ACME Communications Announces Fourth Quarter and Full Year 2010 Results

SANTA ANA, Calif., April 19, 2011 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its consolidated financial results for the fourth quarter and full year ended December 31, 2010. As previously announced, Lin Media ("LIN") has exercised their option to acquire our WBDT Dayton and WCWF (formerly WIWB) Green Bay stations and Lockwood Broadcast Group is purchasing our WBXX Knoxville station. Accordingly, we have treated the results of those stations as discontinued operations for all periods presented. The Federal Communications Commission approved the Knoxville sale on March 21, 2011 and the LIN transactions on April 8, 2011, and we now expect all three of these station sales to be consummated in the second quarter of 2011.

Our net revenues from continuing operations increased 10% to $4.0 million for the fourth quarter compared to net revenues of $3.6 million in the fourth quarter of 2009. Continuing stations' revenues increased 7% and revenues at The Daily Buzz increased 22% for the quarter compared to the prior year quarter. Total operating costs decreased 25% to $6.5 million for the fourth quarter compared to $8.7 million for the fourth quarter of 2009. This decrease is mainly related to the net effect of a decrease in long-lived assets impairment charges of $4.5 million, offset by a $1.6 million litigation reserve allocated to our continuing stations (an additional $1.9 million has been allocated to our discontinued stations) relating to the unfavorable court ruling received in connection with the Company's MMT litigation for which the Company recorded a total litigation reserve of approximately $3.5 million as previously announced on March 25, 2011. Station cash-based operating expenses, which exclude the litigation reserve, remained at $2.3 million when compared to the fourth quarter of 2009. Our resulting continuing operations broadcast cash flow for the quarter, which excludes the litigation reserve, increased to $321,000 compared to $121,000 for the fourth quarter of 2009. Adjusted EBITDA from continuing operations also improved, increasing to negative $208,000 compared to EBITDA of negative $358,000 for the fourth quarter of 2009 on improved broadcast cash flow and our net loss from continuing operations decreased to $1.8 million compared to a net loss of $2.9 million for the fourth quarter of 2009.

Our loss before income taxes from discontinued operations for the fourth quarter of 2010 was $2.5 million compared to a loss before income taxes from discontinued operations of $729,000 for the fourth quarter of 2009, mainly due to the litigation reserve attributable to our discontinued operations in connection with the above mentioned MMT litigation. Excluding that charge, our loss from discontinuing operations would have been approximately 12% less principally on lower expenses related to our LIN shared-services agreement.

Our net loss for the fourth quarter of 2010 was $5.3 million compared to a $4.5 million net loss for the fourth quarter of 2009 due to the aforementioned litigation reserve and losses on disposal of fixed assets offset by reduced impairment charges compared to the fourth quarter of 2009.

For the full year, our net revenues for continuing operations increased 2% to $14.6 million compared to net revenues of $14.4 million for calendar 2009 mainly on a 7% increase in revenues at the Daily Buzz. Total operating costs decreased to $19.7 million for calendar 2010 compared to operating costs of $21.8 million for calendar 2009 largely due to a decrease in intangible asset impairment charges of $4.5 million offset by increases in losses on disposal of assets and our litigation reserve and related legal expenses for calendar 2010. Station cash-based operating expenses, excluding the litigation reserve, decreased 8% from the prior year period and broadcast cash flow increased to $488,000 from negative $15,000 for calendar 2009. Adjusted EBITDA from continuing operations increased to negative $1.4 million compared to EBITDA of negative $2.1 million for calendar 2009 and our net loss from continuing operations decreased to $5.3 million compared to a net loss of $6.1 million for calendar 2009.

For the full year, our loss before income taxes from discontinued operations was $3.1 million compared to a loss before income taxes from discontinued operations of $1.7 million for calendar 2009, principally due to the $1.9 million litigation reserve allocation during 2010. Excluding such allocation, our loss before income taxes from discontinued operations would have been $1.2 million principally due to lower expenses related to our LIN shared-services agreement. During calendar 2010, we recorded a current tax benefit of $940,000 for our discontinued operations in the third quarter of 2010 which was reclassified and presented as part of our continuing operations during the fourth quarter of 2010, relating to our September 2010 election to amend our 2008 tax return and carry back losses which effectively eliminated much of the alternative minimum taxes we paid for the 2007 and 2003 tax years. This election was allowed by the Worker, Homeownership, and Business Assistance Act of 2009.

Commenting on the quarter's and full year results, Doug Gealy, ACME's President and CEO, said, "During this past year we made significant progress on our overarching goal of monetizing our assets for the benefit of our shareholders. With our stations in Knoxville, Dayton and Green Bay expected to be sold in the current quarter, we expect to begin returning a meaningful portion of the cash component of those proceeds to our shareholders and will work to reduce corporate costs to reflect the reduced scale of our operations. Although we were very surprised and disappointed by the recent decision of a New York court which rewarded MMT, our former national sales rep firm, with a break-up fee for effectively shutting down their rep firm and abandoning our stations, we have appealed this decision and expect to ultimately prevail on the merits of our case and our counterclaims. We will likely set aside cash to cover the bond required to proceed with our appeal. In the meantime, we will remain focused and continue to seek ways to maximize profitability at our remaining stations and viable exit routes for our investors, including selling off 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, loss on disposal of assets, litigation reserve 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 annual report, including its full audited consolidated financial statements on its Web site at www.acmecommunications.com by Friday, April 22, 2011.

About ACME Communications, Inc.

