ACME COMMUNICATIONS, Inc.

Quarterly Financial Report
(unaudited)

September 30, 2011

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ACME Communications, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share data)

	September 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 593	$ 2,331
Restricted cash	3,275	50
Accounts receivable, net of allowance for doubtful accounts of $909 and $938 as of September 30, 2011 and December 31, 2010, respectively	3,366	5,963
Current portion of programming rights	2,029	2,092
Investments available-for-sale	2,131	---
Prepaid expenses and other current assets	179	1,184
Assets held for sale	726	11,347
Total current assets	12,299	22,967
Property and equipment, net	2,049	2,786
Programming rights, net of current portion	2,689	3,252
Goodwill, net	11,401	11,401
Broadcast licenses, net	3,359	3,359
Other assets	28	40
Total assets	$ 31,825	$ 43,805
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,102	$ 3,483
Accrued liabilities	4,750	6,409
Current portion of programming rights payable	2,628	4,655
Current portion of obligations under lease	54	51
Income taxes payable	500	346
Liabilities held for sale	631	8,125
Total current liabilities	9,665	23,069
Programming rights payable, net of current portion	3,342	4,838
Obligations under lease, net of current portion	610	653
Other liabilities	641	529
Deferred income taxes	1,890	1,306
Total liabilities	16,148	30,395
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, no shares issued or outstanding	---	---
Common stock, $0.01 par value; 50,000,000 shares authorized, 16,772,415 shares issued and 16,046,763 outstanding at September 30, 2011 and December 31, 2010	168	168
Additional paid-in capital	133,004	133,004
Accumulated deficit	(110,041)	(114,762)
Accumulated other comprehensive loss	(2,454)	---
Less: Treasury stock, at cost; 725,652 shares	(5,000)	(5,000)
Total stockholders' equity	15,677	13,410
Total liabilities and stockholders' equity	$ 31,825	$ 43,805

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Net revenues	$ 3,451	$ 3,755	$ 10,676	$ 10,604
Operating expenses:				
Cost of service:				
Programming, including program amortization	1,980	2,086	5,871	5,963
Other costs of service (excluding depreciation and amortization of $231 and $343 for the three months ended September 30, 2011 and 2010, respectively, and $708 and $1,080 for the nine months ended September 30, 2011 and 2010, respectively)	388	414	1,186	1,191
Selling, general and administrative expenses	1,042	780	2,982	2,950
Depreciation and amortization	230	343	708	1,085
Loss on disposal of assets	---	700	23	700
Corporate expenses	307	494	1,111	1,320
Operating expenses	3,947	4,817	11,881	13,209
Operating loss	(496)	(1,062)	(1,205)	(2,605)
Other expenses:				
Interest, net	(1)	(90)	(121)	(246)
Loss from continuing operations, before income taxes	(497)	(1,152)	(1,326)	(2,851)
Income tax benefit (expense)	74	30	430	(690)
Loss from continuing operations	(423)	(1,122)	(896)	(3,541)
Discontinued operations:				
Income (loss) from discontinued operations, before income taxes	(9)	(208)	12,424	(584)
Income tax expense	---	940	(1,191)	940
Income (loss) from discontinued operations	(9)	732	11,233	356
Net income (loss)	$ (432)	$ (390)	$ 10,337	$ (3,185)
Net income (loss) per share, basic and diluted:				
Continuing operations	$ (0.03)	$ (0.07)	$ (0.06)	$ (0.22)
Discontinued operations	(0.00)	0.05	0.70	0.02
Net income (loss) per share	$ (0.03)	$ (0.02)	$ 0.64	$ (0.20)
Weighted average basic and diluted common shares outstanding	16,047	16,047	16,047	16,047

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity
(Unaudited)
(In thousands)

	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	Treasury	Total Stockholders'
	Shares	Amount	Capital	Deficit	Income (loss)	Stock	Equity
Balance at December 31, 2010	16,772	$ 168	$ 133,004	$ (114,762)	$ -	$ (5,000)	$ 13,410
Comprehensive income:							
Unrealized holding loss on investment available-for-sa	---	---	---	---	(2,454)	---	(2,454)
Net income	---	---	---	10,337	---	---	10,337
Total comprehensive income							7,883
Shareholder Distribution	---	---	---	(5,616)	---	---	(5,616)
Balance at September 30, 2011	16,772	$ 168	$ 133,004	$ (110,041)	$ (2,454)	$ (5,000)	$ 15,677

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	For the Nine Months Ended September 30,	
	2011	**2010**
Cash flows from operating activities:		
Net income (loss)	$ 10,337	$ (3,185)
Add: Income from discontinued operations, net of income tax	(11,233)	(356)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts receivable	53	(10)
Depreciation and amortization	708	1,085
Loss on disposal of assets	23	700
Amortization of program rights	1,674	1,936
Amortization of prepaid financing costs	41	60
Deferred income tax provision	584	662
Changes in operating assets and liabilities:		
Restricted cash - litigation escrow	(3,225)	---
Accounts receivable	187	(638)
Prepaid expenses and other current assets	894	77
Other assets	12	16
Accounts payable	(962)	(544)
Accrued liabilities	(739)	(150)
Income taxes payable	(1,037)	6
Programming rights payable	(1,863)	(2,269)
Other liabilities	112	107
Net cash used in operating activities	(4,434)	(2,503)
Cash flows from investing activities:		
Purchase of property and equipment	(25)	(22)
Proceeds from sale of property and equipment	30	---
Proceeds from sale of assets - discontinued operations	11,397	---
Net cash provided by (used in) investing activities	11,402	(22)

