



Q2 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 iPhone, iPod Touch, iPad, Android and other devices in the US market. The data points cover brand ad campaigns from Q2 2012.

About Rhythm

Rhythm connects brand advertisers with highly engaged mobile audiences by selling and serving video, rich media and other immersive advertising formats. Rhythm has partnered with more than 50 premium media companies, typically on an exclusive basis, across an unparalleled portfolio of 200+ properties to deliver meaningful brand advertising within the highest quality content for targeted, relevant audiences. Our premium media partners include NBC Universal, CBS, ABC, Fox, Warner Bros., IAC, Demand Media and many others. In 2012 alone, more than 200 top brand advertisers including P&G, Unilever, Disney, McDonald's, General Motors, Ford, AT&T, Verizon, Macy's, Marriott and Wrigley have run 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:** Appear in the context of a video, as a commercial break in full episodes or before videos clips.
- **Interactive Pre-Roll Mobile Video Ads:** Appear at app launch, between game levels and other screen changes.
- **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.

Summary: Key Mobile Video Trends & Audience Insights

Slide

- 7 Mobile video accounts for more than 50% of wireless data traffic
- 8 In-Stream mobile video ads grab more attention; users 80% more likely to take notice of video ads played before/during video content than in any other context
- 9 Rhythm's audience regularly visits mobile entertainment & news destinations; between 45-60% of daily users visited site the previous day
- 10 More than 50% of tablets have more than one regular user
- 11 Rhythm's tablet audience is composed of heavy video viewers, more than half of whom view videos on a tablet more than once a week
- 12 70% of Rhythm's mobile videos are viewed across WiFi networks
- 13 WiFi mobile video viewing has seen a substantial increase year over year
- 14 Rhythm's audience vastly prefers free ad-supported apps over paid apps

Summary: Rhythm Campaign Benchmarks for Q2 2012

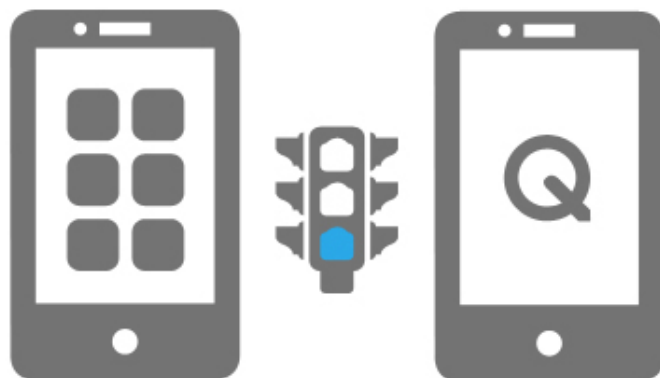
Slide

- 16 In-Stream mobile video ads outperform online with an 89% completion rate
- 17 Interactive In-Stream mobile video ads were included in 92% of campaigns
- 18 58% of campaigns used custom buttons on Interactive In-Stream ads
- 19 Best practice of combining video and display included in 90% of campaigns
- 20 Full page ads became mainstream; included in 72% of campaigns

