ACME Communications Announces Second Quarter 2012 Results

SANTA ANA, Calif., Sept. 5, 2012 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the second quarter ended June 30, 2012.

As previously announced 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 the Green Bay-Appleton, WI market in May 2011. 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 increased 10% to $3.7 million for the second quarter compared to net revenues of $3.3 million in the second quarter of 2011, driven by a 21% increase in the revenues of the Company's two continuing stations net of a 11% mostly timing-related decrease in revenues at the Daily Buzz. Total operating costs were $3.6 million for the second quarter unchanged from the $3.6 million for the second quarter of 2011.

Station cash-based operating expenses increased 8% to $1.8 million compared to the second quarter of 2011 principally on higher general and administrative expenses related to LIN's management performance bonus. Resulting continuing operations broadcast cash flow for the quarter decreased slightly to $326,000 compared to broadcast cash flow of $339,000 for the second quarter of 2011. Adjusted EBITDA from continuing operations increased to $126,000 compared to EBITDA of negative $102,000 for the second quarter of 2011 on significantly lower corporate expenses.

The Company's loss before income taxes from discontinued operations for the second quarter of 2012 was $66,000 consisting mainly of a realized loss recorded in connection with our April 4, 2012 special distribution of the remaining 300,000 shares of LIN Corp. common stock received in connection with LIN's purchase of our television stations in Dayton and Green Bay-Appleton in May 2011. The Company generated income before income taxes from discontinued operations of $12.6 million for the second quarter of 2011 principally from the gain on the sale of those stations and the gain on the sale of its station in Knoxville, also in May 2011.

The Company's net loss for the second quarter of 2012 was $36,000 compared to a $12.5 million net income for the second quarter of 2011.

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 and loss on disposal of assets 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 quarterly report on its Web site atwww.acmecommunications.com by Friday, September 7, 2012.

About ACME Communications, Inc.

ACME Communications, Inc. currently owns and operates three television stations serving: KWBQ-TV, KASY-TV, and KRWB (a full-power satellite of KWBQ) in the Albuquerque-Santa Fe, NM marketplace. The Company also produces *The Daily Buzz*, a nationally syndicated morning news and lifestyle program which airs in 179 television markets covering approximately 73% of 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 and Comprehensive Income

(Unaudited)

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Net revenues	$ 3,663	$ 3,339	$ 7,147	$ 6,408
Operating expenses:				
Cost of service:				
Programming, including program amortization	1,975	1,797	3,838	3,543
Other costs of service (excluding depreciation and amortization of $127 and $195 for the three months ended June 30, 2012 and 2011, respectively,				
and $256 and $406 for the six months ended June 30, 2012 and 2011, respectively)	291	309	518	534

Selling, general and administrative expenses	1,007	828	1,946	1,582
Depreciation and amortization	127	195	256	406
Loss on disposal of assets	---	---	---	23
Corporate expenses	200	441	491	804
Operating expenses	3,600	3,570	7,049	6,892
Operating income (loss)	63	(231)	98	(484)
Other expenses:				
Interest expense, net	(14)	(8)	(27)	(120)
Income (loss) from continuing operations, before income taxes	49	(239)	71	(604)
Income tax benefit (expense)	(19)	1,325	(27)	356
Income (loss) from continuing operations	30	1,086	44	(248)
Discontinued operations:				
Income (loss) from discontinued operations, before income taxes	(66)	12,615	1,000	12,208
Income tax expense	---	(1,191)	---	(1,191)
Income (loss) from discontinued operations	(66)	11,424	1,000	11,017
Net income (loss)	(36)	12,510	1,044	10,769
Change in fair value on investment available-for-sale	(19)	---	(73)	---
Comprehensive income (loss)	$ (55)	$ 12,510	$ 971	$ 10,769
Net income (loss) per share, basic and diluted:				
Continuing operations	$ 0.00	$ 0.07	$ 0.00	$ (0.02)
Discontinued operations	(0.00)	0.71	0.06	0.69
Net income (loss) per share	$ (0.00)	$ 0.78	$ 0.07	$ 0.67
Weighted average basic and diluted common shares outstanding	16,047	16,047	16,047	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 June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Operating income (loss)	$ 63	$ (231)	$ 98	$ (484)
Add (less):				
Depreciation and amortization	127	195	256	406

Loss on disposal of assets	---	---	---	23
Amortization of program rights	403	422	808	899
Corporate expenses	200	441	491	804
Program payments	(467)	(488)	(934)	(1,028)
Broadcast cash flow (1)	326	339	719	620
Add (less):				
Corporate expenses	(200)	(441)	(491)	(804)
Adjusted EBITDA	$ 126	$ (102)	$ 228	$ (184)
Broadcast cash flow margin (1)	8.9%	10.2%	10.1%	9.7%
Adjusted EBITDA margin (1)	3.4%	-3.1%	3.2%	-2.9%

(1) We define:

- Broadcast cash flow as operating income (loss), plus depreciation and amortization, loss on disposal of assets, 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 June 30,		Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Operating expenses	$ 3,600	$ 3,570	$ 7,049	$ 6,892
Add (less):				
Program payments	467	488	934	1,028
Depreciation and amortization	(127)	(195)	(256)	(406)
Loss on disposal of assets	---	---	---	(23)
Corporate expense	(200)	(441)	(491)	(804)
Barter program costs	(286)	(272)	(557)	(548)
Program amortization	(403)	(422)	(808)	(899)

Daily Buzz production costs	(1,232)	(1,051)	(2,366)	(1,993)
Total cash-based station operating expenses	$ 1,819	$ 1,677	$ 3,505	$ 3,247

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