrative purposes only, campaign metrics in this report are inclusive of all Rhythm campaigns in aggregate.

Social Media Activation is on the Rise in Mobile Campaign Creative

430% Y/Y Growth

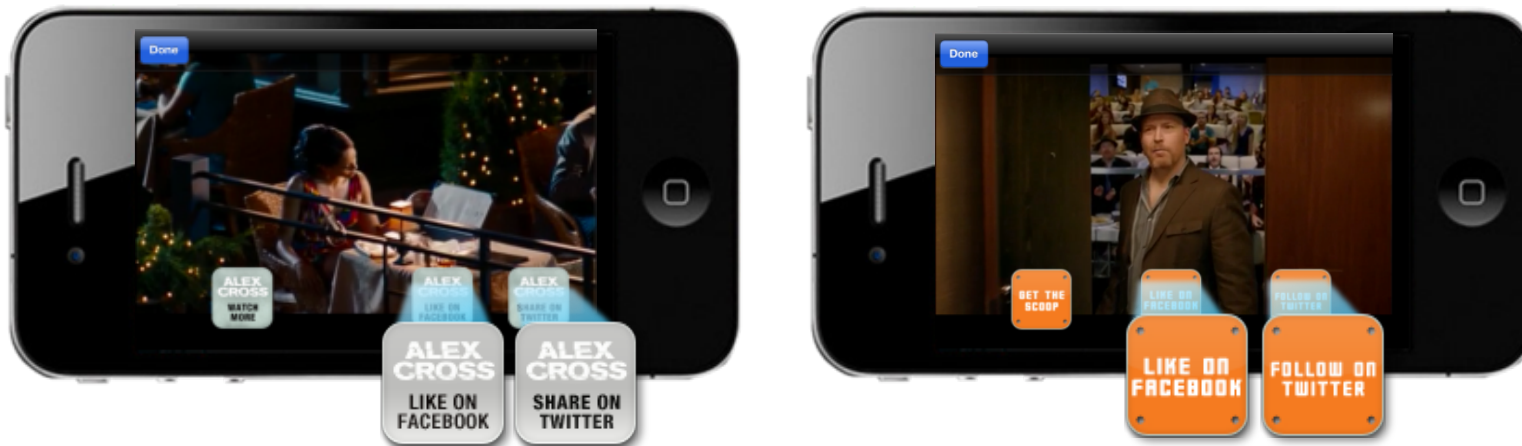
in social mobile campaigns



Source: Rhythm Insights, Q4 2012

The Presence of Social Media Buttons on Interactive In-Stream Creative is on the Rise

