

ACME Communications Announces Completion of Sale of New Mexico Stations and Cash Distribution to Its Shareholders

Also Announces Third Quarter 2012 Financial Results

SANTA ANA, Calif., Dec. 12, 2012 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced that it has completed the sale of its New Mexico stations, KWBQ (CW), KASY (MyNetworkTV) and KRWB (KWBQ's satellite), to Tamer Media and Lin Media. The sale of the stations was approved by the Company's shareholders along with the Company's plan of liquidation. In connection with the sale, the Board has approved a special cash distribution of \$0.93 per share, payable on December 21, 2012 to shareholders of record as of December 14, 2012. Pursuant to the approved plan of liquidation, the distribution is being treated as a return of capital.

The Company also released its financial results for the third quarter ended September 30, 2012. During the third quarter and for the first nine months of 2012, the Company's operations consisted of its New Mexico television stations, its Madison, WI station (sold in February 2012) and its Daily Buzz production, and those operations are considered as discontinued for purposes of the financial statement tables following this release.

Commenting on the sale and distribution, Doug Gealy, ACME's CEO, said, "We're pleased to have completed the sale of our remaining television stations and to now be in a position to distribute the vast majority of these net proceeds to our shareholders. We remain focused on trying to monetize our investment in the Daily Buzz, our last remaining operating asset, by finding a strategic acquiror who shares our vision for the show."

In addition to the Daily Buzz, the Company has \$1.0 million in a one-year escrowed indemnification deposit to Lin Media and \$290,000 in a two-year escrowed deposit to the Federal Communications Commission related to the sale of the New Mexico stations.

Use of Broadcast Cash Flow and Adjusted EBITDA

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 depreciation and amortization, 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 at www.acmecomunications.com by Friday, December 21, 2012.

About ACME Communications, Inc.

ACME Communications, Inc. owns and operates *The Daily Buzz*, a nationally syndicated morning news and lifestyle program which airs on more than 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		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2012	2011	2012	2011
Net revenues	\$ 4,491	\$ 3,451	\$ 11,805	\$ 14,528
Operating expenses:				
Cost of service:				
Programming, including program amortization	1,868	1,980	5,769	7,463
Other costs of service (excluding depreciation and amortization of \$125 and \$230 for the three months ended September 30, 2012 and 2011, respectively, and \$401 and \$869 for the nine	263	388	845	1,922

months ended September 30, 2012 and 2011,
respectively)

Selling, general and administrative expenses	880	1,041	2,895	4,770
Depreciation and amortization	125	230	401	869
Corporate expenses	226	307	717	1,111
Operating expenses	3,362	3,946	10,627	16,135
Operating income (loss)	1,129	(495)	1,178	(1,607)
Other income (expense):				
Gain (loss) on disposal of assets	--	(10)	1,049	12,884
Interest expense, net	(15)	(1)	(42)	(179)
Income (loss) from discontinuing operations, before income taxes	1,114	(506)	2,185	11,098
Income tax benefit (expense)	2,049	74	2,022	(761)
Net income (loss)	3,163	(432)	4,207	10,337
Change in fair value on investment available-for-sale	--	(2,630)	(73)	(2,454)
Comprehensive income (loss)	\$ 3,163	\$ (3,062)	\$ 4,134	\$ 7,883
Net income (loss) per share, basic and diluted (discontinued):	\$ 0.20	\$ (0.03)	\$ 0.26	\$ 0.64
Weighted average basic and diluted common shares outstanding	16,047	16,047	16,047	16,047

NOTE - All of the Company's operations are now considered discontinued.

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		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Operating income (loss)	\$ 1,129	\$ (495)	\$ 1,178	\$ (1,607)
Add (less):				
Depreciation and amortization	125	230	401	869
Amortization of program rights	401	534	1,269	2,691
Corporate expenses	226	307	717	1,111
Program payments	(459)	(595)	(1,453)	(2,999)
Broadcast cash flow (1)	1,422	(19)	2,112	65
Add (less):				
Corporate expenses	(226)	(307)	(717)	(1,111)

Adjusted EBITDA	\$ 1,196	\$ (326)	\$ 1,395	\$ (1,046)
Broadcast cash flow margin (1)	31.7%	-0.6%	17.9%	0.4%
Adjusted EBITDA margin (1)	26.6%	-9.4%	11.8%	-7.2%

(1) We define:

- Broadcast cash flow as operating income (loss), plus depreciation and amortization, 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 Nine Months Ended

September 30,		September 30,	
2012	2011	2012	2011

Operating expenses	\$ 3,362	\$ 3,946	\$ 10,627	\$ 16,135
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Add (less):

Program payments	459	595	1,453	2,999
Depreciation and amortization	(125)	(230)	(401)	(869)
Corporate expense	(226)	(307)	(717)	(1,111)
Barter program costs	(283)	(316)	(840)	(1,353)
Program amortization	(401)	(534)	(1,269)	(2,691)
Daily Buzz production costs	(1,136)	(1,076)	(3,502)	(3,069)

Total cash-based station operating expenses	\$ 1,650	\$ 2,078	\$ 5,351	\$ 10,041
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