ACME Communications, Inc. owns and operates six television stations serving markets reaching 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; WCWF-TV (formerly WIWB), Green Bay-Appleton, WI and WBUW-TV, Madison, WI. Sales of the Company's stations in Knoxville, Dayton and Green Bay are pending and are expected to generate aggregate gross proceeds of approximately

$17 million. 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.

Forward-Looking Statements:

The matters discussed in this press release include forward-looking statements. In addition, when used in this press release, the words "will", "expects" and similar expressions are intended to identify forward-looking statements. Such statements are subject to a number of risks and uncertainties. Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including, but not limited to, the pending sale transactions not closing (due to the buyers not completing the transactions or for any other reason). The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

ACME Communications, Inc. and Subsidiaries

Consolidated Statements of Operations

(Quarterly Data Unaudited)

(In thousands, except per share data)

	Three Months Ended		**Twelve Months Ended**	
	December 31,		**December 31,**	
	2010	**2009**	**2010**	**2009**
Net revenues	$ 3,996	$ 3,623	$ 14,601	$ 14,355
Operating expenses:				
Cost of service:				
Programming, including program amortization	2,093	1,909	8,057	7,354
Other costs of service (excluding depreciation and amortization of $290 and $388 for the three months ended December 31, 2010 and 2009, respectively, and $1,370 and $1,556 for the twelve months ended December 31, 2010 and 2009, respectively)	382	396	1,573	1,735
Selling, general and administrative expenses	1,139	1,060	4,089	4,579
Litigation reserve	1,619	--	1,619	--
Depreciation and amortization	290	390	1,375	1,565
Impairment of long-lived assets	--	4,540	--	4,540
Loss (gain) on disposal of assets	475	(82)	1,175	(82)
Corporate expenses	529	482	1,849	2,098
Operating expenses	6,527	8,695	19,737	21,789
Operating loss	(2,531)	(5,072)	(5,136)	(7,434)
Other expenses:				
Interest, net	(139)	(64)	(385)	(261)
Loss from continuing operations, before income tax benefit	(2,670)	(5,136)	(5,521)	(7,695)
Income tax benefit	862	2,284	172	1,634

Loss from continuing operations	(1,808)	(2,852)	(5,349)	(6,061)
Discontinued operations:				
Loss from discontinued operations, before income taxes	(2,522)	(729)	(3,106)	(1,738)
Income tax expense	(940)	(898)	--	(898)
Loss from discontinued operations	(3,462)	(1,627)	(3,106)	(2,636)
Net loss	$ (5,270)	$ (4,479)	$ (8,455)	$ (8,697)
Net loss per share, basic and diluted:				
Continuing operations	$ (0.11)	$ (0.18)	$ (0.33)	$ (0.38)
Discontinued operations	(0.22)	(0.10)	(0.19)	(0.16)
Net loss per share*	$ (0.33)	$ (0.28)	$ (0.53)	$ (0.54)
Weighted average basic and diluted common shares outstanding	16,047	16,047	16,047	16,047

***** does not foot due to rounding

Supplemental Table 1

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

	Three Months Ended December 31,		**Twelve Months Ended December 31,**	
	2010	**2009**	**2010**	**2009**
Operating loss	$ (2,531)	$ (5,072)	$ (5,136)	$ (7,434)
Add (less):				
Depreciation and amortization	290	390	1,375	1,565
Impairment of long-lived assets	--	4,540	--	4,540
Loss (gain) on disposal of assets	475	(82)	1,175	(82)
Litigation reserve	1,619	--	1,619	--
Amortization of program rights	625	630	2,561	2,379
Corporate expenses	529	482	1,849	2,098
Program payments	(686)	(767)	(2,955)	(3,081)
Broadcast cash flow (1)	321	121	488	(15)
Add (less):				
Corporate expenses	(529)	(482)	(1,849)	(2,098)
Stock-based compensation at corporate	--	3	--	10

Adjusted EBITDA	$ (208)	$ (358)	$ (1,361)	$ (2,103)
Broadcast cash flow margin (1)	8.0%	3.3%	3.3%	(0.1)%
Adjusted EBITDA margin (1)	(5.2)%	(9.9)%	(9.3)%	(14.7)%

(1) We define:

-- Broadcast cash flow as operating income (loss), plus stock-based compensation, depreciation and amortization, amortization of program rights, impairment of goodwill and broadcast licenses, loss (gain) on disposal of assets, litigation reserve 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 2

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

	Three Months Ended December 31,		**Twelve Months Ended December 31,**	
	2010	**2009**	**2010**	**2009**
Operating expenses	$ 6,527	$ 8,695	$ 19,737	$ 21,789
Add (less):				
Program payments	686	767	2,955	3,081
Depreciation and amortization	(290)	(390)	(1,375)	(1,565)
Impairment of long-lived assets	--	(4,540)	--	(4,540)
Loss (gain) on disposal of assets	(475)	82	(1,175)	82
Litigation reserve	(1,619)	--	(1,619)	--
Corporate expense	(529)	(482)	(1,849)	(2,098)
Barter program costs	(355)	(291)	(1,308)	(1,233)
Program amortization	(625)	(630)	(2,561)	(2,379)
Daily Buzz production costs	(1,046)	(933)	(3,948)	(3,498)
Total cash-based station operating expenses	$ 2,274	$ 2,278	$ 8,857	$ 9,639

Supplemental Table 3

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	**2009**	**2010**	**2009**
Net revenues	$ 3,996	$ 3,623	$ 14,601	$ 14,355
Less: Daily Buzz net revenues	(987)	(808)	(3,413)	(3,190)
Station net revenues	$ 3,009	$ 2,815	$ 11,188	$ 11,165

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