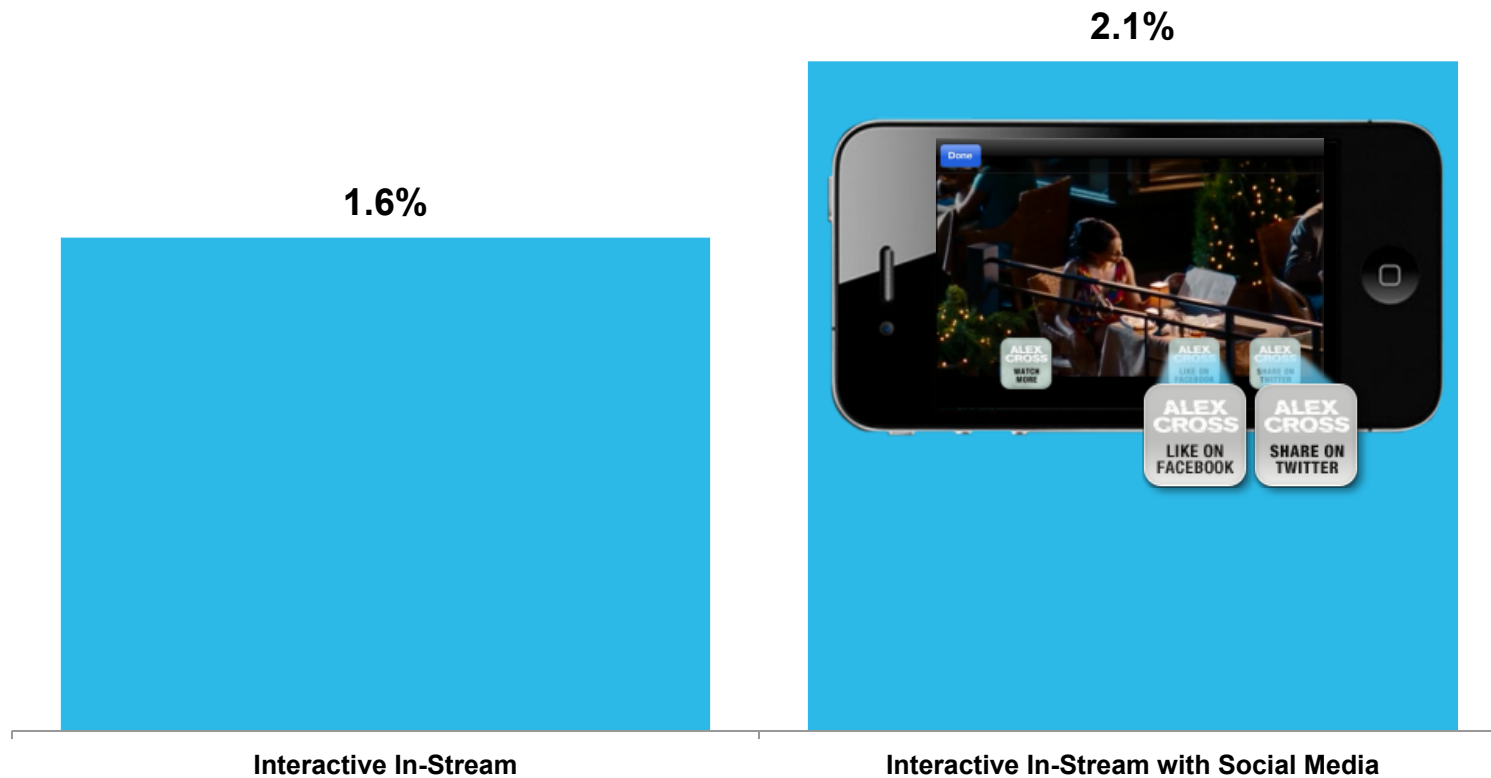
30% of Interactive In-Stream campaigns included social media buttons in the ad creative



Source: Rhythm Insights, Q4 2012. Screenshots are for illustrative purposes only, campaign metrics in this report are inclusive of all Rhythm campaigns in aggregate.