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Cash Flows - Continued
(Unaudited)
(In thousands)

	For the Nine Months Ended September 30,	
	2011	**2010**
Cash flows from financing activities:		
Payment of financing costs on credit facility	$ ---	$ (32)
Borrowings under revolving credit facility	1,000	1,127
Repayments under revolving credit facility	(1,000)	---
Repayments of program deferrals	(813)	1,247
Payments on capital lease obligations	(40)	(36)
Cash distribution to shareholders	(5,616)	---
Net cash provided by (used in) financing activities	(6,469)	2,306
Increase (decrease) in net cash from continuing operations	499	(219)
Discontinued operations:		
Net cash provided used in operating activities	(356)	(1,211)
Net cash used in investing activities	---	(960)
Net cash provided by (used in) financing activities	(1,881)	2,148
Net cash used in discontinued operations	(2,237)	(23)
Decrease in cash and cash equivalents	(1,738)	(242)
Cash and cash equivalents at beginning of period	2,331	2,052
Cash and cash equivalents at end of period	593	$ 1,810
Cash payments for:		
Interest	154	$ 202
Taxes	18	$ 22
Non-cash transactions:		
Program rights in exchange for program rights payable (continuing operations)	$ 1,044	$ 741
Fair value of non-cash proceeds of 1,150,000 shares of LIN TV Corp unregistered common stock received connection with the WBDT and WIWB station sale	4,584	---
	$ 5,628	$ 741

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1. NATURE OF BUSINESS

The Company commenced operations in 1997 and ACME Communications, Inc. was formed as the Company's holding company on July 23, 1999, in preparation for and in conjunction with an initial public offering of its stock.

ACME Communications, Inc. (together with its subsidiaries, hereinafter, individually and collectively, "ACME" or the "Company") is a holding company with no independent operations other than through its indirect wholly-owned subsidiary, ACME Television, LLC ("ACME Television"). As of September 30, 2011, ACME Television, through its wholly-owned subsidiaries, owned and operated the following three commercially-licensed, full-power, broadcast television stations located throughout the United States, including KWBR in Roswell, New Mexico, the Company's satellite station of KWBQ:

Station - Channel	Market	Market Ranking (1)	Network Affiliation (2)
KWBQ - 29 / KWBR - 21	Albuquerque – Santa Fe, NM	46	CW
KASY - 45	Albuquerque – Santa Fe, NM	46	MNT
WBUW - 32	Madison, WI	85	CW

(1) based on television households per Nielsen Market Research for the 2010/2011 broadcast season.
(2) "CW" refers to The CW Television Network and "MNT" refers to MyNetworkTV.

Effective November 4, 2008, the Company's common stock was delisted from the Nasdaq Global Market and on that same day the Company filed a Form 15 with the U.S. Securities & Exchange Commission ("SEC") to deregister its common stock under Section 12 of the Securities Exchange Act of 1934. Upon the filing of the Form 15, the Company's obligation to file certain reports with the SEC, including Forms 10-K, 10-Q, and 8-K, was immediately suspended. The deregistration of the Company's common stock became effective February 1, 2009. The Company's common stock is currently quoted on the Pink Sheets®, a centralized electronic quotation service for over-the counter securities.

Sale of Stations and Other Events

On May 6, 2011, the Company completed the sale of WBXX-TV, its station in Knoxville, TN to Lockwood Broadcast Group and on May 20, 201, the Company completed the sale of its WBDT-TV its Dayton, OH station and WCWF-TV (formerly WIWB-TV) its Green Bay, WI station to LIN Media ("LIN"). The aggregate sales price for the three stations was $17.1 million. In connection with the WBDT and WCWF sale, LIN exercised its right under the Option Agreement to pay 50% of the combined purchase price with its common stock and issued the Company 1,150,000 unregistered shares. Resale of these shares is restricted for a period of six months from their issuance. Also see Note 6 "*Investment Available-For-Sale".*

On June 13, 2011, the Company's Board of Directors approved a special distribution to its shareholders of record as of June 30, 2011 in the form of a cash distribution of $.35 per common share. The distribution was payable and paid on July 14, 2011.

Discontinued Operations

The Company sold eight of its stations – KPLR (St. Louis), KWBP (Portland, OR), KUWB (Salt Lake City), WTVK (Ft. Myers-Naples) and WBUI (Champagne-Springfield-Decatur, IL) in previous periods and sold WBXX (Knoxville, TN); and both the WBDT (Dayton, OH) and WCWF (Green Bay, WI) stations on May 6, 2011 and May 20, 2011, respectively – see Note above "*Sale of Stations and Other Events".* In accordance with U.S. generally accepted accounting principles, the accompanying consolidated statements of operations and cash flows reflect the results of these stations as discontinued operations for all periods presented.

2. BASIS OF PRESENTATION

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, including The Daily Buzz, LLC. All significant intercompany accounts and transactions have been eliminated for all periods presented. Segment information is not presented since all of the Company's revenues are attributed to a single reportable segment.

Presentation of Interim Financial Statements

The accompanying consolidated financial statements for the three and nine months ended September 30, 2011 and 2010 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, such consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the financial position and the results of operations, and cash flows for these periods. These consolidated financial statements do not include all disclosures and footnotes normally included with annual consolidated financial statements, and accordingly, should be read in conjunction with the consolidated financial statements, and the notes thereto, included in the Company's 2010 Annual Report, which can be found on the Company's website at *www.acmecommunications.com.* The results of operations presented in the accompanying consolidated financial statements are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

The accompanying consolidated balance sheet as of December 31, 2010 is derived from the audited consolidated financial statements included in the Company's 2010 Annual Report.