Mobile Video Trends & Rhythm Audience Insights

Mobile Video Has Reached a Tipping Point

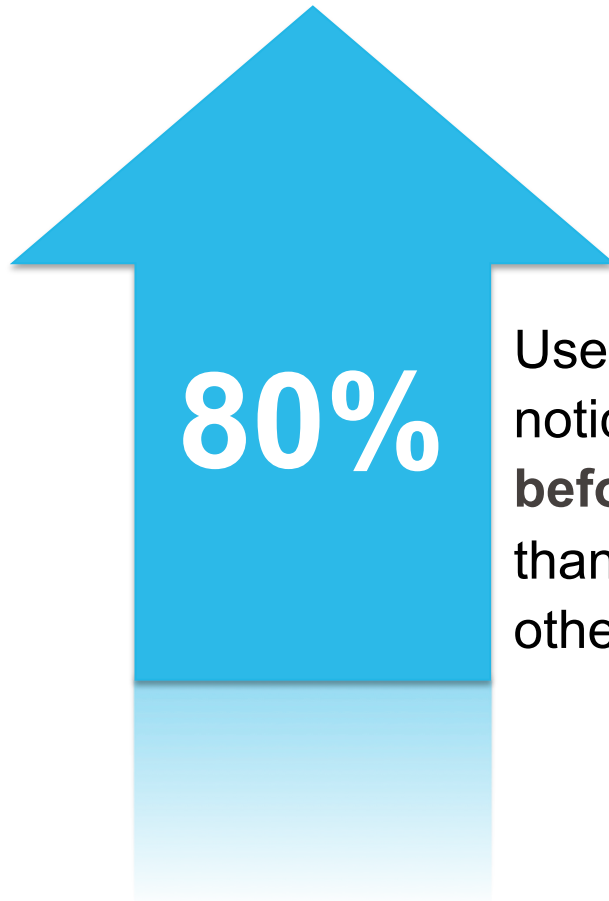
At the end of 2011, mobile video accounted for **52%** of mobile traffic



By the end of 2012, it is expected to account for approximately **58%**

Source: Cisco Visual Networking Index, Global Mobile Data Traffic Forecast Update 2011–2016

When it Comes to Video Ads, In-Stream Grabs More Attention

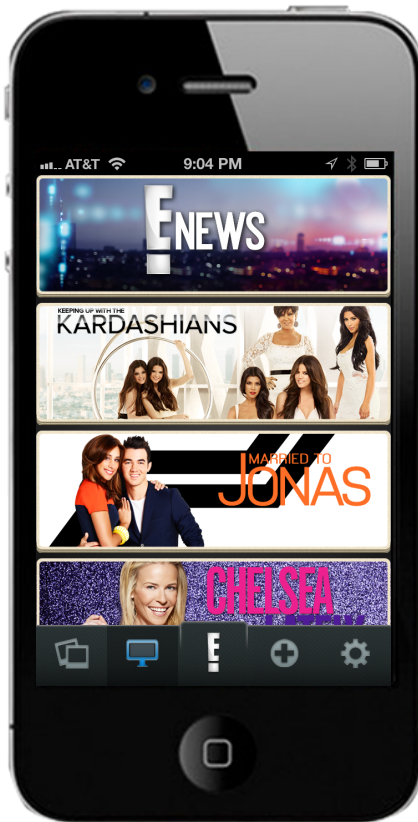


Users are **80%** more likely to take notice of **video ads played before or during video content** than video ads played in any other context.

Source: Rhythm conducted the on-device survey among 377 US mobile and tablet users in Q3, 2012. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

Mobile Entertainment News Destinations are Extremely Sticky

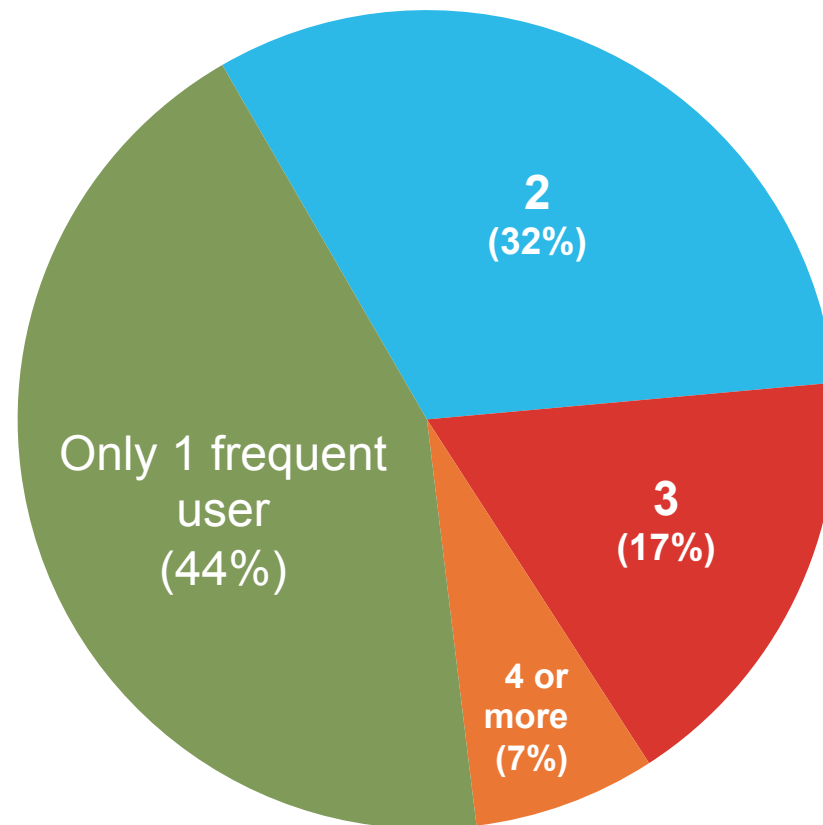
Of the Rhythm users visiting a mobile entertainment news destination today, **45-60%** of those users also visited yesterday.