Social Media Buttons Boost Engagement by 36%

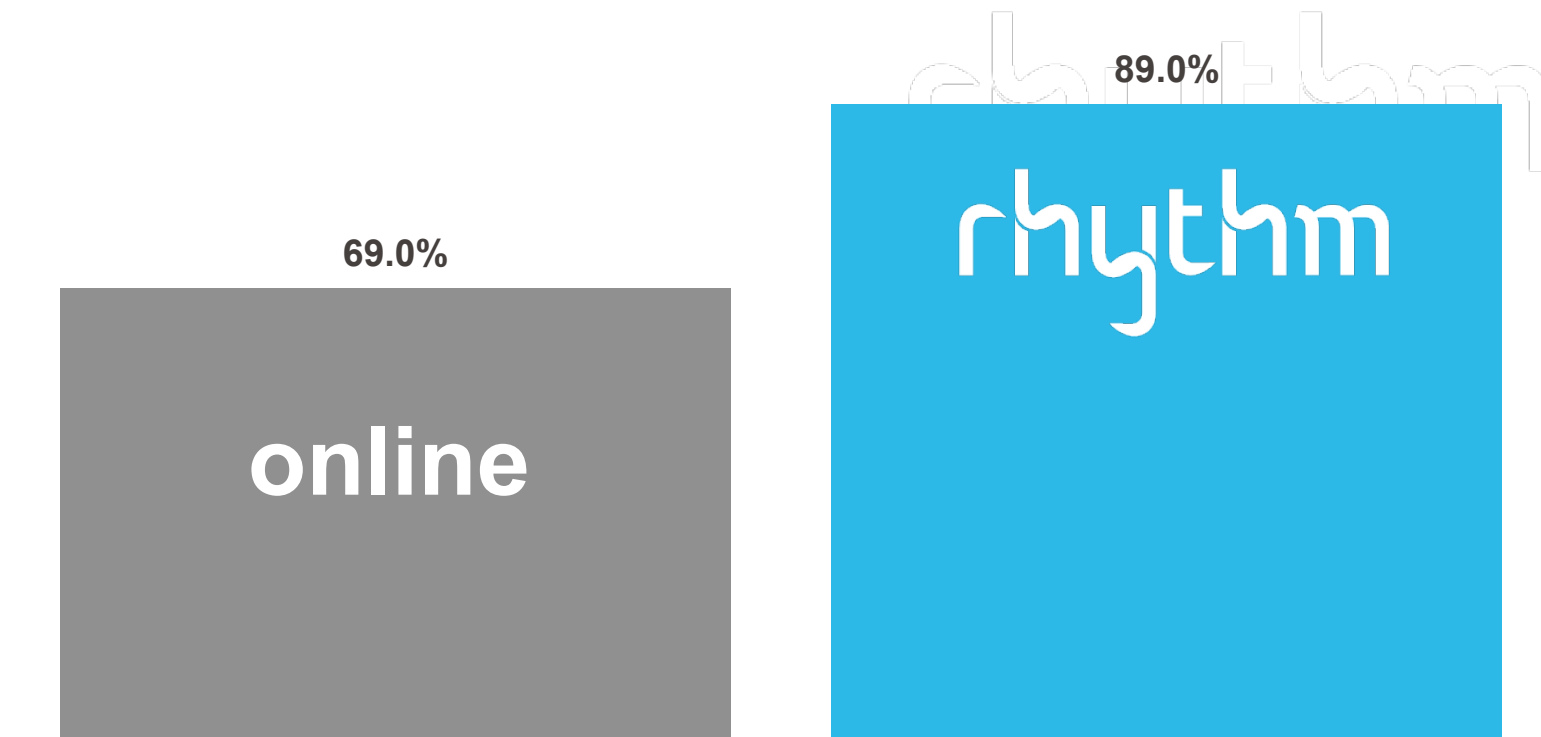
Average Engagement Rates



Source: Rhythm Insights, Q4 2012. Screenshots are for illustrative purposes only, campaign metrics in this report are inclusive of Rhythm campaigns in aggregate.

Rhythm's In-Stream Mobile Video Ads Outperform Online

Average In-Stream Completion Rates



Source: Rhythm Insights, Q4 2012. Online data: YuMe, "Q2 Video Advertising Metrics Report," 2012.

