

# **Livewire Mobile Announces Financial Results for the Quarter Ended September 30, 2010**

## **Launched Mediadrome™ in September 2010 and Three New Managed Services in July 2010**

LITTLETON, Mass., November 11, 2010 – Livewire Mobile, Inc. (pinksheets:LVWR), a world leader in ringback, music and managed personalization services, today announced financial results for the third quarter ended September 30, 2010. The Company previously announced that it launched Mediadrome in September 2010 and three new managed services in July 2010:

- Recurring managed service revenues increased 4% from third quarter of 2009
- Positive cash flow from operations for third consecutive quarter
- Cash of \$7.3 million as of September 30, 2010
- Launched three new managed services in July 2010
- Launch of new online music service – Mediadrome - in September 2010
- Quarter Ended September 30, 2010 Results

Total revenues for the third quarter of 2010 were \$3.1 million, compared to \$3.0 million for the second quarter of 2010 and \$4.9 million for the third quarter in 2009. The decrease from the same period last year was primarily due to \$0.5 million of non-recurring managed service revenues during the third quarter of 2009 resulting from commercial changes related to a contract extension with one customer, a \$0.7 million decrease in the cap-ex portion of our ringback tone (RBT) business, as well as, an expected decrease of \$79,000 in non-core handset royalty revenues. The cap-ex portion of the Company's business can result in considerable variability in quarterly revenues due to the timing of completion of cap-ex deployments. As previously disclosed, the Company expects handset royalties, which are non-core to its business, to be an immaterial component of total revenues in 2010 and beyond. Excluding the \$0.5 million of non-recurring managed service revenues during the third quarter of 2009 described above, recurring managed service revenues increased 4% to \$2.4 million, from \$2.3 million, for the same period in 2009.

Gross margin was 64% during the quarter ended September 30, 2010, consistent with the second quarter of 2010 and down slightly from 66% during the third quarter of 2009, mainly due to revenue mix and the non-recurring \$0.5 million in managed service revenues during the third quarter of 2009. Excluding the effect of non-core handset royalty revenues, and the \$0.5 million in non-recurring managed service revenues during the quarter ended September 30, 2009, gross margin improved to 64% during the quarter ended September 30, 2010, from 61% during the quarter ended September 30, 2009, a continued operational improvement.

Loss from continuing operations for the third quarter of 2010 was \$(0.2) million, or \$(0.04) per share, compared to \$(0.4) million, or \$(0.09) per share for the second quarter of 2010, and compared to income from continuing operations of \$0.5 million, or \$0.10 per share, for the third quarter of 2009.

Net loss for the third quarter of 2010 was \$(0.3) million, or \$(0.06) per share, compared to \$(0.6) million, or \$(0.12) per share for the second quarter of 2010, and net income of \$0.2 million, or \$0.05 per share, for the third quarter of 2009.

Adjusted EBITDA from continuing operations (a non-GAAP financial measure) was \$0.1 million, or \$0.02 per share, for the third quarter of 2010, compared to \$(0.2) million, or \$(0.04) per share, for the second quarter of 2010, and \$0.7 million, or \$0.16 per share, in the third quarter of 2009. A complete reconciliation between adjusted EBITDA and operating income/(loss) on a GAAP basis is provided in the financial tables at the end of this press release.

Cash totaled \$7.3 million at September 30, 2010, compared to \$7.8 million at December 31, 2009. The Company generated positive cash flow from operations during the three and nine months ended September 30, 2010, marking the third consecutive quarter of positive cash flow from operations. The decrease in total cash from December 31, 2009 was primarily due to the Company paying its declared dividend of \$0.9 million on March 12, 2010.

### **Launch of New Managed Services**

As previously announced, the Company launched three new managed services in July 2010, two of which were previously disclosed as being booked by the Company. These services included two DRM-Free Full-Track Mobile Music services at existing customers, and the booking and launch of our Infuse(TM) Integrated Storefront service at a new customer, Virgin Mobile Canada.