In accordance with the Financial Accounting Standards Board (the "FASB") *Accounting Standards Codification*™ ("ASC") Topic 855, *Subsequent Events,* or ASC 855, the Company evaluated all events or transactions that occurred after September 30, 2011 through December 8, 2011, which represents the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement* (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. This update clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This update is effective on a prospective basis for annual and interim reporting periods beginning on or after December 15, 2011, which for the Company is January 1, 2012. The Company does not expect that adopting this update will have a material impact on its consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income* (Topic 220). This update (1) eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity; (2) requires the consecutive presentation of the statement of net income and other comprehensive income; and (3) requires an entity to present reclassification adjustments on the face of the financial statements from other comprehensive income to net income. This update does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income nor does the update affect how earnings per share is calculated or presented. This update is required to be applied retrospectively and is effective for fiscal years and interim periods within those years beginning after December 15, 2011, which for the Company is January 1, 2012. As this update only requires enhanced disclosure, the Company does not expect that adopting this update will have a material impact on its consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of these consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, management evaluates its estimates, including those related to program rights, bad debts, intangible assets, including its broadcast licenses, investments, income taxes, and contingencies and litigation reserves. The Company bases its estimates on historical experience and on various other assumptions that they believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions. The Company's critical accounting policies are fully disclosed in the Company's 2010 Annual Report. There have been no material changes to these policies during the quarter ended September 30, 2011.

3. DISCONTINUED OPERATIONS

In accordance with U.S. generally accepted accounting principles, the accompanying consolidated statements of operations and cash flows reflect, as discussed in Note 1, the results of the Company's disposed stations as discontinued operations for all periods presented.

Summarized financial information, in thousands, relating to the operations of these stations is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Net revenues	$ ---	$ 2,775	$ 3,458	$ 8,278
Loss from operations, before gain on sale of assets and income tax benefit (expense)	(9)	(208)	(577)	(584)
Gain on sale of assets	---	---	13,001	---
Income tax benefit (expense)	---	940	(1,191)	940
Income (loss) from discontinued operations	$ (9)	$ 732	$ 11,233	$ 356

Assets held for sale:

	September 30, 2011	December 31, 2010
Programming rights	$ ---	$ 6,643
Property and equipment, net	726	2,272
Broadcast licenses, net	---	2,432
Assets held for sale	$ 726	$ 11,347

Liabilities held for sale:

	September 30, 2011	December 31, 2010
Programming liabilities	$ ---	$ 7,501
Other liabilities, including real estate promissory note on Ohio building	631	624
Liabilities held for sale	$ 631	$ 8,125

4. LONG-LIVED ASSETS, INCLUDING INTANGIBLES SUBJECT TO AMORTIZATION

Long-lived assets consist of program rights and property and equipment.

Programming Rights

Our programming rights are stated, on a gross basis, at the lower of amortized cost or estimated realizable value. Generally, programming rights are amortized over the life of the contract on a straight-line basis related to the usage of the program. Any reduction in unamortized costs to net realizable value is included in amortization of program rights in the accompanying consolidated statements of operations. We evaluate estimated realizable value of programming rights based on current usage and revenue performance and projected future revenue and usage of such programs. Changes in our programming schedule could impact the estimated realizable value of programming. In addition, estimates of future revenue performance relate to the number of advertising spots we sell and the amount generated from such sales. A decrease in the number of spots sold or the amount for such sales could also impact our estimated realizable value. There was no write-down of programming rights due to impairments for our Continuing Stations during the nine-month period ended September 30, 2011. For the nine months ended September 30, 2010, we recorded write-downs of programming rights due to impairments for our Continuing Stations of $123,000.

Property & Equipment

Depreciation and amortization of our long-lived assets is provided using the straight-line method over their estimated useful lives. Changes in circumstances, such as the passage of new laws or changes in regulations, technological advances, changes to our business model or changes in our capital strategy could result in the actual useful lives differing from initial estimates. In those cases where we determine that the useful life of a long-lived asset should be revised, we will depreciate the net book value in excess of the estimated residual value over its revised remaining useful life. Factors such as changes in the planned use of equipment, customer attrition, contractual amendments or mandated regulatory requirements could result in shortened useful lives.

Long-lived assets and asset groups are evaluated for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. There were no impairment charges recorded for our Continuing Stations during the nine-month period ended September 30, 2011. The Company recorded a $700,000 impairment charge on its Madison broadcast tower and transmitter building which were sold at a loss during the fourth quarter of 2010 and a $100,000 impairment charge during the quarter ended September 30, 2010 related to its WBDT's station's studio building and land.

5. GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

In accordance with FASB ASC Topic 350-30, *Intangibles — Goodwill and Other, Goodwill,* or ASC 350-30, Goodwill and indefinite life intangible assets are not amortized but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the assets might be impaired. In assessing the recoverability of goodwill and indefinite life intangible assets, the Company must make assumptions about the estimated future cash flows and other factors to determine the fair value of these assets.

For goodwill, the impairment evaluation includes a comparison of the carrying value of the reporting unit (including goodwill) to that reporting unit's fair value. If the reporting unit's estimated fair value exceeds the reporting unit's carrying value, no impairment of goodwill exists. If the fair value of the reporting unit does not exceed the unit's carrying value, then an additional analysis is performed to allocate the fair value of the reporting unit to all of the assets and liabilities of that unit as if that unit had been acquired in a business combination and the fair value of the unit was the purchase price. If the excess of the fair value of the reporting unit over the fair value of the identifiable assets and liabilities is less than the carrying value of the unit's goodwill, an impairment charge is recorded for the difference.