Source: Rhythm mobile usage data.

More Than Half of Tablets Are Shared

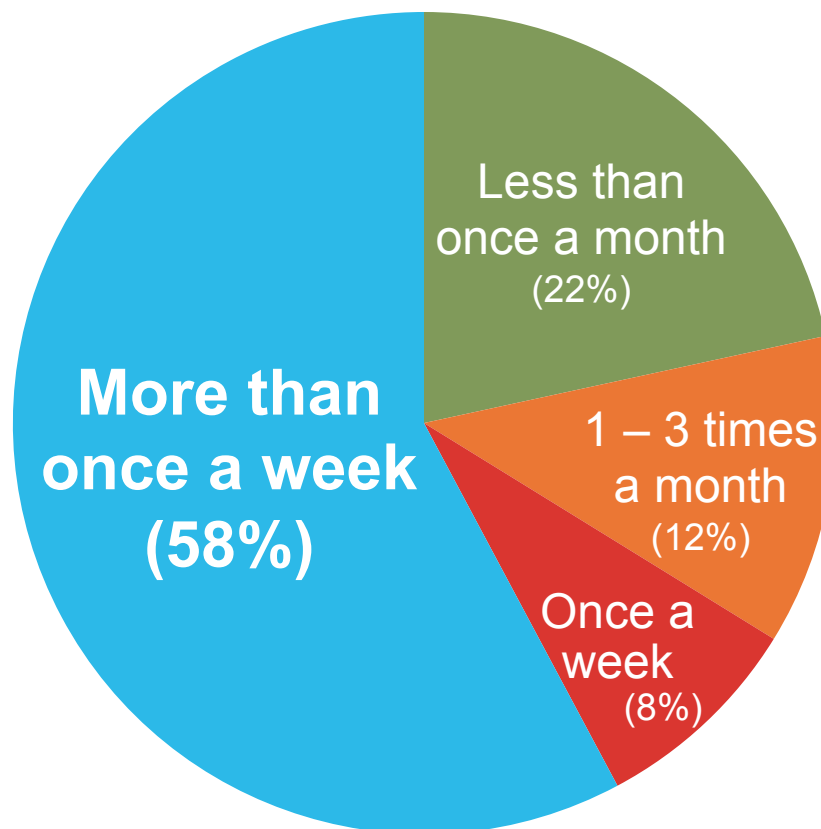
Thinking about the tablet(s) in your home, about how many people use it regularly?



Source: Rhythm conducted the on-device survey among 410 US tablet users in Q3, 2012. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

More than Half of Rhythm's Tablet Audience Views Tablet Videos More than Once a Week

How often do you use a tablet to watch videos and/or shows?



