ACME Communications Announces Fourth Quarter and Full Year 2011 Results

SANTA ANA, Calif., June 27, 2012 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the fourth quarter and full year ended December 31, 2011.

In May 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. Also, as previously announced, Byrne Acquisition Group, LLC had entered into a definite agreement for the purchase of our WBUW station in Madison, WI and the sale was consummated on February 21, 2012. Accordingly, the results of those stations are treated as discontinued operations for all periods presented. Continuing operations now consists of the Company's television stations KWBQ and KASY in the Albuquerque-Santa Fe market along with its full-power satellite station in Roswell (KRWB), and The Daily Buzz, LLC, which produces the weekday morning news and lifestyle television program *The Daily Buzz*.

Net revenues from continuing operations decreased 3% to $3.4 million for the fourth quarter compared to net revenues of $3.5 million in the fourth quarter of 2010, driven by a 14% decline in the revenues of the Company's two continuing stations offset however by increased revenues at the Daily Buzz. Total operating costs decreased 41% to $3.1 million for the fourth quarter compared to $5.2 million for the fourth quarter of 2010, primarily due to the reversal of $0.5 million of our litigation reserve accrual related to our continuing stations (an additional $1.0 million has been reversed at our discontinued stations) upon settlement of our MMT litigation in December 2011 and due to lower depreciation and amortization and corporate expenses.

Station cash-based operating expenses, excluding the impact of our litigation reserve and reversal, decreased 7% to $1.7 million compared to the fourth quarter of 2010 principally on lower sales and sales commission expenses. Resulting continuing operations broadcast cash flow for the quarter decreased to $286,000 compared to broadcast cash flow of $298,000 for the fourth quarter of 2010. Adjusted EBITDA from continuing operations improved to negative $81,000 compared to EBITDA of negative $231,000 for the fourth quarter of 2010 on lower corporate expenses.

The Company's income before income taxes from discontinued operations for the fourth quarter of 2011 was $1.2 million compared to a loss before income taxes from discontinued operations of $3.4 million for the fourth quarter of 2010, mainly due to the resulting gain from the reversal of our MMT litigation accrual which was settled in December 2011.

The Company's net income for the fourth quarter of 2011 was $2.0 million compared to a $5.3 million net loss for the fourth quarter of 2010.

For the full year, our net revenues for continuing operations increased 2% to $12.9 million compared to net revenues of $12.7 million for calendar 2010 mainly on a 20% increase in revenues at the Daily Buzz. Total operating costs decreased 15% to $13.4 million for calendar 2011 compared to operating costs of $15.8 million for calendar 2010 largely due to a decrease in corporate expenses and the reversal of our litigation reserve mentioned above. Station cash-based operating expenses, excluding the impact of our litigation reserve and reversal, decreased 6% from the prior year period and broadcast cash flow increased to $984,000 from $538,000 for calendar 2010. Adjusted EBITDA from continuing operations increased to negative $494,000 compared to EBITDA of negative $1.3 million for calendar 2010. Our net income from continuing operations was $77,000 compared to a net loss of $3.3 million for calendar 2010.

For the full year, our income before income taxes from discontinued operations was $13.3 million compared to a loss of $5.1 million for calendar 2010, principally due to the $13.1 million gain from the sale of the three discontinued stations. The loss in 2010 arose primarily from a $2.3 million litigation reserve allocated to our discontinued operations relating to our MMT litigation.

The Company's net income for the full year of 2011 was $12.4 million compared to a net loss of $8.5 million for calendar 2010.

Commenting on the Company's full year results, Doug Gealy, ACME's President and CEO, said, "During this past year we made significant progress in achieving our goal of monetizing our assets for the benefit of our shareholders by selling three stations and making distributions to our shareholders in both July and December. We settled our legal action with our former national sales representative at the end of December, resolving a potentially protracted appeals process and eliminating major uncertainty. In February this year we completed the sale of our Madison station and in April made a further distribution of cash and LIN TV Corp. stock to our shareholders. We continue to be focused on our exit strategy of liquidating our remaining assets – our stations in the Albuquerque-Santa Fe market and our Daily Buzz operation – and will continue to further reduce our corporate infrastructure."

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 and litigation reserve and reversal, 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 income (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 income (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 financial statements on its Web site at www.acmecommunications.com by Wednesday, June 27, 2012.

About ACME Communications, Inc.