Similarly, the impairment evaluation for indefinite life intangible assets includes a comparison of the asset's carrying value to the asset's fair value. When the carrying value exceeds fair value an impairment charge is recorded for the amount of the difference. An intangible asset is determined to have an indefinite useful life when there are no legal, regulatory, contractual, competitive, economic or any other factors that may limit the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Company. The Company also evaluates annually intangible assets that are not being amortized to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is determined to have a finite useful life, the asset will be amortized

prospectively over the estimated remaining useful life and accounted for in the same manner as intangible assets subject to amortization. The annual impairment testing date is December 31. The Company will also test for impairment between annual test dates if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is performed at a reporting unit level. An impairment loss would generally be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit.

Intangible assets with indefinite lives consist of FCC broadcast licenses and goodwill. There were no impairment charges recorded on the Company's FCC broadcast licenses and goodwill during the nine-month periods ended September 30, 2011 and 2010.

6. INVESTMENTS AVAILABLE-FOR-SALE

Investment securities consist of equity securities, which are classified as available-for-sale securities. Available-for-sale securities are recorded at fair value and unrealized holding gains and losses are excluded from earnings and are reported as a separate component of comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific-identification basis. A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount to fair value. Any resulting impairment is charged to other expense and a new cost basis for the security is established.

The Company holds one investment available-for-sale asset, which is comprised of 1,150,000 unregistered shares of LIN common stock, issued in connection with LIN's purchase of the Company's WBDT and WCWF (formerly WIWB) stations in May 2011 – also see Note 1 "*Sale of Stations and Other Events"*. The resale of these shares is restricted and subject to a six-month holding period. Based on the closing market price at September 30, 2011 less a discount for lack of marketability, the value of the 1,150,000 shares was approximately $2.1 million. The unrealized loss of the investment was $2.5 million at September 30, 2011. The unrealized gains and losses of this investment are recorded in accumulated other comprehensive income in the Company's consolidated balance sheets (see Note 14).

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC Topic. 820, *Fair Value Measurements and Disclosures*, or ASC 820, applies to certain assets and liabilities that are being measured and reported on a fair value basis. Broadly, the ASC 820 framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. ASC 820 also establishes a fair value hierarchy for ranking the quality and reliability of the information used to determine fair values. This hierarchy is as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis:

The fair value of the Company's investment in LIN stock is determined based on quoted market prices less a discount for marketability – also see Note 6 "*Investments Available for Sale"* which is a Level 3 classification. The Company records the investment on the balance sheet at fair value with changes in fair value recorded as a component of accumulated other comprehensive income in the consolidated balance sheet (see Note 12).

Under the guidance of ASC 320, "Investments", the Company periodically evaluates other-than-temporary impairment (OTTI) of these securities to determine whether a decline in their value is other than temporary. Management utilizes criteria such as the magnitude and duration of the decline, in addition to the reasons underlying the decline, to determine whether the loss in value is other than temporary. Once a decline in value is determined to be other than temporary, the value of the security is reduced and a corresponding impairment charge to earnings is recognized.

The Company has evaluated its investment in LIN stock as of September 30, 2011, and has determined that there were no unrealized losses that indicate an other-than-temporary impairment. This determination was based on several factors, which include the length of time and extent to which fair value has been less than the cost basis and the financial condition and

near-term prospects of the issuer, and the Company's intent and ability to hold the publicly traded equity securities for a period of time sufficient to allow for any anticipated recovery in market value.

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis:

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. Included in this category are goodwill written down to fair value when determined to be impaired, assets and long-lived assets including FCC broadcast licenses that are written down to fair value when they are held for sale or determined to be impaired. The valuation methods for goodwill, assets and liabilities resulting from business combinations, and long-lived assets involve assumptions concerning interest and discount rates, growth projections, and/or other assumptions of future business conditions. As all of the assumptions employed to measure these assets and liabilities on a nonrecurring basis are based on management's judgment using internal and external data, these fair value determinations are classified in Level 3 of the valuation hierarchy.

8. STOCK-BASED COMPENSATION

FASB ASC Topic 718 *Compensation — Stock Compensation,* or ASC 718**,** requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. There were no stock options granted or any other type of share-based issuances during the nine-month periods ended September 30, 2011 and 2010.

There was no stock-based compensation expense for the three and nine-month periods ended September 30, 2011 and 2010 and as of September 30, 2011, there is no unrecognized compensation cost related to unvested stock options.

9. INCOME TAXES

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes,* or ASC 740**.** Income taxes are provided based on current taxable income and the future tax consequences of temporary differences between the basis of assets and liabilities for financial and tax reporting. The deferred income tax assets and liabilities represent the future state and federal tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred income taxes are also recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future income taxes. At each reporting period, management assesses the realizable value of deferred tax assets based on, among other things, estimates of future taxable income, and adjusts the related valuation allowance as necessary. Management makes a number of assumptions and estimates in determining the appropriate amount of expense to record for income taxes. These assumptions and estimates consider the taxing jurisdiction in which the Company operates as well as current tax regulations. Accruals are established for estimates of tax effects for certain transactions and future projected profitability of the Company's businesses based on management's interpretation of existing facts and circumstances.

FASB Topic ASC 740, *Income Taxes*, or ASC 740, defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. A tax position that meets the "more-likely-than-not" criterion shall be measured at the largest amount of benefit that is more than 50% likely of being realized upon ultimate settlement. The Company has reviewed its tax positions and determined that an adjustment to the tax provision is not considered necessary nor is a reserve for income taxes required.