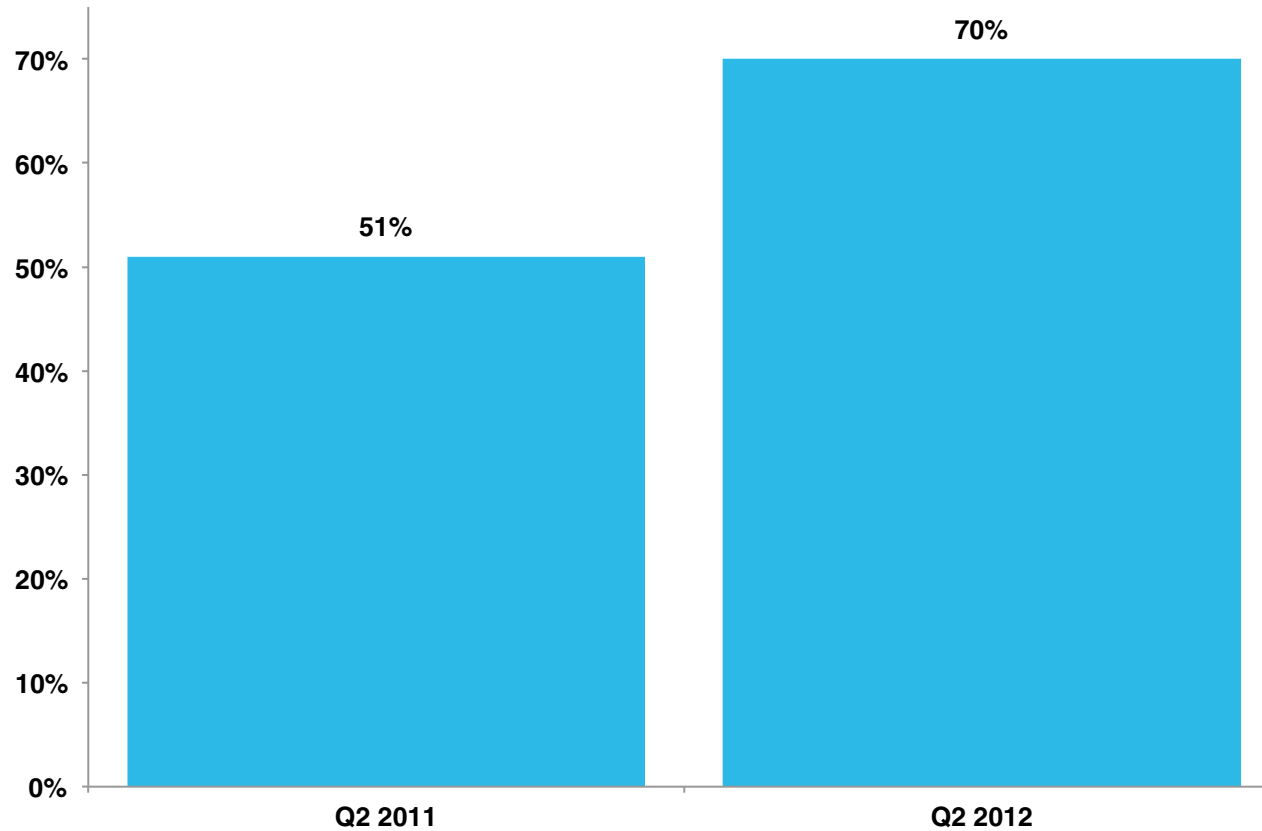
Source: Rhythm conducted the on-device survey among 410 US tablet users in Q3, 2012. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

Majority of Rhythm Mobile Video Viewing Is Over WiFi Networks



Source: Rhythm mobile video data.

