

## **ACME Communications Announces First Quarter 2010 Results**

SANTA ANA, Calif., June 30, 2010 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the first quarter ended March 31, 2010.

Our net revenues from continuing operations decreased 6% to \$6.1 million for the first quarter compared to net revenues of \$6.5 million in the first quarter of 2009. The decrease was driven by lower revenue shares at our stations, resulting in a 7% decline in the station group's revenues. This decrease was partially offset by a 5% increase in revenues at The Daily Buzz, where we continue to expand our advertiser base. Total operating costs decreased 8% to \$7.2 million for the first quarter compared to \$7.8 million for the first quarter of 2009 - as all expense components were managed downward through various cost-cutting measures taken by the Company over the last year. Station cash-based operating expenses decreased 7%, principally on lower variable-based expenses. Our resulting broadcast cash flow for the quarter was negative \$355,000 compared to negative \$374,000 for the first quarter of 2009. Adjusted EBITDA from continuing operations decreased to negative \$744,000 compared to negative EBITDA of \$855,000 for the first quarter of 2009 on slightly improved broadcast cash flow and lower corporate expenses. Our loss from continuing operations was \$1.9 million for the first quarter of 2010 compared to a \$1.6 million loss from continuing operations for the first quarter of 2009.

Commenting on the quarter's results, Doug Gealy, ACME's President and, effective July 1, 2010 its CEO, said, "While we are disappointed to have lost revenue share in the first quarter of 2010 compared to a year earlier, we are heartened that non-political revenues in our markets actually increased year-over-year in the first quarter 2010 - the first time we've seen a rebounding market in eight quarters. This bodes well for the industry's outlook for the balance of this year and we believe - coupled with a significant amount of political spending expected in the fall, will translate into better revenues ahead for ACME's stations. Our recently announced Lin deal, which goes into effect tomorrow, was an important and significant strategic step in moving our group to positive cash flow as we continue to seek ways to maximize profitability at our stations and seek viable exit routes for our investors."

### **Use of Broadcast Cash Flow, Adjusted EBITDA and Same Station Results**

GAAP refers to generally accepted accounting principles in the United States. Broadcast cash flow, station cash-based operating expenses and adjusted EBITDA are non-GAAP measures. Broadcast cash flow is commonly used as an indicator of operating performance for broadcasting companies and is also used to value broadcasting assets. Station cash-based operating expenses, which use program payments in place of program amortization, exclude "The Daily Buzz" production costs and exclude non-cash operating expenses like depreciation and amortization, impairment of intangibles, lease abandonment costs and equity-based compensation, are an important metric in determining our cash expense growth. Adjusted EBITDA is also used as a performance measure and often used to measure a company's ability to service debt, as evidenced by the fact that our senior credit facility historically contained financial covenants relating to our adjusted EBITDA.

Broadcast cash flow, station cash-based operating expenses and adjusted EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. We consider operating loss to be the most comparable GAAP measure to broadcast cash flow and to adjusted EBITDA; therefore, the Company has included a reconciliation of operating loss to broadcast cash flow and adjusted EBITDA in Supplemental Table 1. A reconciliation of operating expenses to cash-based station operating expenses is included in Supplemental Table 2. Because broadcast cash flow, cash-based station operating expenses and adjusted EBITDA are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, the broadcast cash flow, cash-based station operating expenses and adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies.

### **First Quarter Conference Call**

Senior management of ACME will host a conference call to discuss their first quarter 2010 results on Wednesday June 30<sup>th</sup> at 4:30 p.m. Eastern Time. To access the conference call, please dial 888-562-3356 ten minutes prior to the start time and reference pass/code 84909851. A replay of the conference call will be available on our Web site, [www.acmecomunications.com](http://www.acmecomunications.com), until Wednesday, July 14, 2010. The Company will post its full quarterly unaudited financial report on the Company's Web site on Thursday, July 1, 2010.

## About ACME Communications

ACME Communications, Inc. owns and operates six television stations serving markets covering 2.2% of the nation's television households. The Company's stations are: KWBQ-TV and KASY-TV, Albuquerque-Santa Fe, NM; WBXX-TV, Knoxville, TN; WBDT-TV, Dayton, OH; WIWB-TV, Green Bay-Appleton, WI and WBUW-TV, Madison, WI. All of the Company's stations, except KASY-TV, a MyNetworkTV affiliate, are affiliates of The CW Network. The Company also produces The Daily Buzz, a nationally syndicated morning news and lifestyle program which airs on 161 television stations across the country. Our shares are traded over the counter under the symbol: ACME.