Rhythm's In-Stream Mobile Video Ads Are 115% More Engaging Than Online

Average Interactive In-Stream Engagement Rates



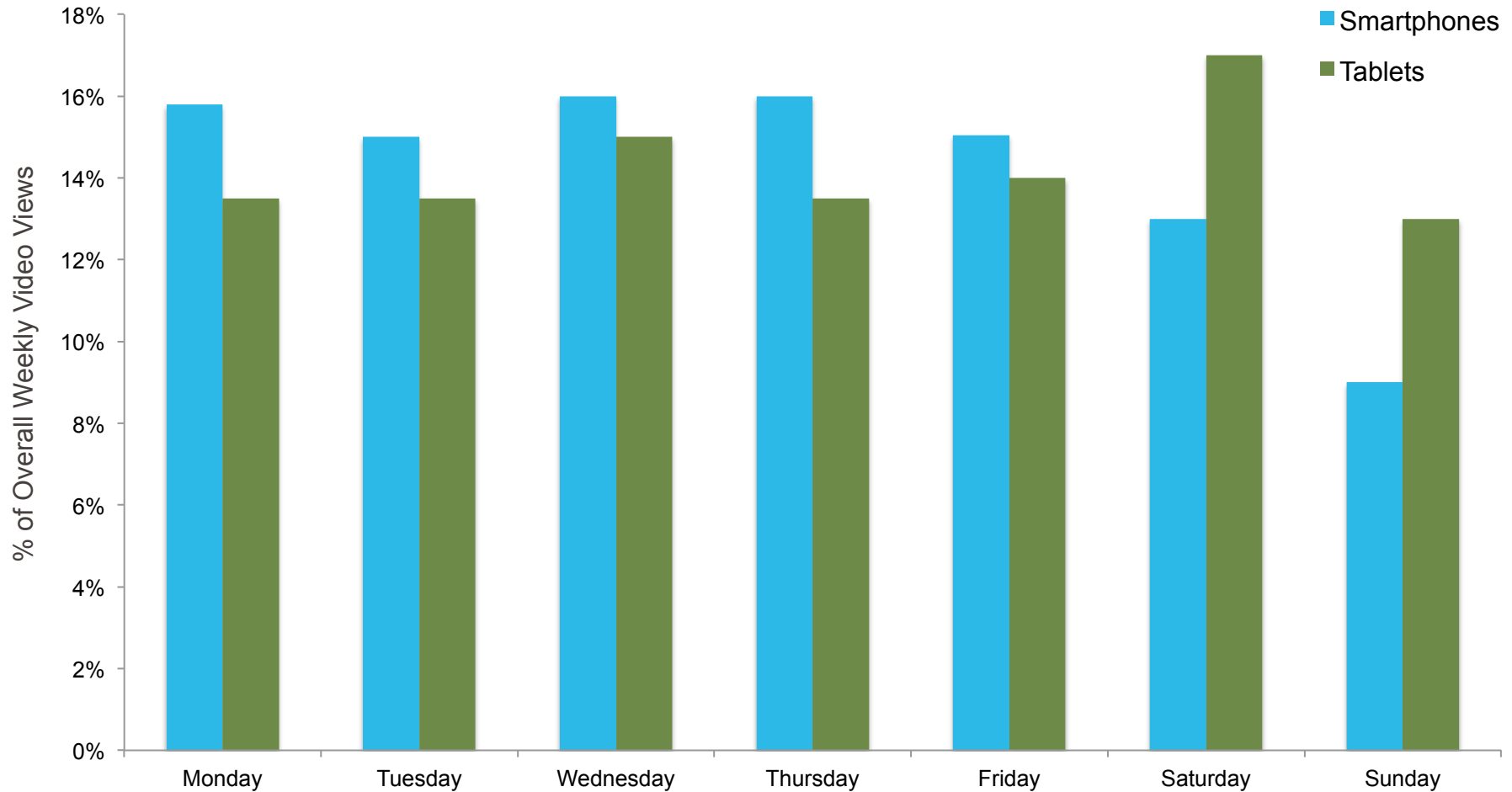
Source: Rhythm Insights, Q4 2012. Online data: VINDICO, Online Ad Network Insights Oct 2012.