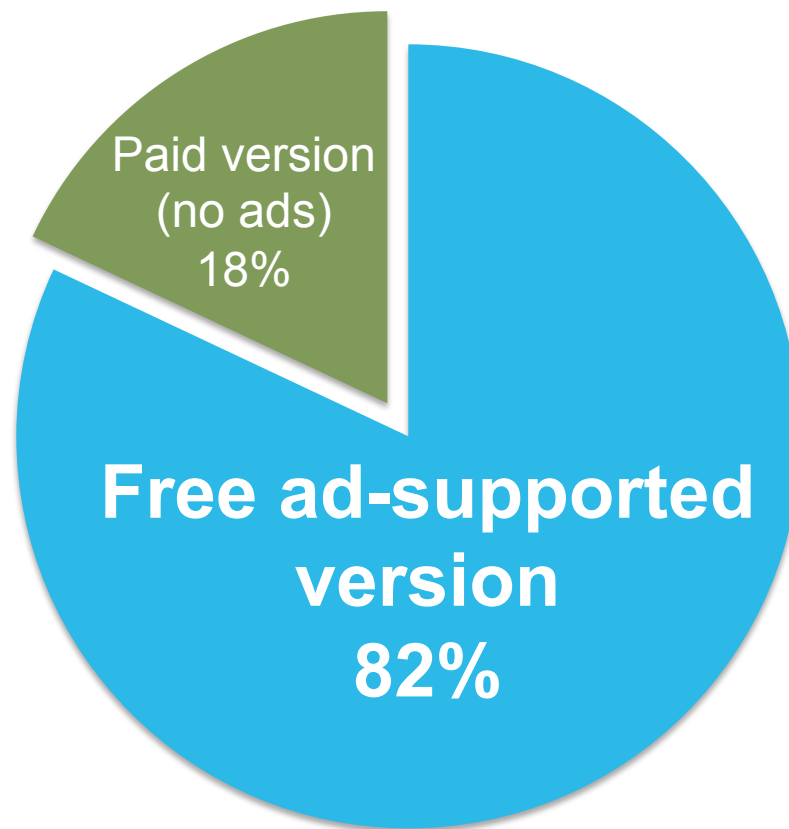
Rhythm Mobile Video Viewers Rely More and More on WiFi Over Time



Source: Rhythm mobile video data.

Rhythm's Audience Prefers Free Ad-Supported Apps Over Paid Apps

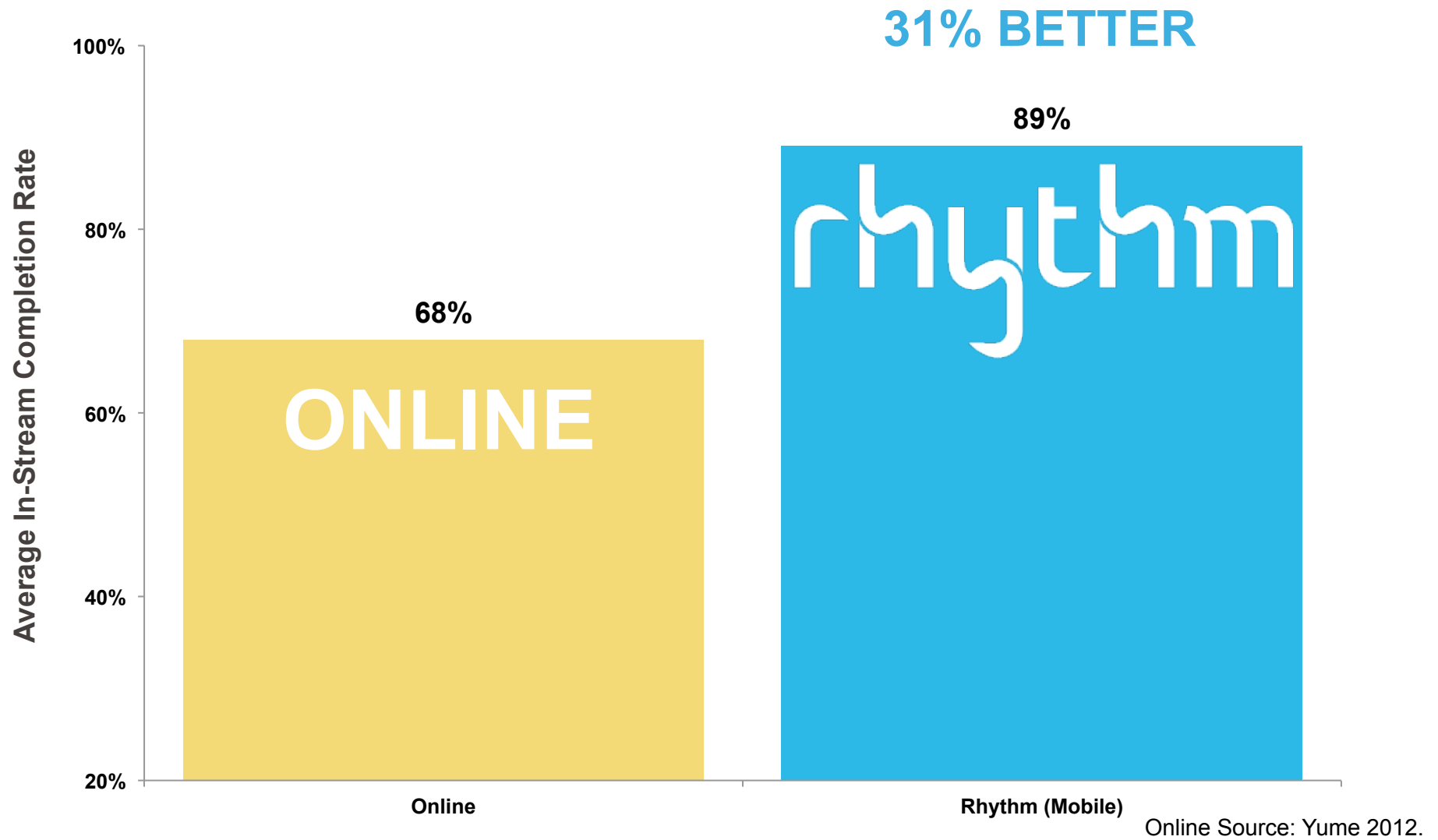
Would you prefer to pay for an ad-free app, or download the free ad-supported version?