10. NOTES PAYABLE UNDER REVOLVING CREDIT FACILITY

In connection with the Company's WBXX sale on May 6, 2011 – see Note 1 "*Sale of Stations and Other Events*" the Company repaid and terminated its Revolving Credit Facility. Accordingly, at September 30, 2011, the Company had no outstanding amounts under its Revolver or any other borrowing arrangements.

11. NOTES PAYABLE SECURED BY TRUST DEED

On March 26, 2010 the Company purchased its Dayton studio facility for $950,000. The Company financed the purchase with a $650,000 Promissory Note with interest at seven percent (7%) per annum on the unpaid principal balance, payable in thirty six (36) equal consecutive monthly installments of $5,038 with all remaining principal and interest due and payable on April 3, 2013. As of September 30, 2011 the Note balance was approximately $630,000 and is included in Liabilities held for sale in the accompanying balance sheets

12. BARTER AND TRADE TRANSACTIONS

Revenue and expenses associated with barter agreements in which broadcast time is exchanged for programming rights are recorded at the estimated average rate of the airtime exchanged, which the Company believes approximates fair value. Barter revenue for our Continuing Stations amounted to $316,000 and $332,000, during the three-month periods ended September 30, 2011 and 2010, respectively. For the nine-month periods ended September 30, 2011 and September 30, 2010, barter revenue amounted to $959,000 and $952,000, respectively. Trade transactions, which represent the exchange of advertising time for goods or services, are recorded at the estimated fair value of the products or services received based on comparable cash transactions. Barter and trade revenue is recognized when advertisements are broadcast. Merchandise or services received from airtime trade sales are charged to expense or capitalized and expensed when used.

13. INCOME (LOSS) PER SHARE

Basic income (loss) per common share is computed by dividing net income (loss) to common stockholders by the weighted average number of common shares outstanding for the period. Diluted income (loss) per share includes the effect of our outstanding stock options, warrants and shares issuable pursuant to convertible debt, convertible preferred stock and certain stock incentive plans under the treasury stock method, if including such instruments is dilutive.

There were no stock options that expired or were forfeited during the nine-month period ended September 30, 2011. Our stock options outstanding at September 30, 2011 were 784,500 shares compared to stock options outstanding at September 30, 2010 of 795,850. These options were not included in the computation of diluted EPS because an inclusion of such shares would have been anti-dilutive.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income is the combination of accumulated net unrealized gains or losses on investments available-for-sale, which consists of 1,150,000 shares of LIN restricted common stock which were issued in connection with LIN's purchase of our WBDT and WIWB stations - also see Notes 1 "*Sale of Stations and Other Events*" and Note 6 "*Investments Available for Sale*".

The carrying value of the Company's investment in LIN stock, has fluctuated and the respective unrealized gains and losses are recorded in accumulated other comprehensive income. As of September 30, 2011 the component of accumulated other comprehensive income is as follows:

	September 30, 2011	December 31, 2010
Unrealized loss on investment available-for-sale	$ 2,454	$ ---
Ending Balance	$ 2,454	$ ---

15. COMMITMENTS AND CONTINGENCIES

The Company is currently involved in a lawsuit brought by its former national sales representation firm. On June 21, 2011, the Company received an unfavorable judgment in connection with the above mentioned lawsuit. The order and decision granted by the New York Supreme Court granted Plaintiff's motion for summary judgment and awarded the plaintiff a $2.4 million breakup fee as well as interest thereon, and other costs and disbursements to be submitted by plaintiff.

In May 2011, the Company paid $3.2 million into the escrow account as collateral for the above referenced judgment. These escrowed funds are reflected as "restricted cash" in the accompanying balance sheets. The Company has appealed the court's decision and no changes have been made to the previously recorded litigation reserve of $3.5 million accrued in "other accrued liabilities" in the accompanying balance sheets.

Additional developments in our litigation or other adverse or positive developments or rulings in our litigation could affect our assumptions and, thus, our accrual.

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Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations

Forward Looking Statements

This Quarterly Report includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "expect," "believe," " should" or "might" or the negative of such terms or other comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our and the television broadcast industry's actual results, levels of activity, performance, achievements and prospects to be materially different from those expressed or implied by such forward-looking statements. Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including (but not limited to) an inability to selectively sell our stations, an inability of The CW Network or MyNetworkTV to attract and grow viewership, the impact of changes in national and regional economies, including advertising demand, pricing fluctuations in local and national advertising, and volatility in programming costs and other risk factors.

These forward-looking statements speak only as of the date of this Quarterly Report. We undertake no duty to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report might not occur.

Presentation of Financial Information in this MD&A

The financial information and discussion contained in this MD&A for the three and nine-month periods ended September 30, 2011 and 2010 is unaudited and has not been read or reviewed by our independent public accountants. In the opinion of management, such financial information, however, includes all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the financial position and the results of operations, and cash flows for the periods presented. The information contained in the MD&A should be read in conjunction with our audited Consolidated Financial statements, and notes thereto, as of and for the years ended December 31, 2010 and 2009, included in the Company's 2010 Annual Report, which can be found on the Company's website at *www.acmecommunications.com.*

Overview

This MD&A is provided as a supplement to our unaudited Consolidated Financial Statements and notes thereto, as discussed above, in order to enhance your understanding of our results of operations and financial condition. Our MD&A is organized as follows:

☐ *Introduction*. This section provides a general description of our Company and discussion about our operations.

☐ *Recent Developments and Sales of Stations*. This section provides a general description of our Company's recent developments including the recently completed sales of the Company's WBXX, WBDT and WCWF (formerly WIWB) television stations.

