Press Releases

LiveWire Mobile Announces Financial Results for the Quarter Ended March 31, 2010

Announces Two New Managed Service Bookings

LITTLETON, Mass., May 25, 2010 – LiveWire Mobile, Inc. (Pinksheets: LVWR), a world leader in ringback, mobile music and managed personalization services, today announced financial results for the first quarter ended March 31, 2010. The Company also announced two new managed service bookings, expected to launch in the third quarter of 2010:

- **Approximately break-even adjusted EBITDA performance during the quarter**
- **Recurring revenues increased 15% from first quarter of 2009**
- **Positive cash-flow from operations for the quarter ended March 31, 2010**
- **Cash of $6.9 million as of March 31, 2010**
- **Booked two new managed service arrangements – expected to launch in Q3 2010**

Quarter Ended March 31, 2010 Results

Total revenues for the first quarter of 2010 were $3.0 million, compared to $3.8 million for the corresponding quarter in 2009. The decrease was primarily due to expected decreases in the cap-ex portion of our business, as well as an expected decrease in handset royalties. As the Company has previously stated, the cap-ex portion of our business can result in considerable variability in quarterly revenues due to the timing of completion of cap-ex deployments. Additionally, the Company expects handset royalties, which are non-core to its business, to be an immaterial component of total revenues going forward. Excluding all handset royalties and one cap-ex deployment of approximately $0.6 million during the quarter-ended March 31, 2009, total revenues increased 15% during the first quarter of 2010, to approximately $2.9 million, from approximately $2.6 million during the first quarter of 2009. Also during the first quarter of 2010, a managed service arrangement with a customer in India terminated. This arrangement represented approximately 5% of total revenues during the first quarter of 2009.

Gross margin improved to 60% during the quarter ended March 31, 2010 from 53% during the same period last year, mainly due to revenue mix.

Loss from operations for the first quarter of 2010 was $(0.2) million, or $(0.04) per share, a 93% improvement compared to loss from operations of $(3.0) million, or $(0.65) per share, for the first quarter of 2009, which included $0.5 million, or $(0.10) per share, of restructuring charges.

Net loss for the first quarter of 2010 was $(0.4) million, or $(0.10) per share, an improvement of 85% compared to a net loss of $(2.9) million, or $(0.62) per share, for the first quarter of 2009, which included $0.5 million, or $(0.10) per share, of restructuring charges.

Adjusted EBITDA from continuing operations (a non-GAAP financial measure) was $(46,000), or $(0.01) per share – approximately break-even - for the first quarter of 2010, compared to adjusted EBITDA from continuing operations of $(2.3) million, or $(0.50) per share, in the first quarter of 2009. A complete reconciliation between adjusted EBITDA and operating loss on a GAAP basis is provided in the financial tables at the end of this press release.

Cash totaled $6.9 million on March 31, 2010, compared to $7.8 million at December 31, 2009. The Company generated positive cash-flow from operations during the first quarter ended March 31, 2010. The decrease in total cash from December 31, 2009 was primarily due to the Company paying its declared dividend on March 12, 2010 of $0.9 million.

New Customer Wins

The Company has announced it has booked two new managed service arrangements, expected to launch during the third quarter of 2010.

The Company has entered into agreements with two North American operators for its DRM-Free Full-Track Mobile Music Service. Under the terms of the agreements, the customers will have access to a catalog of unencrypted tracks featuring music from the major labels, including SonyBMG, Universal and EMI.

Business Perspective

Matthew Stecker, CEO of LiveWire Mobile, said, “We are very pleased with our results so far in 2010. While total revenues for the first quarter of 2010 were down versus last year, they were within our expectations based on the known variability inherent in the cap-ex portion of our business, as well as expected reductions in non-core handset royalties from two customers. As we announced in March 2010, LiveWire Mobile is committed to aggressively servicing and expanding its markets throughout the world, including our existing international installed customer base.”

“We delivered approximately break-even adjusted EBITDA during the quarter as well as positive operating cash-flow. We continue our commitment to sound financial discipline while capitalizing on our mobile personalization technology leadership. We spent 31% of our revenues during the first quarter of 2010 on research and development, focusing our investment on our next generation mobile personalization services, including DRM-Free Full-Track Mobile Music, SIP-enabled, hosted ringback platform, and new advertising ringback services: RingSpot™ and EveryRing™. These are investments that we believe position the Company well for continued market leadership and long-term growth.”