Note: Engagement is defined as any interaction with the ad

Mobile Video Viewing Trends

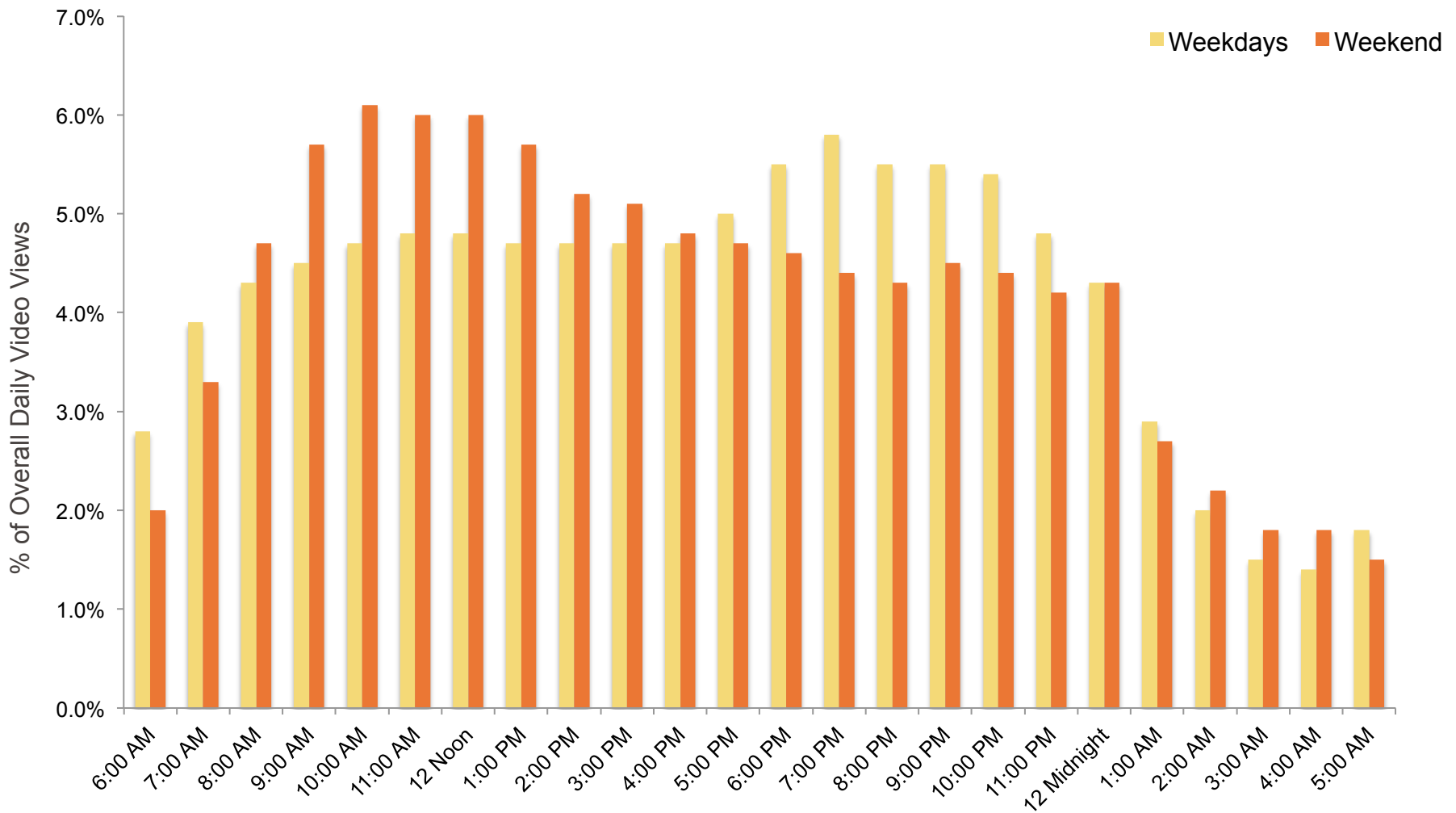
Rhythm Platform Video Viewing Remains Consistent Throughout the Week