Source: Rhythm conducted the on-device survey among 377 US mobile and tablet users in Q3, 2012. The surveys were distributed exclusively across Rhythm's collection of premium media properties.

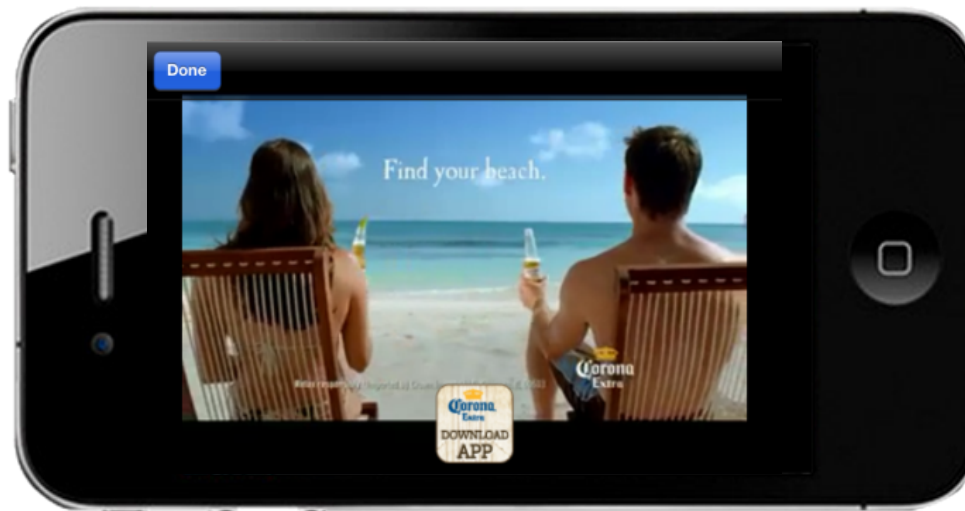
Rhythm Campaign Benchmarks Q2 2012

Rhythm's In-Stream Mobile Video Ads Outperform Online



In-Stream Video Ads Included in Almost All Rhythm Campaigns

92% of campaigns running with Rhythm included In-Stream mobile video advertising



In-Stream mobile video ads appear in the context of a video, as a commercial break in full episodes or before videos clips

