ACME Communications Announces Second Quarter 2011 Results

SANTA ANA, Calif., Sept. 23, 2011 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the second quarter ended June 30, 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 6% to $3.7 million for the second quarter compared to net revenues of $3.5 million in the second quarter of 2010, driven by increased revenues at the Daily Buzz net of a 5% decline in the revenues of the Company's three continuing stations. Total operating costs decreased 7% to $4.1 million for the second quarter compared to $4.4 million for the second quarter of 2010, primarily on cost savings at KWBQ/KASY derived from our shared services agreement with LIN Media and reduced compensation expense. Station cash-based operating expenses decreased 10% to $2.1 million compared to the second quarter of 2010 due to the same reasons stated above. Resulting continuing operations broadcast cash flow for the quarter increased to *positive* $261,000 compared to negative broadcast cash flow of $87,000 for the second quarter of 2010. Adjusted EBITDA from continuing operations also improved, increasing to negative $180,000 compared to EBITDA of negative $524,000 for the second quarter of 2010 on improved broadcast cash flow.

The Company's income before income taxes from discontinued operations for the second quarter of 2011 was $12.7 million compared to a loss before income taxes from discontinued operations of $47,000 for the second quarter of 2010, due to a $13.0 million gain on the sale of our three stations.

The Company's net income for the second quarter of 2011 was $12.5 million compared to a $903,000 net loss for the second quarter of 2010.

Commenting on the quarter's results, Doug Gealy, ACME's President and CEO, said, "Market conditions continued to improve in the second quarter at our two television station markets, but a decline in our share precipitated by stronger in-market sales competition more than negated that growth and offset strong revenue gains at The Daily Buzz driven by expanded clearances and increased ad inventory. In the third quarter, however, we are again seeing softening in advertising demand at our stations and at the Daily Buzz. Strategically speaking, our recently completed station sales as well as our payment of a return of capital to our shareholders in July from the sales proceeds were significant events for the Company. In pursuit of our exit strategy and in light of our reduced operations we continue to undertake cost cutting measures to preserve shareholder value and move the Company towards positive cash flow. 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 Monday, September 26, 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 165 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 June 30,		**Six Months Ended June 30,**	
	2011	**2010**	**2011**	**2010**
Net revenues	$ 3,736	$ 3,537	$ 7,225	$ 6,850
Operating expenses:				
Cost of service:				
Programming, including program amortization	1,967	2,050	3,891	3,878
Other costs of service (excluding depreciation and amortization of $231 and $368 for the three months ended	439	418	798	777

June 30, 2011 and 2010, respectively, and $478 and $737 for the six months ended June 30, 2011 and 2010, respectively)				
Selling, general and administrative expenses	1,003	1,101	1,940	2,170
Depreciation and amortization	231	371	478	742
Loss on disposal of assets	--	--	23	--
Corporate expenses	441	437	804	826
Operating expenses	4,081	4,377	7,934	8,393
Operating loss	(345)	(840)	(709)	(1,543)
Other expenses:				
Interest, net	(8)	(89)	(120)	(156)
Loss from continuing operations, before income taxes	(353)	(929)	(829)	(1,699)
Income tax benefit (expense)	1,325	73	356	(720)
Loss from continuing operations	972	(856)	(473)	(2,419)
Discontinued operations:				
Income (loss) from discontinued operations, before income taxes	12,729	(47)	12,433	(376)
Income tax expense	(1,191)	--	(1,191)	--
Income (loss) from discontinued operations	11,538	(47)	11,242	(376)
Net income (loss)	$ 12,510	$ (903)	$ 10,769	$ (2,795)
Net income (loss) per share, basic and diluted:				
Continuing operations	$ 0.06	$ (0.05)	$ (0.03)	$ (0.15)
Discontinued operations	0.72	(0.00)	0.70	(0.02)
Net income (loss) per share	$ 0.78	$ (0.06)*	$ 0.67	$ (0.17)
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 June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**

Operating loss	$ (345)	$ (840)	$ (709)	$ (1,543)
Add (less):				
Depreciation and amortization	231	371	478	742
Loss on disposal of assets	--	--	23	--
Amortization of program rights	542	704	1,140	1,287
Corporate expenses	441	437	804	826
Program payments	(608)	(759)	(1,268)	(1,520)
Broadcast cash flow (1)	261	(87)	468	(208)
Add (less):				
Corporate expenses	(441)	(437)	(804)	(826)
Adjusted EBITDA	$ (180)	$ (524)	$ (336)	$ (1,034)
Broadcast cash flow margin (1)	7.0%	-2.5%	6.5%	-3.0%
Adjusted EBITDA margin (1)	-4.8%	-14.8%	-4.7%	-15.1%

(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; andAdjusted 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 June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating expenses	$ 4,081	$ 4,377	$ 7,934	$ 8,393
Add (less):				
Program payments	608	759	1,268	1,520
Depreciation and amortization	(231)	(371)	(478)	(742)
Loss on disposal of assets	--	--	(23)	--
Corporate expense	(441)	(437)	(804)	(826)
Barter program costs	(315)	(323)	(643)	(621)
Program amortization	(542)	(704)	(1,140)	(1,287)
Daily Buzz production costs	(1,051)	(967)	(1,993)	(1,851)
Total cash-based station operating expenses	$ 2,109	$ 2,334	$ 4,121	$ 4,586

Supplemental Table 3

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net revenues	$ 3,736	$ 3,537	$ 7,225	$ 6,850
Less: Daily Buzz net revenues	(1,162)	(814)	(2,075)	(1,599)
Station net revenues	$ 2,574	$ 2,723	$ 5,150	$ 5,251

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