Tablet viewing peaks slightly on weekends



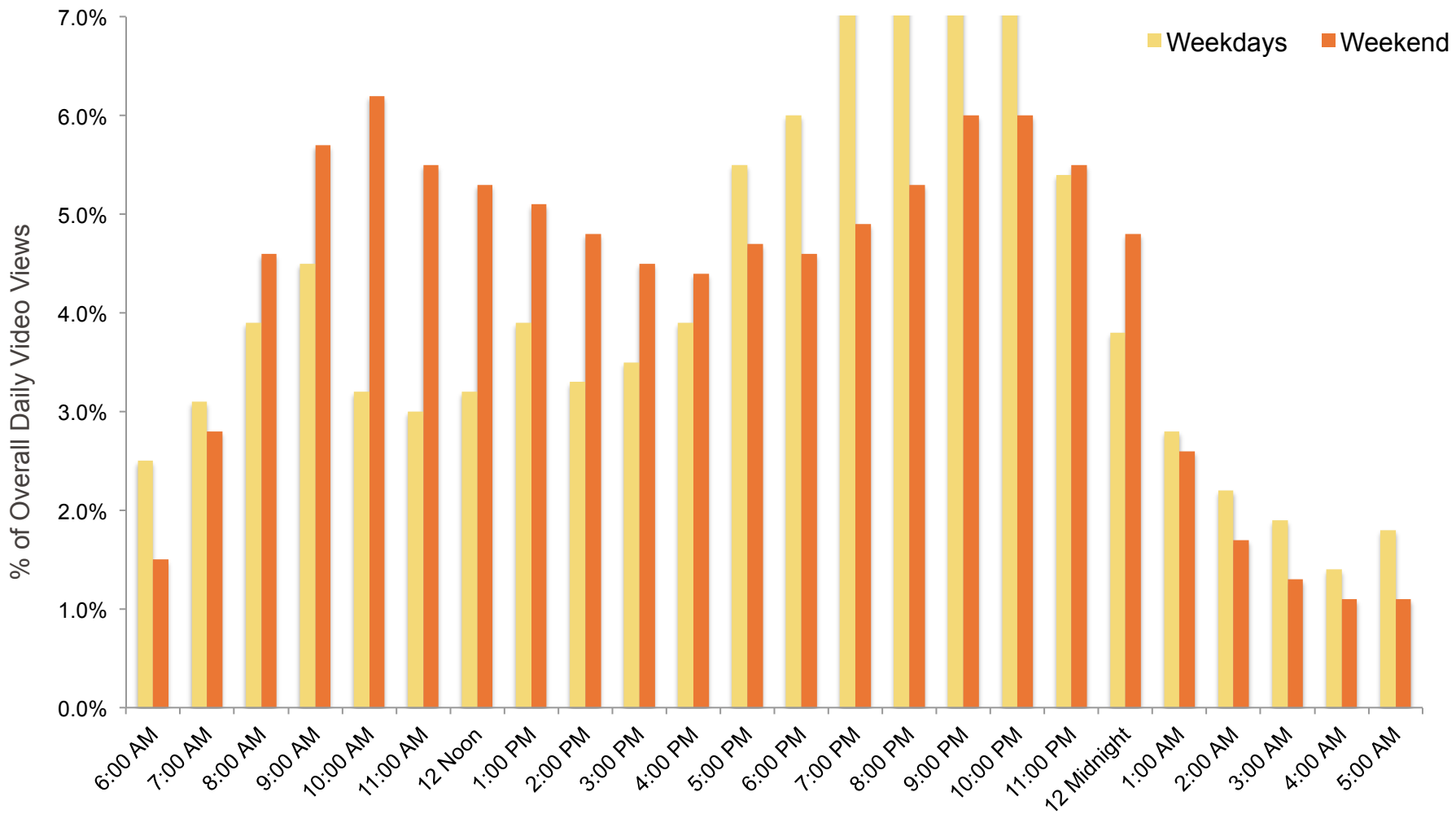
Source: Rhythm Insights, Q4 2012

Smartphone Premium Video Viewing Stable Throughout the Day, With Slight Peak on Weekend Mornings



Source: Rhythm Insights, Q4 2012

Tablet Premium Video Viewing Peaks Weekdays During Primetime, But Spreads Throughout Weekends



Source: Rhythm Insights, Q4 2012

rhythm
premium mobile video

THANK YOU