

ACME Communications Announces Second Quarter 2010 Results

SANTA ANA, Calif., Aug. 23, 2010 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the second quarter ended June 30, 2010.

Our net revenues from continuing operations decreased 1% to \$6.8 million for the second quarter compared to net revenues of \$6.9 million in the second quarter of 2009. The decrease was driven primarily by lower advertising revenue shares at our television stations. Revenues at The Daily Buzz increased 12% for the quarter driven by a continued broadening of advertiser acceptance and support of the show. Total operating costs decreased 2% to \$7.7 million for the second quarter compared to \$7.8 million for the second quarter of 2009. Station cash-based operating expenses decreased 10%, primarily on reduced compensation expense reflecting the Company's continued efforts to reduce all discretionary costs. Our resulting broadcast cash flow for the quarter increased significantly to \$243,000 compared to negative \$173,000 for the second quarter of 2009. Adjusted EBITDA from continuing operations improved as well, decreasing to negative \$194,000 compared to EBITDA of negative \$675,000 for the second quarter of 2009 on higher broadcast cash flow and lower corporate expenses. Our net loss for the second quarter of 2010 was \$903,000 compared to a \$1.2 million net loss for the second quarter of 2009.

Commenting on the quarter's results, Doug Gealy, ACME's President and CEO, said, "Market conditions are improving and we are optimistic that we will be able to recapture lost shares as the market strengthens, especially given the anticipated strong political demand in the back half of this year. While we are still in transition related to our joint sales agreements and shared services agreements with Lin Media, which is going smoothly, we expect to begin showing the benefits of those arrangements starting in the third quarter. We also continue to look for opportunities to replicate the Lin deal, or look for other alternatives to unlock shareholder value, in our remaining assets."

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.

The Company expects to post its quarterly report on its Web site at www.acmecomunications.com by Tuesday, August 24, 2010.

About ACME Communications, Inc.

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 more than 150 television stations across the country. The Company's shares are traded over-the-counter under the symbol: ACME.PK.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------------|----------------|------------------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Net revenues | \$ 6,797 | \$ 6,850 | \$ 12,942 | \$ 13,381 |
| Operating expenses: | | | | |
| Cost of service: | | | | |
| Programming, including program amortization | 3,460 | 3,013 | 6,384 | 6,044 |
| Other costs of service (excluding depreciation and amortization of \$578 and \$604 for the three months ended June 30, 2010 and 2009, respectively, and \$1,159 and \$1,241 for the six months ended June 30, 2010 and 2009, respectively) | 913 | 1,053 | 1,805 | 2,075 |
| Selling, general and administrative expenses | 2,271 | 2,646 | 4,659 | 5,264 |
| Depreciation and amortization | 581 | 607 | 1,165 | 1,247 |
| Corporate expenses | 437 | 506 | 826 | 990 |
| Operating expenses | <u>7,662</u> | <u>7,825</u> | <u>14,839</u> | <u>15,620</u> |
| Operating loss | (865) | (975) | (1,897) | (2,239) |
| Other expenses: | | | | |
| Interest, net | <u>(111)</u> | <u>(71)</u> | <u>(178)</u> | <u>(135)</u> |
| Loss from continuing operations, before income taxes | (976) | (1,046) | (2,075) | (2,374) |
| Income tax benefit (expense) | <u>73</u> | <u>(69)</u> | <u>(720)</u> | <u>(334)</u> |
| Loss from continuing operations | <u>(903)</u> | <u>(1,115)</u> | <u>(2,795)</u> | <u>(2,708)</u> |
| Discontinued operations: | | | | |
| Loss from discontinued operations, before income taxes | -- | (70) | -- | (75) |
| Income tax | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |

| | | | | |
|--|------------------|-------------------|-------------------|-------------------|
| Loss from discontinued operations | -- | (70) | -- | (75) |
| Net loss | <u>\$ (903)</u> | <u>\$ (1,185)</u> | <u>\$ (2,795)</u> | <u>\$ (2,783)</u> |
| Net loss per share, basic and diluted: | | | | |
| Continuing operations | \$ (0.06) | \$ (0.07) | \$ (0.17) | \$ (0.17) |
| Discontinued operations | -- | -- | -- | -- |
| Net loss per share | <u>\$ (0.06)</u> | <u>\$ (0.07)</u> | <u>\$ (0.17)</u> | <u>\$ (0.17)</u> |
| Weighted average basic and diluted common shares outstanding | <u>16,047</u> | <u>16,047</u> | <u>16,047</u> | <u>16,047</u> |