Mr. Stecker continued, “Also, today, we are happy to announce that the Company has booked two new managed service arrangements. These wins are a direct result of our strategic focus on growing our higher margin recurring revenue business and bringing new services to market. These new services will run on version 4.0 of the Company’s Full-Track Mobile Music Service, which we expect will be launched during the third quarter of 2010. We believe that our version 4.0 Full-Track Mobile Music Service, with DRM-Free capability, is a game-changer for digital music distribution, allowing for true mobility and portability of mobile-downloaded music. We believe our new Full-Track Mobile Music Service, with DRM-Free capability, will transform the market by enabling mobile to become the preferred digital music distribution channel.”

Mr. Stecker concluded, “We continue to capitalize on our market leadership position in mobile personalization and music services with the booking of these two new managed service arrangements, and delivering on the steps necessary to drive long-term growth for our Company, as we first outlined in March 2010. They include: aggressively expanding our international footprint for all of our products and services, expanding our worldwide partner alliances, and bringing new applications and services to market. To this end, we believe we’ve made excellent progress to date and we look forward to continued success ahead.”

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, 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.

About LiveWire Mobile, Inc.

LiveWire Mobile (Pinksheets: LVWR) is a world leader in managed personalization services. LiveWire Mobile’s integrated suite of mobile personalization services includes ringback tones, advertising ringback, ringtones, mobile full-track music and video downloads, a fully integrated storefront, and other applications, as well as dedicated content and service marketing, integrated storefront management and marketing. LiveWire Mobile makes mobile personalization services easier to use and helps drive service usage and adoption. For more information, please visit www.livewiremobile.com.

LiveWire Mobile is a registered servicemark and Infuse, EveryRing and RingSpot 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 the expected launch of our new managed service arrangements, our belief that handset royalties will be an immaterial component of our revenues in the future, our continued commitment to aggressively servicing and expanding our markets worldwide, and to sound financial discipline while capitalizing on our mobile personalization technology leadership, our belief that we are positioned well for continued market leadership and long-term growth, our belief that our DRM-Free Full-Track Mobile Music Service will be a game changer for music distribution and will transform the mobile music market, and our position for long term growth and driving our 2010 initiatives, including aggressively expanding our international footprint for our products and services, 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 ability to manage expenses, our ability to maintain operating expense reductions and cost efficiencies, adjusted EBITDA profitability, profitability and positive cash flow, the impact of restructuring and other charges and one-time items on our business and operations, the implementation and market acceptance of our products and services including, without limitation, our DRM-Free Full-Track Mobile Music Service, uncertainties with respect to our 2010 initiatives, including aggressively expanding our international footprint for all of our products and services, expanding our worldwide partner alliances and bringing new applications and services to market, our ability to grow our managed services business, our ability to achieve long term growth, fluctuations and declines in our cap-ex business, declines in revenues from handset royalties, the size and growth of our target markets, our ability to expand our relationships with existing customers and partners and attract new customers and partners, customer concentration (including with Sprint Nextel Corporation and Ericsson AB), our ability to timely launch our products and services to customers, our ability to execute on our development initiatives, our ability to effectively manage cash, revenue fluctuations, uncertainties regarding the impact of management changes, competition, and other risks. We encourage you to read our Annual Report for the year ended December 31, 2009 and other public disclosures for additional information and risk factors. 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.

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NOTES:

1) BASIS OF PRESENTATION

The condensed consolidated balance sheet as of March 31, 2010, the condensed consolidated statements of operations for the three month periods ended March 31, 2010 and 2009, and the condensed consolidated statements of cash flows for the three month periods ended March 31, 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 month periods ended March 31, 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) 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.

3) COMPREHENSIVE INCOME (LOSS)

Comprehensive loss includes the following for the stated periods:

Three Months Ended March 31, (In thousands)	2010	2009
Net loss	$ (439)	$ (2,857)
Foreign currency translation adjustment	2	(513)
Comprehensive loss	$ (437)	$ (3,370)

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 the quarter ended March 31, 2010 were excluded from the determination of net income and have been reported as a component of accumulated other comprehensive income.

4) 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.

5) 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.

6) DIVIDEND

On February 10, 2010, the Company's Board of Directors declared a dividend of $0.20 per share of common stock for 2010. The dividend paid on March 26, 2010 to shareholders of record as of the close of business on March 12, 2010 totaled $920,000.

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