ACME Communications Announces First Quarter 2011 Results and Cash Distribution to Its Shareholders

Solid Gains in Revenues and Broadcast Cash Flow; Board Approves $.35 Per Share Distribution

SANTA ANA, Calif., June 20, 2011 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the first quarter ended March 31, 2011. ACME is also announcing that its Board of Directors has approved a special cash distribution of $.35 per share representing the return to its shareholders of a meaningful portion of the net cash proceeds received from the sale of three stations previously announced on May 24, 2011. The distribution will be payable to shareholders of record at the close of business on June 30, 2011 and paid on July 14, 2011.

During the second quarter of 2011, ACME completed the sale of three of its stations WBXX-TV, its station in the Knoxville, TN market, WBDT-TV, its station in the Dayton, OH market, and WCWF-TV (formerly WIWB-TV), its station in Green Bay-Appleton, WI market. The results of those stations are treated as discontinued operations for all periods presented. Continuing operations now consists of the Company's television duopoly in Albuquerque-Santa Fe, NM, its television station in Madison, WI and its Daily Buzz production entity in Orlando, FL.

Net revenues from continuing operations increased 5% to $3.5 million for the first quarter compared to net revenues of $3.3 million in the first quarter of 2010. Continuing stations' revenues increased 2% and revenues at The Daily Buzz increased 16% for the quarter compared to the prior year quarter. Total operating costs decreased 4% to $3.9 million for the first quarter compared to $4.0 million for the first quarter of 2010. This decrease is mainly related to cost savings at KWBQ/KASY derived from our shared services agreement with LIN and reduced compensation expense. Station cash-based operating expenses, decreased 11% to $2.0 million compared to the first quarter of 2010 due to the reasons stated above. Resulting continuing operations broadcast cash flow for the quarter increased to $207,000 compared to *negative* broadcast cash flow of $121,000 for the first quarter of 2010. Adjusted EBITDA from continuing operations also improved, increasing to negative $156,000 compared to EBITDA of negative $510,000 for the first quarter of 2010 on improved broadcast cash flow.

The Company's loss before income taxes from discontinued operations for the first quarter of 2011 was $296,000 compared to a loss before income taxes from discontinued operations of $329,000 for the first quarter of 2010, principally on lower expenses related to our LIN shared-services agreement.

The Company's net loss for the first quarter of 2011 was $1.7 million compared to a $1.9 million net loss for the first quarter of 2010.

Commenting on the quarter's results, Doug Gealy, ACME's President and CEO, said, "Market conditions continue to improve and we are cautiously optimistic that this positive trend will continue at our three remaining continuing stations and The Daily Buzz through the remainder of the year, though we are seeing softness in the second quarter in the automotive category. Our recently completed station sales were pinnacle events for the Company and we are delighted to be in a position to declare this special distribution to our shareholders, which represents our first distribution since we returned $.50 per share to shareholders in 2007 following the sale of our Ft. Myers station. In pursuit of our exit strategy and in light of the scaled operations we have initiated further changes at our corporate office resulting in pro forma annualized savings of nearly $300,000. Following the successful sale of the restricted LIN shares that we received in connection with our WBDT and WCWF stations sale, which are subject to a required six-month holding period, we expect to make another distribution to our shareholders in the latter part of the year or first quarter of 2012. In the meantime, we will remain focused on prudently liquidating 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 quarterly report, on its Web site atwww.acmecommunications.com by Wednesday, June 22, 2011.

About ACME Communications, Inc.

ACME Communications, Inc. owns and operates three television stations serving: KWBQ-TV and KASY-TV, Albuquerque-Santa Fe, NM and WBUW-TV, Madison, WI. 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: (Pink Sheets:ACME).

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. Many factors could cause actual results in the future to differ materially and adversely from those described in the forward-looking statements. 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

(Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2011	2010
Net revenues	$ 3,489	$ 3,313
Operating expenses:		
Cost of service:		
Programming, including program amortization	1,924	1,828
Other costs of service (excluding depreciation and amortization of $247 and $369 for the three months ended March 31, 2011 and 2010, respectively)	359	359
Selling, general and administrative expenses	937	1,069
Depreciation and amortization	247	371
Loss on disposal of assets	23	--
Corporate expenses	363	389
Operating expenses	3,853	4,016
Operating loss	(364)	(703)
Other expenses:		
Interest, net	(112)	(67)
Loss from continuing operations, before income tax expense	(476)	(770)

Income taxes	(969)	(793)
Loss from continuing operations	(1,445)	(1,563)
Discontinued operations:		
Loss from discontinued operations, before income taxes	(296)	(329)
Income tax expense	--	--
Loss from discontinued operations	(296)	(329)
Net loss	$ (1,741)	$ (1,892)
Net loss per share, basic and diluted:		
Continuing operations	$ (0.09)	$ (0.10)
Discontinued operations	(0.02)	(0.02)
Net loss per share	$ (0.11)	$ (0.12)
Weighted average basic and diluted common shares outstanding	16,047	16,047

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 March 31, 2011	Three Months Ended March 31, 2010
Operating loss	$ (364)	$ (703)
Add (less):		
Depreciation and amortization	247	371
Loss on disposal of assets	23	--
Amortization of program rights	598	583
Corporate expenses	363	389
Program payments	(660)	(761)
Broadcast cash flow (1)	207	(121)
Add (less):		
Corporate expenses	(363)	(389)
Adjusted EBITDA	$ (156)	$ (510)
Broadcast cash flow margin (1)	5.9%	-3.6%
Adjusted EBITDA margin (1)	-4.5%	-15.4%

(1) We define:

- Broadcast cash flow as operating income (loss), plus depreciation and amortization, amortization of program rights, impairment of goodwill and broadcast licenses, loss (gain) on disposal of assets, and corporate expenses, less program payments (before program supplier deferrals);
- Adjusted EBITDA as broadcast cash flow less corporate expenses;
- 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 March 31,	
	2011	**2010**
Operating expenses	$ 3,853	$ 4,016
Add (less):		
Program payments	660	761
Depreciation and amortization	(247)	(371)

Loss on disposal of assets	(23)	--
Corporate expense	(363)	(389)
Barter program costs	(328)	(298)
Program amortization	(598)	(583)
Daily Buzz production costs	(942)	(884)
Total cash-based station operating expenses	$ 2,012	$ 2,252

Supplemental Table 3

ACME Communications Inc. and Subsidiaries

Reconciliation of Net Revenues to Station Net Revenues

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2011	**2010**
Net revenues	$ 3,489	$ 3,313
Less: Daily Buzz net revenues	(913)	(785)
Station net revenues	$ 2,576	$ 2,528

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