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## **NeuMedia, Inc. Announces Debt Restructuring and Additional Investment**

### **NeuMedia Debt Reduced By \$23 Million; NeuMedia Raises Additional \$2.5 Million**

LOS ANGELES, June 22 /PRNewswire-FirstCall/ -- NeuMedia, Inc. (OTC Bulletin Board: MNDL) (the "Company" or "NeuMedia") announced today that it has closed an agreement (the "Agreement") with its senior and junior secured lenders which reduces its indebtedness owed from a total of approximately \$26.5 million to \$3.5 million.

As previously announced, NeuMedia's wholly-owned United Kingdom subsidiary, AMV Holdings Limited ("AMV") is the subject of an administration proceeding in the United Kingdom. Pursuant to the terms of the Agreement, ValueAct SmallCap Master Fund, L.P. ("VAC") and certain other secured creditors acquired the operating subsidiaries of AMV in exchange for the reduction of indebtedness owed by NeuMedia to VAC and the other secured creditors.

Also pursuant to the terms of the Agreement, certain major shareholders of the Company have invested \$2.5 million in new senior secured convertible debt. Additionally, significant stockholders of NeuMedia (other than directors and officers of NeuMedia and their affiliates) will also be invited to invest in the new senior secured debt offering.

The New Senior Note and the remaining \$3.5 million subordinated note in favor of VAC (the "VAC Note") have a maturity of three years and bear interest at a rate of 10% per annum. The Company has the option to elect payment-in-kind for the first 18 months of the term of the New Senior Note and the VAC Note. Twistbox will continue to operate as a wholly owned subsidiary of NeuMedia and will focus primarily on its on-deck carrier platform products and services businesses.

"Over the past twelve months, NeuMedia has taken several steps to strengthen its balance sheet and this announcement marks the final step in that journey. The company is now significantly healthier and well positioned to leverage its digital platforms, content relationships and proprietary technologies. Consumers today expect to experience digital content like music, games and video wherever they are, and whenever they want it. They want to be able to share their experiences with their friends as an extension of their social network. We are uniquely positioned to take advantage of this evolution, particularly with the infusion of additional capital to expand our presence on a wide variety of digital platforms," said Ray Schaaf, NeuMedia's President. Additionally, Mr. Schaaf stated, "NeuMedia appreciates the cooperation of the senior and junior debt lenders that have enabled the

company to significantly reduce its debt and resolve its balance sheet issues."

**About NeuMedia, Inc.:**

Managed by leading media and technology industry executives, the Company's mission is to build a unique combination of new media distribution and content companies through acquisitions with domestic and foreign businesses with strong management teams and historical financial performance. Through its wholly-owned subsidiary Twistbox Entertainment, Inc., the Company is a leading global producer and publisher of mobile entertainment. Twistbox has exclusive licenses with industry-leading brands, direct distribution with more than 120 wireless operators in over 45 countries and provides an extensive portfolio of award-winning games, WAP sites and mobile TV channels.

**Safe Harbor:** This press release contains forward-looking statements about the Company within the meaning of the Private Securities Litigation Reform Act of 1995. Statements including words such as "estimate", "expect", "anticipate" or "believe" and statements in the future tense are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual events or actual future results to differ materially from the expectations set forth in the forward-looking statements. Some of the factors which could cause the Company's results to differ materially from the expectations include the following: consumer demand for the Company's products; consumer spending trends; fluctuations in the currencies of the countries in which the Company operates against the US dollar; timely development and release of the Company's products; competition in the industry; the Company's ability to manage expenses; the Company's ability to manage and sufficiently integrate acquisitions of other companies; adverse changes in the securities markets; and other factors described in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2009. The Company does not undertake, and specifically disclaim any obligation, to release publicly the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

SOURCE NeuMedia