(1) We define:

-- Broadcast cash flow as operating income (loss), plus stock-based compensation, depreciation and amortization, amortization of program rights, impairment of broadcast licenses, non-cash lease termination costs and corporate expenses, less program payments (before program supplier deferrals and excluding program payments related to construction permits);

-- Adjusted EBITDA as broadcast cash flow less corporate expenses, exclusive of stock-based compensation;

-- Broadcast cash flow margin is broadcast cash flow as a percentage of net revenues; and

-- Adjusted EBITDA margin is adjusted EBITDA as a percentage of net revenues.

Supplemental Table 1

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

| | <u>Three Months Ended</u> | | <u>Six Months Ended</u> | |
|--------------------------------------|---------------------------|-----------------|-------------------------|-----------------|
| | <u>June 30,</u> | <u>June 30,</u> | <u>June 30,</u> | <u>June 30,</u> |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Operating loss | \$ (865) | \$ (975) | \$ (1,897) | \$ (2,239) |
| Add (less): | | | | |
| Stock-based compensation at stations | -- | -- | -- | -- |
| Depreciation and amortization | 581 | 607 | 1,165 | 1,247 |
| Amortization of program rights | 1,640 | 1,290 | 2,892 | 2,650 |
| Corporate expenses | 437 | 506 | 826 | 990 |
| Program payments | <u>(1,550)</u> | <u>(1,601)</u> | <u>(3,098)</u> | <u>(3,195)</u> |
| Broadcast cash flow (1) | 243 | (173) | (112) | (547) |
| Add (less): | | | | |
| Corporate expenses | (437) | (506) | (826) | (990) |

| | | | | |
|---------------------------------------|-----------------|-----------------|-----------------|-------------------|
| Stock-based compensation at corporate | -- | 4 | -- | 7 |
| Adjusted EBITDA | <u>\$ (194)</u> | <u>\$ (675)</u> | <u>\$ (938)</u> | <u>\$ (1,530)</u> |
| Broadcast cash flow margin (1) | 3.6% | -2.5% | -0.9% | -4.1% |
| Adjusted EBITDA margin (1) | <u>-2.9%</u> | <u>-9.9%</u> | <u>-7.2%</u> | <u>-11.4%</u> |

Supplemental Table 2

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

| | <u>Three Months Ended</u> <u>June 30,</u> | | <u>Six Months Ended</u> <u>June 30,</u> | |
|---|--|-----------------|--|------------------|
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Operating expenses | \$ 7,662 | \$ 7,825 | \$ 14,839 | \$ 15,620 |
| Add (less): | | | | |
| Program payments | 1,550 | 1,601 | 3,098 | 3,195 |
| Depreciation and amortization | (581) | (607) | (1,165) | (1,247) |
| Corporate expense | (437) | (506) | (826) | (990) |
| Barter program costs | (636) | (632) | (1,210) | (1,222) |
| Program amortization | (1,640) | (1,290) | (2,892) | (2,650) |
| Daily Buzz production costs | <u>(967)</u> | <u>(868)</u> | <u>(1,851)</u> | <u>(1,738)</u> |
| Total cash-based station operating expenses | <u>\$ 4,951</u> | <u>\$ 5,523</u> | <u>\$ 9,993</u> | <u>\$ 10,968</u> |

Supplemental Table 3

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

| | <u>Three Months Ended</u> <u>June 30,</u> | | <u>Six Months Ended</u> <u>June 30,</u> | |
|--------------|--|-------------|--|-------------|
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Net revenues | \$ 6,797 | \$ 6,850 | \$ 12,942 | \$ 13,381 |

Less: Daily Buzz net revenues (814) (725) (1,599) (1,470)

Station net revenues \$ 5,983 \$ 6,125 \$ 11,343 \$ 11,911

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