**ACME Communications, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
**(Unaudited)**  
**(In thousands, except per share data)**

|  | <b>Three Months Ended</b> |                |
|--|---------------------------|----------------|
|  | <b>March 31,</b>          |                |
|  | <b>2010</b>               | <b>2009</b>    |
| Net revenues   | \$ 6,145                  | \$ 6,531       |
| Operating expenses:  |                           |                |
| Cost of service:   |                           |                |
| Programming, including program amortization  | 2,924                     | 3,031          |
| Other costs of service (excluding depreciation and amortization of \$582 and \$637 for the three months ended March 31, 2010 and 2009, respectively) | 892                       | 1,022          |
| Selling, general and administrative expenses   | 2,388                     | 2,618          |
| Depreciation and amortization  | 584                       | 640            |
| Corporate expenses   | 389                       | 484            |
| Operating expenses   | <u>7,177</u>              | <u>7,795</u>   |
| Operating loss   | (1,032)                   | (1,264)        |
| Other expenses:  |                           |                |
| Interest, net  | (67)                      | (64)           |
| Loss from continuing operations, before income taxes   | (1,099)                   | (1,328)        |
| Income tax expense   | (793)                     | (265)          |
| Loss from continuing operations  | <u>(1,892)</u>            | <u>(1,593)</u> |

|  |                   |                   |
|--|-------------------|-------------------|
| Discontinued operations:                                     |                   |                   |
| Loss from discontinued operations, before income taxes       | --                | (5)               |
| Income tax expense   | --                | --                |
| Loss from discontinued operations                            | --                | (5)               |
| Net loss   | <u>\$ (1,892)</u> | <u>\$ (1,598)</u> |
| Net loss per share, basic and diluted:                       |                   |                   |
| Continuing operations  | \$ (0.12)         | \$ (0.10)         |
| Discontinued operations                                      | --                | --                |
| Net loss per share   | <u>\$ (0.12)</u>  | <u>\$ (0.10)</u>  |
| Weighted average basic and diluted common shares outstanding | <u>16,047</u>     | <u>16,047</u>     |

### Supplemental Table 1

**ACME Communications Inc. and Subsidiaries**  
**Reconciliation of Operating Loss to Broadcast Cash Flow and Adjusted EBITDA**  
**(Unaudited)**  
**(In thousands)**

|                                       | <b>Three Months Ended</b> |                 |
|---------------------------------------|---------------------------|-----------------|
|                                       | <b>March 31,</b>          |                 |
|                                       | <b>2010</b>               | <b>2009</b>     |
| Operating loss                        | \$ (1,032)                | \$ (1,264)      |
| Add (less):                           |                           |                 |
| Depreciation and amortization         | 584                       | 640             |
| Amortization of program rights        | 1,252                     | 1,360           |
| Corporate expenses                    | 389                       | 484             |
| Program payments                      | <u>(1,548)</u>            | <u>(1,594)</u>  |
| Broadcast cash flow (1)               | (355)                     | (374)           |
| Add (less):                           |                           |                 |
| Corporate expenses                    | (389)                     | (484)           |
| Stock-based compensation at corporate | <u>--</u>                 | <u>3</u>        |
| Adjusted EBITDA                       | <u>\$ (744)</u>           | <u>\$ (855)</u> |
| Broadcast cash flow margin (1)        | -5.8%                     | -5.7%           |

|                            |               |               |
|----------------------------|---------------|---------------|
| Adjusted EBITDA margin (1) | <u>-12.1%</u> | <u>-13.1%</u> |
|----------------------------|---------------|---------------|

**Supplemental Table 2**

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**ACME Communications Inc. and Subsidiaries**  
**Reconciliation of Operating Expenses to Cash-Based Station Operating Expenses**  
**(Unaudited)**  
**(In thousands)**

|   | <b>Three Months Ended<br/>March 31,</b> |                 |
|---|---|-----------------|
|   | <b>2010</b>                             | <b>2009</b>     |
| Operating expenses                          | \$ 7,177                                | \$ 7,795        |
| Add (less):                                 |   |                 |
| Program payments                            | 1,548                                   | 1,594           |
| Depreciation and amortization               | (584)                                   | (640)           |
| Corporate expense                           | (389)                                   | (484)           |
| Barter program costs                        | (574)                                   | (590)           |
| Program amortization                        | (1,252)                                 | (1,360)         |
| Daily Buzz production costs                 | (884)                                   | (870)           |
|   | <u>\$ 5,042</u>                         | <u>\$ 5,445</u> |
| Total cash-based station operating expenses | <u>\$ 5,042</u>                         | <u>\$ 5,445</u> |

**Supplemental Table 3**

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**ACME Communications Inc. and Subsidiaries**  
**Reconciliation of Net Revenues to Station Net Revenues**  
**(Unaudited)**  
**(In thousands)**

|              | <b>Three Months Ended<br/>March 31,</b> |             |
|--------------|---|-------------|
|              | <b>2010</b>                             | <b>2009</b> |
| Net revenues | \$ 6,145                                | \$ 6,531    |