ACME Communications, Inc. currently owns and operates two television stations serving: KWBQ-TV and KASY-TV, Albuquerque-Santa Fe, NM. 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

(Quarterly Data Unaudited)

(In thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	**2010**	**2011**	**2010**
Net revenues	$ 3,392	$ 3,490	$ 12,907	$ 12,654
Operating expenses:				
Cost of service:				
Programming, including program amortization	1,863	1,908	7,230	7,339
Other costs of service (excluding depreciation and amortization of $153 and $234 for the three months ended December 31, 2011 and 2010, respectively, and $753 and $918 for the twelve months ended December 31, 2011 and 2010, respectively)	270	278	1,077	1,118
Selling, general and administrative expenses	906	944	3,359	3,265
Litigation reserve accrual (reversal)	(496)	1,157	(496)	1,157
Depreciation and amortization	153	234	753	923
Loss on disposal of assets	--	124	23	138
Corporate expenses	367	529	1,478	1,835
Operating expenses	3,063	5,174	13,424	15,775
Operating income (loss)	329	(1,684)	(517)	(3,121)
Other expenses:				
Interest income (expense), net	209	(134)	89	(379)
Income (loss) from continuing operations, before income taxes	538	(1,818)	(428)	(3,500)
Income tax benefit	75	862	505	172
Income (loss) from continuing operations	613	(956)	77	(3,328)
Discontinued operations:				
Income (loss) from discontinued operations, before income taxes	1,221	(3,374)	13,285	(5,127)
Income tax benefit (expense)	203	(940)	(988)	--
Income (loss) from discontinued operations	1,424	(4,314)	12,297	(5,127)
Net income (loss)	$ 2,037	$ (5,270)	$ 12,374	$ (8,455)
Net income (loss) per share, basic and diluted:				
Continuing operations	$ 0.04	$ (0.06)	$ 0.00	$ (0.21)

Discontinued operations	0.09	(0.27)	0.77	(0.32)
Net income (loss) per share - basic	$ 0.13	$ (0.33)	$ 0.77	$ (0.53)
Net income (loss) per share - diluted	$ 0.12	$ (0.33)	$ 0.74	$ (0.53)
Weighted average basic common shares outstanding	16,047	16,047	16,047	16,047
Weighted average diluted common shares outstanding	16,826	16,047	16,826	16,047

Supplemental Table 1

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Operating income (loss)	$ 329	$ (1,684)	$ (517)	$ (3,121)
Add (less):				
Depreciation and amortization	153	234	753	923
Loss on disposal of assets	--	124	23	138
Litigation reserve reversal (accrual)	(496)	1,157	(496)	1,157
Amortization of program rights	419	497	1,737	2,078
Corporate expenses	367	529	1,478	1,835
Program payments	(486)	(559)	(1,994)	(2,472)
Broadcast cash flow (1)	286	298	984	538
Add (less):				
Corporate expenses	(367)	(529)	(1,478)	(1,835)
Adjusted EBITDA	$ (81)	$ (231)	$ (494)	$ (1,297)
Broadcast cash flow margin (1)	8.4%	8.5%	7.6%	4.2%
Adjusted EBITDA margin (1)	-2.4%	-6.6%	-3.8%	-10.3%

(1) We define:

- Broadcast cash flow as operating income (loss), plus depreciation and amortization, loss on disposal of assets, litigation reserve accrual (reversal), amortization of program rights 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 December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Operating expenses	$ 3,063	$ 5,174	$ 13,424	$ 15,775
Add (less):				
Program payments	486	559	1,994	2,472
Depreciation and amortization	(153)	(234)	(753)	(923)
Loss on disposal of assets	--	(124)	(23)	(138)
Litigation reserve reversal (accrual)	496	(1,157)	496	(1,157)
Corporate expense	(367)	(529)	(1,478)	(1,835)
Barter program costs	(269)	(306)	(1,099)	(1,105)
Program amortization	(419)	(497)	(1,737)	(2,078)
Daily Buzz production costs	(1,127)	(1,046)	(4,196)	(3,948)
Total cash-based station operating expenses	$ 1,710	$ 1,840	$ 6,628	$ 7,063

CONTACT: ACME Communications, Inc.
Doug Gealy
President & Chief Executive Officer
314-989-0566 ext 16

Or

Jutta Gebauer
Acting Chief Financial Officer
714-245-9499