### **Launch of Mediadrome**

The Company launched its first Mediadrome site for legendary recording artists Guided By Voices in conjunction with the group's reunion tour which kicked off on September 29, 2010 in Dallas.

The Mediadrome customized multi-content storefront, called Guided By Voices Digital (GBV Digital), is now live at [www.gbvdigital.com](http://www.gbvdigital.com). It features the group's entire catalog, rare tracks and previously unavailable recordings. Fans are able to purchase live recordings of the reunion tour performances in a digital format from the site shortly after the conclusion of each concert. Concert attendees are being offered promotional cards at the shows entitling them to download a new single from lead singer Robert Pollard's upcoming January 2011 release, "Space City Kicks," available now through December 31, 2010 only at GBV Digital.

#### Business Perspective

Matthew Stecker, CEO of Livewire Mobile, said, "We are pleased with our results for the third quarter of 2010. Even in light of the continued weak economy, we continued to see growth in our core recurring managed service revenues and remain bullish on our long-term growth prospects. We also delivered our third consecutive quarter of positive cash flow from operations this year."

"On the product and service front, we have talked about strategically investing to continue to innovate and bring new products and services to meet existing market demands and address new market opportunities. At the end of the third quarter of 2010, we launched Mediadrome, our new direct-to-consumer, label-friendly, integrated artist community service, with the headline band, Guided By Voices, at [www.gbvdigital.com](http://www.gbvdigital.com)."

Mr. Stecker continued, "In July, as we previously announced, we launched two new services running on our new DRM-Free Full-Track Mobile Music Service, a mobile music discovery and purchasing experience released during the third quarter of 2010 that allows for true mobility and portability of mobile-downloaded music. We also disclosed during the quarter that we booked and launched a new managed service running on the Infuse Integrated Storefront at Virgin Mobile Canada, a new customer."

Mr. Stecker concluded, "We continue our focus on bringing innovative products and services to our customers and driving long-term value for our shareholders. We aim to do this by capitalizing on our market position as a leader in mobile personalization and music services, expanding our international footprint, expanding our worldwide partner alliances, and bringing new applications and services to market."

#### Use of Non-GAAP Financial Measures

In addition to reporting its financial results in accordance with generally accepted accounting principles, or GAAP, the Company has also provided in this release adjusted EBITDA from continuing operations which is a non-GAAP financial measure adjusted to exclude certain non-cash and other specified expenses. The Company believes the use of non-GAAP measures in addition to GAAP measures is an additional useful method of evaluating its results of operations. Management uses these non-GAAP financial measures when evaluating the Company's financial results, as well as for internal planning and forecasting purposes. Specifically, the Company has excluded stock-based compensation, depreciation, restructuring charges, reversal of impairment charges of goodwill, interest income and expense, other income/expense, and taxes from its non-GAAP financial measures. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the expected results calculated in accordance with GAAP and reconciliations to those expected results should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The Company may consider whether other significant non-recurring items that arise in the future should also be excluded in calculating the non-GAAP financial measures it uses. Reconciliations between the non-GAAP financial measures on a GAAP basis and a non-GAAP basis are provided herein, as applicable.

#### Net Operating Losses (NOLs) Protective Provisions

During the third quarter of 2010, the Company received shareholder approval to amend its articles of incorporation in order to protect its NOLs (the "NOL Protective Measures") and those measures are now in effect. Under the NOL Protective Measures any person, company or investment firm that wishes to become a "5% shareholder" of Livewire Mobile, Inc. must first obtain a waiver from the Company's board of directors. In addition, any person, company or investment firm that is already a "5% shareholder" of Livewire Mobile, Inc. cannot make any additional purchases of Livewire Mobile, Inc. stock without a waiver from the Company's board of directors.

Livewire Mobile, Inc. strongly urges that any stockholder contemplating owning more than 185,000 shares contact the Company before doing so.