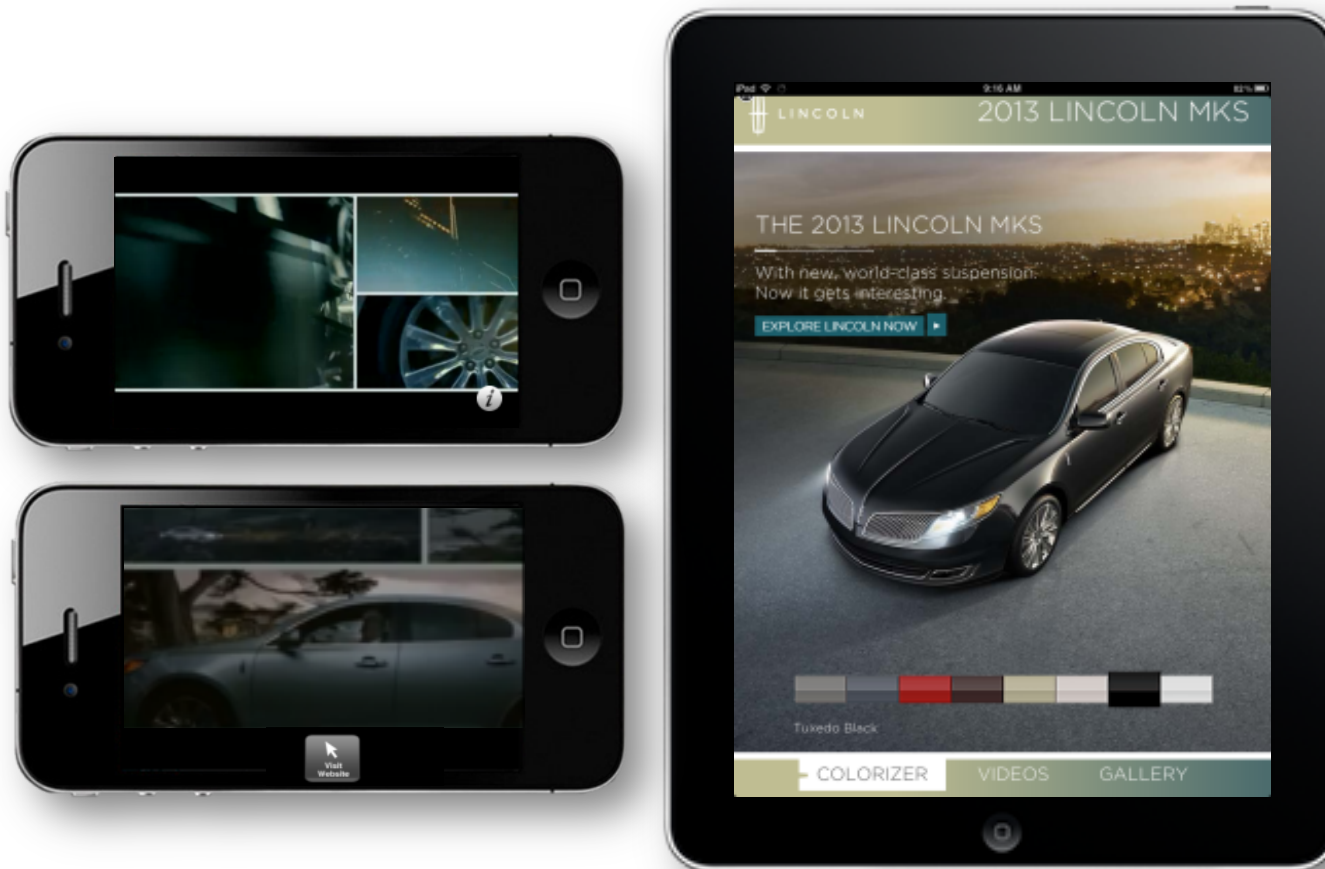
Majority of Rhythm's In-Stream Video Ads Included Custom Buttons

58% of Interactive In-Stream campaigns included custom buttons in the ad creative



Best Practice of Combining Video & Display Widely Used Boosting Engagement Rates on Display

90% of campaigns running with Rhythm included display advertising in Q2 2012



Full Screen Ads Becoming Mainstream

72% of campaigns running with Rhythm
included Full Page Ads
(Smartphone and/or Tablet)





THANK YOU