☐ *Critical Accounting Policies and Estimates.* This section discusses those accounting policies that are considered important to the evaluation and reporting of our financial condition and results of operations, and whose application requires us to exercise subjective or complex judgments in making estimates and assumptions. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 2 to our audited Consolidated Financial Statements, which are, as mentioned above, posted separately on our Company's website at *www.acmecommunications.com*.

☐ *Results of Operations*. This section provides our analysis and outlook for the significant line items on our consolidated statements of operations, as well as other information that we deem meaningful to understand our results of operations on both a continuing and discontinuing operations basis.

☐ *Liquidity and Capital Resources*. This section provides an analysis of our liquidity and cash flows and discussions of our contractual obligations and commitments, as well as our outlook on our available liquidity as of September 30, 2011.

☐ *Recent Accounting Pronouncements.* This section provides a summary of the most recent authoritative accounting standards and guidance that have either been recently adopted by our Company or may be adopted in the future.

As of September 30, 2011, our Company, ACME Communications, Inc. and its wholly-owned subsidiaries (together, unless the context otherwise requires, the "Company" or "we"), owned and operated three independently programmed broadcast television stations serving markets reaching 2.2% of the nation's television households: KWBQ-TV and KASY-TV, Albuquerque-Santa Fe, NM and WBUW-TV, Madison, WI. In addition, we own KRWB in the Albuquerque-Santa Fe market, which is a satellite of KWBQ-TV. In addition to our television stations, we also produce a three-hour weekday news and lifestyle morning program, The Daily Buzz, which airs on all of our stations and on 169 television stations across the United States. Our WBXX-TV, WBDT-TV and WCWF-TV stations were sold in May 2011 – also see "*Recent Developments and Sales of Stations"* below. Our three remaining continuing stations which are our duopoly in the Albuquerque-Santa Fe marketplace (ranked 46th by Nielsen in terms of television households) and our station in the Madison marketplace (ranked 85th by Nielsen) (collectively, our "Continuing Stations") KWBQ and WBUW are affiliates of The CW Television Network and KASY is an affiliate of MyNetworkTV.

Since we reached a high of eleven television stations in 2002, we have been seeking to monetize shareholder value by the selective sale of our stations. We continue to be sellers rather than buyers of television station assets. Sales of our stations, as discussed below under *Recent Developments and Sales of Stations*, in Knoxville, Dayton and Green Bay (collectively, our "Discontinuing Stations") were completed in May 2011 and in accordance with U.S. generally accepted accounting principles, we have presented the results of these stations as discontinued operations for all periods presented.

We derive revenues primarily from the sale of advertising time to local, regional and national advertisers and, to a lesser extent, from program licensing fees from other stations and distributors related to *The Daily Buzz.* Our advertising revenues depend on popular programming that attracts audiences in the demographic groups targeted by advertisers, allowing us to sell advertising time at satisfactory rates. Similar to all commercial television stations, our rates are directly affected by the number of and demographic makeup of our viewing audience, as measured by Nielsen Media Research. Our revenues also depend significantly on factors such as the national and local economy and the level of local competition.

Approximately 65-75% of our revenues are derived from programming that airs between the hours of 5:00 p.m. to midnight. Network prime time, which is a subset of this broad daypart, accounts for 12-15% of our total revenues.

Our two CW stations are ranked fifth, and our MyNetworkTV affiliated stations ranked sixth amongst English-language commercial television stations in their respective markets in terms of either their share of viewers or their share of the market's broadcast television revenue. In periods of lower advertising demand – as has been the case for the past two years - competition from market leaders, generally the ABC, CBS, NBC and FOX affiliated stations, increases as these stations become more aggressive in their pricing to maintain their revenue share. Over the past several years, biennial political spending in the even years has grown substantially. While we do not directly benefit in any significant way from this political advertising since most such advertising generally targets viewers older than our normal viewing audience, we indirectly benefit as the increased demand for political advertising reduces the overall inventory available to non-political advertisers in each market, which consequently increases the overall advertising price for such non-political advertisers.

Similar to the television advertising business in general, our revenues are usually greatest during the fourth quarter of each year, primarily due to increased expenditures by advertisers in anticipation of holiday season consumer spending and an increase in viewership during this period. We generally pay commissions to advertising agencies on local, regional and national advertising and to national sales representatives on national advertising. Our net revenues reflect deductions from gross revenues for commissions payable to advertising agencies and national sales representatives.

Our primary ongoing operating expenses are costs of services, selling, general and administrative expenses, corporate expenses, depreciation and amortization and expenses related to impairments in our broadcast licenses. Costs of services include programming costs, which consist primarily of amortization of programming rights relating to syndicated programs as well as costs associated with our morning news show, *The Daily Buzz*, and music rights fees. Other costs of service include advertising expenses targeted at viewers, which is net of any reimbursement received or due to us for such advertising and promotion from our networks or from other program suppliers, and engineering and transmission related expenses. Selling, general and administrative expenses primarily include salaries, sales commissions to account executives, ratings service expenses, insurance and various related overhead expenses. Corporate expenses reflect costs of corporate management, which includes senior management and other centralized management support staff, along with investor relations expenses, professional fees including but not limited to annual audit and legal expenses, directors and officers insurance and other related corporate overhead.

The national recession that began in the second half of calendar 2008 had an adverse impact on our industry and our Company during 2009, but advertising demand improved in our continuing markets in 2010 and we saw a slow recovery during the first six months of 2011. However, market conditions fluctuated adversely again during the third quarter and we are experiencing a decline in our market share mainly caused by stronger in-market sales competition at our two remaining television station markets. Advertising demand was also adversely impacted by the earthquake and tsunami in Japan earlier this year which has impacted production of automobiles and dramatically reduced advertising needs by Japanese importers. Additionally, it appears that the national economy is growing at a very slow rate post recession which seems to be dampening the rebound seen in 2010. Finally, there will not be meaningful amounts of political advertising in 2011.