About Livewire Mobile, Inc.

Livewire Mobile (pinksheets:LVWR) is a world leader in managed personalization and music services. Livewire Mobile's integrated suite of personalization services includes ringback tones, advertising ringback, ringtones, DRM-free mobile full-track music and videos, fully integrated storefronts, and other applications, as well as dedicated content and service marketing, integrated storefront management and merchandising. For more information, please visit [www.livewiremobile.com](http://www.livewiremobile.com).

Livewire Mobile is a registered service mark and Infuse and Mediadrome are trademarks of Livewire Mobile, Inc.

Statements other than historical facts included or referred to in this Press Release are "forward-looking statements", including forward-looking statements about our expectation that handset royalties will be an immaterial component of our revenues in 2010 and beyond, our bullish outlook on our long-term growth prospects, our plans about strategically investing to continue to innovate and bring new products and services to meet existing market demands and address new market opportunities, our focus on bringing innovative products and services to our customers and driving long-term value for our shareholders, our aim to do this by capitalizing on our market position as a leader in mobile personalization and music services, expanding our international footprint, expanding our worldwide partner alliances and bringing new applications and services to market. These statements are based on management's expectations as of the date of this document and are subject to uncertainties and changes in circumstances. Actual results may differ materially from these expectations due to risks and uncertainties including, but not limited to, uncertainties with respect to our expectation that handset royalties will be an immaterial component of our revenues in 2010 and beyond, our bullish outlook on our long term growth prospects, our plans about strategically investing to continue to innovate and bring new products and services to meet existing market demands and address new market opportunities, our focus on bringing innovative products and services to our customers and driving long-term value for our shareholders, our aim to do this by capitalizing on our market position as a leader in mobile personalization and music services, expanding our international footprint, expanding our worldwide partner alliances and bringing new applications and services to market, and other risks. In addition, while management may elect to update forward-looking statements at some point in the future, management specifically disclaims any obligation to do so, even if its estimates change. Any reference to our website in this press release is not intended to incorporate the contents thereof into this press release or any other public announcement.

#### NOTES:

##### 1) BASIS OF PRESENTATION

The condensed consolidated balance sheet as of September 30, 2010, the condensed consolidated statements of operations for the three and nine month periods ended September 30, 2010 and 2009, and the condensed consolidated statements of cash flows for the nine month periods ended September 30, 2010 and 2009 include the unaudited accounts of Livewire Mobile, Inc. and its wholly owned subsidiaries (collectively, the "Company"). The financial information included herein is unaudited. The condensed consolidated balance sheet at December 31, 2009 has been derived from, but does not include all the disclosures contained in the audited consolidated financial statements for the year ended December 31, 2009.

In the opinion of management, all adjustments which are necessary to present fairly the financial position, results of operations and cash flows for all interim periods presented have been made. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, management evaluates various estimates including those related to the allowance for doubtful accounts and sales returns, write-down of excess and obsolete inventories to the lower of cost or market value, income taxes, restructuring and other related charges, and accounting for acquisitions and dispositions. Management establishes these estimates based on historical experience and various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The operating results for the three and nine month periods ended September 30, 2010 and 2009 are not necessarily indicative of the operating results to be expected for any future period.

The Company encourages you to read these financial statements in conjunction with its Annual Report for the year ended December 31, 2009 and other public disclosures.

##### 2) GOODWILL AND INTANGIBLE ASSETS

The Company recorded goodwill and intangible assets as a result of the acquisitions of Groove Mobile, Inc. in March 2008 and Openera Technologies, Inc. in February 2006. On December 31, 2008, the Company recorded

an impairment charge for intangible assets and goodwill, which reduced the carrying values of the goodwill and intangible assets to zero. During the three months ended June 30, 2009, the Company received \$111,000 in cash previously held in escrow from the Groove Mobile acquisition to settle certain outstanding claims by the Company. The \$111,000 was recorded as a reduction to operating expenses in the three months ended June 30, 2009.

