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NeuMedia Acquiring Cameo Stars to Expand Its Offerings and Capabilities in Social Media

Acquisition will also enhance current mobile offerings and bring additional seasoned leaders to NeuMedia's management team

LOS ANGELES, June 20, 2011 /PRNewswire/ -- NeuMedia, Inc. (OTC BB: MNDL), a leading global mobile data services provider, today announced that it has signed a letter of intent to acquire Cameo Stars, LLC a social media innovator. Cameo Stars, headquartered in New York, is a social marketing and entertainment company that has uniquely combined two fast-growing, multi-billion dollar markets – virtual goods and branded content – to create a new content format, the "social cameo", which is delivered in social media via the company's first-of-its-kind branded social content platform. Cameo Stars has quickly established itself as a leader in the social media landscape by using its innovations to bring stars and characters to life directly in consumer's Facebook pages, allowing consumers to experience, interact with, and share their favorite stars in new, fun, and intimate ways only possible in social media.

Leading entertainment and consumer brands such as American Idol, Paramount Pictures, DreamWorks Animation, and Under Armour have been using the Cameo Stars platform to execute high-performance viral Facebook campaigns that have delivered outstanding engagement and results.

Peter Adderton, who is expected to become NeuMedia's CEO after NeuMedia completes the acquisition of Digital Turbine, said, "The acquisition of Cameo Stars demonstrates the laser focus of NeuMedia's strategy of creating unique applications for social and mobile media. Cameo Stars' unique platform and content, its relationships with the likes of Kim Kardashian, Dale Earnhardt Jr., Carmen Electra and other large brands, as well as its knowledge of Facebook, made it a natural fit for NeuMedia. Brands and content companies need to look at unique ways for consumers to interact on social networks. This puts Cameo Stars front-and-center of this incredible growth area."

"We are very excited about the opportunity to combine Cameo Stars' platform, team, client relationships, and social media expertise with NeuMedia's expertise, relationships, and global reach in mobile," said Daren Hornig, Cameo Stars President, CEO and founder. "We believe mobile will be the largest area of social media's growth over the next decade, and NeuMedia will best enable us to innovate in, and capitalize on, this tremendous opportunity."

Marketers Redirecting Spending to Social Media and Branded Content

Accompanying the meteoric rise of social networks like Facebook, brands are redirecting more of their marketing budgets to social media and to branded content. According to Duke University's 2011 "CMO Survey" commissioned by the American Marketing Association, U.S. marketers will be directing over 18% of their total marketing spend to social media over the next five years. Even this huge opportunity for social media marketers has room for growth – according to Morgan Stanley's Mary Meeker, the imbalance between where companies have been spending their marketing dollars vs. where consumers are spending their time represents a correction worth another \$50B to online marketers globally.

The shift of spending to branded content is equally impressive. According to a November 2010 report from the Custom Content Council, because of the effectiveness of branded content, 68% of companies said they were shifting from traditional forms of marketing to branded content, including 61% who reported a moderate shift and 7% who said their shift was "aggressive."

"Cameo Stars is perfectly positioned to take maximum advantage of these trends, particularly in the entertainment industry," said Peter Guber, the venerated Hollywood producer and NeuMedia Co-Chairman. "Enabling the stars and characters from upcoming movies and TV shows to make personal connections with the viewing audience has been the holy grail for entertainment marketers. Cameo Stars has made that real, and should be a no-brainer for every studio and network on every release."

Added Robert Ellin, NeuMedia Co-Chairman, "Many consumer brands have amassed tens of millions of 'Fans' on Facebook, and some brands have tried to take advantage of Facebook's viral capabilities with rudimentary games or static virtual gifts. But none are really exploiting the assets that are most obviously suited to a social medium: their iconic stars and characters who personify their brands. Cameo Stars brings these ambassadors to life so that they can engage consumers and make as 'real' a social connection with them as the consumer has with many of the other 'friends' in their network, where those relationships are mostly, if not entirely, virtual."

Cameo Stars' platform will also be integrated with NeuMedia's existing mobile offerings, creating a variety of innovative experiences that are both mobile and social by design. Terms of the pending acquisition were not disclosed; however, once the acquisition is complete, assuming certain conditions and requirements are met, Cameo Stars will be operated as a separate NeuMedia division, and it will be managed by Mr. Hornig, and he will also join NeuMedia's Board of Advisors.

"Look at the explosive growth in mobile entertainment and advertising, and much of it has just been the repurposing and resizing of existing assets for smaller screens," said Gene Cornfield, Cameo Stars' Chief Marketing Officer and co-founder. "'Mobile' has only described where content is being consumed, not anything special about the experience itself. The opportunity to deliver a mobile experience that is social and that really focuses on and connects with the individual holding the device is huge, and the combination of Cameo Stars and NeuMedia will enable us to bring new, innovative, social, and unique experiences to the mobile environment, and great new offerings to our customers."

With the pending Cameo Stars and Digital Turbine acquisitions, NeuMedia will have established a mobile services platform that reaches across more than 70 carriers in 30 countries around the globe and delivers more than 750 million ad impressions per month,

leading the industry in mobile content distribution, advertising, billing, and social games for prizes, which will all benefit from phenomenal growth of mobile internet users worldwide. Market research firm Gartner projects that mobile advertising alone will more than double this year to \$3.3 billion and grow to \$20.6 billion worldwide by 2015.

About NeuMedia, Inc.

NeuMedia is at the convergence of internet media content and mobile communications. It delivers a mobile services platform that works with mobile operators and third-party publishers to provide portal management, user interface, content development and billing technology that enables the responsible distribution of mobile entertainment. NeuMedia is headquartered in Los Angeles and has offices in Europe and Latin America to support global sales and marketing.

About Cameo Stars

Cameo Stars is the first and only social entertainment platform that enables the stars and characters from leading entertainment companies and consumer brands to make virtual cameo appearances in the everyday lives of fans through branded social content. Consumers use the company's applications to share and collect a variety of 'social cameos' directly in their social network pages and mobile devices. Brands and entertainment companies use the Cameo Stars platform to uniquely and directly engage consumers with branded social content in the intimate context of their personal space to forge high-impact connections. For more information on Cameo Stars and its offerings for consumers, celebrity talent, and brands, please visit www.cameostars.com or follow Cameo Stars on Twitter at www.twitter.com/cameostars.

Forward Looking Statement

Statements in this news release concerning future results from operations, financial position, economic conditions, product releases and any other statement that may be construed as a prediction of future performance or events are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements. These factors include uncertainties as to levels of orders, ability to record revenues, release schedules, market acceptance of new products, changes in economic conditions and market demand, pricing and other activities by competitors, and other risks including those described from time to time in the Company's filings on Forms 10K and 10Q with the Securities and Exchange Commission (SEC), press releases and other communications.

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