Sale of Stations and Other Events

On May 6, 2011, we completed the sale of WBXX-TV, our station in Knoxville, TN to Lockwood Broadcast Group and on May 20, 2011, we completed the sale of WBDT-TV our Dayton, OH station and WCWF-TV (formerly WIWB-TV) our Green Bay, WI station to LIN Media. The aggregate sales price for the three stations was $17.1 million.

The WBDT and WCWF sales reflected the exercise of an option by LIN, who had assigned certain purchase rights for WBDT to WBDT Television, LLC. LIN exercised its right under the Option Agreement to pay approximately 50% of the combined purchase price with its common stock and issued 1,150,000 unregistered shares. Resale of these shares is restricted for a period of six months from their issuance. Additionally, upon consummation of the sale of the stations, we repaid deferred programming payment obligations for the three stations in the aggregate amount of $2.2 million to four of our program suppliers. We also funded from the proceeds approximately $3.2 million into an escrow account in connection with our ongoing litigation with MMT, LLC, our former national advertising sales representative. Net cash proceeds, after transaction costs and the aforementioned program payments and escrow funding, were about $4.7 million.

In connection with the WBXX sale on May 6, 2011, we also repaid and terminated our Revolving Credit Facility.

On June 13, 2011, the Company's Board of Directors approved a special distribution to its shareholders of record as of June 30, 2011 in the form of a cash distribution of $.35 per common share. The distribution was paid on July 14, 2011.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to program rights, bad debts, intangible assets, including our broadcast licenses and goodwill, investments, income taxes, and contingencies and litigation reserves. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions.

Results of Operations

Three Months Ended September 30, 2011 Compared to September 30, 2010

Net revenues from continuing operations for the third quarter of 2011 were $3.5 million, a decrease of 8%, or $303,000, compared to net revenues of $3.8 million in the third quarter of 2010. Decreased market share due to in-market competition coupled with market condition fluctuations resulted in a decrease of 8% in our net revenues from our Continuing Stations coupled with a 9% decrease at the Daily Buzz due to lagging advertising demand.

Programming expenses were $2.0 million for the third quarter of 2011, a decrease of 5%, or $105,000, compared to $2.1 million in the third quarter of 2010. The decrease relates primarily to lower barter and program impairment costs during the three months ended September 30, 2011 when compared to the three months ended September 30, 2010.

Other costs of service was $388,000 for the third quarter of 2011, a decrease of 6%, or $26,000, compared to $414,000 in the third quarter of 2010 mainly due to lower promotion costs when compared to the three months ended September 30, 2010.

Selling, general and administrative expenses were $1.0 million for the third quarter of 2011, an increase of 34%, or $262,000, compared to $780,000 in the third quarter of 2010. The increase relates primarily to higher sales related expenses most notably relating to timing differences for the recording of an adjustment for our Nielsen rating service fees as well as our LIN management fee at our Albuquerque-Santa Fe stations.

Depreciation and amortization was $230,000 for the third quarter of 2011, a decrease of 33%, or $113,000, compared to $343,000 for the third quarter of 2010. This decrease relates primarily to more assets becoming fully depreciated compared to new assets placed in service over the past year as well as due to the sale of our Madison tower and transmitter building during the fourth quarter of 2010.

There were no impairment charges recorded during the third quarter of 2011 or 2010 related to our FCC broadcast licenses or our goodwill.

There was no loss on disposal of our long-lived assets recorded during the third quarter of 2011. We recorded an impairment charge on our long-lived assets in the third quarter of 2010 for $700,000 relating to our Madison tower and transmitter building sale which was sold at a loss subsequent to September 30, 2010.

Corporate expenses for the third quarter of 2011 was $307,000, a decrease of 38%, or $187,000, compared to $494,000 for the third quarter of 2010 principally as a result of the net effect of lower compensation expense due to corporate management restructures implemented in July 2010, and lower professional fees when compared to the third quarter of 2010.

Income tax benefit for the third quarter of 2011 for continuing operations was $74,000 compared to an income tax benefit of $30,000 for the third quarter of 2010.

Our net loss from continuing operations for the third quarter of 2011 was $423,000 compared to a net loss of $1.1 million for the third quarter of 2010.

Our net loss from discontinued operations for the third quarter of 2011 was $9,000 compared to a net income of $732,000 for the third quarter of 2010 reflecting mainly operating expenses for our Ohio station building. During the third quarter of 2010, we recorded a tax benefit of $940,000 for our discontinued operations relating to our September 2010 election to amend our 2008 tax returns and carry back losses which effectively eliminated much of the alternative minimum taxes we paid for the 2007 and 2003 tax years.

As a result, our net loss for the third quarter of 2011 was $432,000 compared to a net loss of $390,000, for the third quarter of 2010.

Nine Months Ended September 30, 2011 Compared to September 30, 2010

Net revenues from continuing operations for the nine months ended September 2011 were $10.7 million, an increase of 1%, or $72,000, compared to net revenues of $10.6 million in the nine months ended September 2010. The increase was driven by a 17% increase in net revenues at The Daily Buzz on expanded distribution, net of a 4% decrease in net revenues at our Continuing Stations driven mainly by a decrease in advertising demand at our WBUW station.