### 3) RESTRUCTURING AND OTHER RELATED CHARGES AND ACCRUALS

In the fourth quarter of 2008, the Company committed to several cost reduction plans focused on streamlining its operations and eliminating certain fixed costs. The Company eliminated 27 employee positions, primarily in its Livewire Mobile business, to better position it to improve operating margins in response to adverse market conditions experienced by the Company in 2008. In association with the sale of its NMS Communications Platforms business to Dialogic Corporation and in an effort to improve operating margins by eliminating business roles and functions which were not necessary for the go-forward business, the Company eliminated 20 employee positions. During the three months ended March 31, 2009, the Company recorded \$0.5 million of additional restructuring charges related to previously eliminated positions, as some of these employees continued to provide service during the first quarter of 2009.

In the second quarter of 2009, the Company announced a restructuring plan which consisted primarily of costs associated with a workforce reduction principally at its operations in India, with additional reductions in headcount in Littleton, Massachusetts, Canada and the U.K., and other associated costs. Net restructuring expense in the second quarter of 2009 included approximately \$0.9 million of restructuring charges related to the restructuring plan announced in May 2009, partially offset by approximately \$0.5 million related to changes in estimates associated with previously exited facilities.

### 4) INCOME TAXES

The Company conducts business globally and, as a result, the Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions.

On January 1, 2007, the Company adopted accounting guidance relating to uncertainty in income taxes recognized in an enterprise's financial statements. The guidance prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken in or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure and transition. The Company has established a valuation allowance against net deferred tax assets in certain jurisdictions including the United States because the Company believes that it is more likely than not that the tax assets in those jurisdictions will not be realized prior to their expiration. During the three months ended June 30, 2009, the Company established a full valuation allowance of approximately \$135,000 against net deferred tax assets relating to its Indian subsidiary. During the second quarter of 2009, and as part of the restructuring plan described above, operations in India were terminated.

### 5) COMPREHENSIVE INCOME (LOSS)

The Company maintains intercompany receivable and payable balances existing between the Company's worldwide subsidiaries. During the quarter ended June 30, 2009, the Company determined that it is unlikely that settlement of these intercompany balances will occur in the foreseeable future. Accordingly, these gains or losses for periods beginning on or after April 1, 2009 were excluded from the determination of net income and have been reported as a component of accumulated other comprehensive income.

### 6) DISCONTINUED OPERATIONS

On December 5, 2008, the Company sold its NMS Communications Platforms business and certain assets and liabilities of the NMS Communications Platforms business to Dialogic Corporation. Accordingly, the operating results, including certain compliance and other administrative costs related to several foreign subsidiaries of the NMS Communication Platforms business, have been reclassified as discontinued operations in the unaudited condensed consolidated statements of operations.

### 7) REVERSE STOCK SPLIT

On December 18, 2009, a one-for-ten reverse split of the Company's common stock became effective. The reverse stock split automatically combined every ten shares of Livewire Mobile common stock into one share of common stock. The impact of the stock split has been reflected in all periods presented in the financial statements.

### 8) AUTHORIZED SHARES AND OTHER ANNUAL MEETING MATTERS

At the Company's annual meeting of stockholders held on July 16, 2010 (the "Annual Meeting"), a majority of the stockholders of the Company entitled to vote at the Annual Meeting approved certain restrictions on the transfer of shares of the Company's stock. These restrictions are designed to protect the Company's significant tax net operating losses.

At the Annual Meeting, the Company's stockholders also approved: (i) the re-election of Jill C. Thoerle as a Class I Director with a term expiring in 2013, (ii) the Livewire Mobile, Inc. 2010 Equity Incentive Plan, (iii) an amendment to the Company's Fourth Restated Certificate of Incorporation reducing the number of shares of authorized capital stock from 128,000,000 to 12,800,000 shares, and (iv) certain other amendments to the Company's Fourth Restated Certificate of Incorporation.

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