Programming expenses were $5.9 million for the nine months ended September 2011, a decrease of 2%, or $92,000, compared to $6.0 million for the nine months ended September 2010. The decrease relates primarily to lower program impairment costs during the nine months ended September 30, 2011 when compared to the nine months ended September 30, 2010.

Other costs of service remained essentially unchanged at $1.2 million for the nine months ended September 2011, when compared to the nine months ended September 30, 2010.

Selling, general and administrative expenses remained essentially unchanged at $3.0 million for the nine months ended September 2011, when compared to the nine months ended September 30, 2010.

Depreciation and amortization was $708,000 for the nine months ended September 2011, a decrease of 35%, or $377,000, compared to $1.1 million for the nine months ended September 2010. This decrease relates primarily to more assets becoming fully depreciated compared to new assets placed in service over the past year as well as due to the sale of our Madison tower and transmitter building during the fourth quarter of 2010.

There were no impairment charges recorded during the nine months ended September 2011 or 2010 related to our FCC broadcast licenses or our goodwill.

Loss on disposal of assets was $23,000 for the nine months ended September 2011 and $700,000 for the nine months ended September 2010. The decrease relates to an impairment charge of $700,000 we recorded on our long-lived assets during the first nine months of 2010 relating to our Madison tower sale which was sold at a loss subsequent to September 30, 2010.

Corporate expenses for the nine months ended September 2011 was $1.1 million, a decrease of 16%, or $209,000, compared to $1.3 million for the nine months ended September 2010 principally as a result of lower compensation expense due to corporate management restructures implemented in July 2010, and lower professional fees when compared to the nine months ended September 2010.

Income tax benefit for the nine months ended September 2011 for continuing operations was $430,000, compared to an income tax expense of $690,000 for the nine months ended September 2010. The income tax benefit for the nine months ended September 2011 was comprised of a $1.0 million current tax benefit and a $584,000 deferred tax expense.

Our net loss from continuing operations, for the nine months ended September 2011 was $896,000 compared to a net loss of $3.5 million for the nine months ended September 2010.

Our net income from discontinued operations for the nine months ended September 2011 was $11.2 million, including a $13.0 million gain from the sale of the three discontinued stations, compared to a net income of $356,000 for the nine months ended September 2010, which included a tax benefit we recorded during the third quarter of 2010, relating to our September 2010 election to amend our 2008 tax returns and carry back losses which effectively eliminated much of the alternative minimum taxes we paid for the 2007 and 2003 tax years.

As a result, our net income for the nine months ended September 2011 was $10.3 million compared to a loss of $3.2 million, for the nine months ended September 2010.

Liquidity and Capital Resources

Net cash used in operating activities was $4.4 million for the nine months ended September 30, 2011, compared to net cash used of $2.5 million for the first nine months of 2010. This net increase in cash flow usage mainly relates to the funding of our $3.2 million litigation escrow in connection with our pending MMT litigation, net of the receipt of our

federal tax refund of $940,000 and improved operating results at The Daily Buzz and lower corporate expense.

Net cash provided by investing activities during the first nine months of 2011 was $11.4 million consisting mainly of the cash portion of the sales proceeds relating to the sale of our WBXX, WBDT and WIWB. Net cash used in investing activities was $22,000, during the first nine months of 2010 consisting solely of capital expenditures.

Net cash used in financing activities was $6.5 million during the first nine months of 2011 compared to net cash provided of $2.3 million during the first nine months of 2010. Net cash used during the first nine months consists mostly of our $5.6 million special distribution payment to our shareholders and repayments of program deferrals, while the cash inflow during the first nine months of 2010, consisted primarily of $1.1 million borrowings under our Revolver and program deferrals.

Net cash used by operating activities in our discontinued operations for the first nine months of 2011 was $356,000 compared to net cash used of $1.2 million during the first nine months of 2010 mainly relating to the significant payment of open program related accounts payable in the 2010 period following the agreement to restructure our program agreements.

There were no investing activities for our discontinued operations for the first nine months of 2011 while net cash used in investing activities for the first nine months of 2010 was $960,000 relating primarily to the purchase of our Dayton office building.

Net cash used in financing activities for our discontinued operations for the first nine months of 2011 was $1.9 million compared to net cash provided of $2.1 million for the first nine months of 2011 relating primarily to the repayment of program restructure deferral payments in connection with our station sales in May. Net cash provided by during the first nine months of 2010 relates primarily to $650,000 in borrowings in connection with our purchase of the Dayton office building and program deferrals.

On May 6, 2011, in connection with the sale of our WBXX station we terminated our revolving credit facility – see "*Sale of Station and Other Events".*

On June 13, 2011, our Board of Directors approved a special distribution to our shareholders of record as of June 30, 2011 in the form of a cash distribution of $.35 per common share. The distribution was paid on July 14, 2011.

Even after the above referenced distribution to shareholders, we believe that our cash on hand and our investments available for sale will be sufficient to meet our liquidity requirements for the next twelve months.

Other Information

On October 14, 2008, we notified the Nasdaq Stock Market of our intent to voluntarily delist our common stock from the Nasdaq Global Market, and to voluntarily deregister our common stock under the Securities Exchange Act of 1934 by filing with the Securities & Exchange Commission ("SEC") a Form 25 relating to the delisting of our common stock on or about October 24, 2008, with the delisting of our common stock to be effective ten days thereafter.

Our last day of trading of our common stock on the Nasdaq Global Market was on Monday, November 3, 2008.

On November 4, 2008 we filed a Form 15 with the SEC to deregister our common stock under Section 12 of the Securities Exchange Act of 1934. Upon the filing of the Form 15, our obligation to file certain reports with the SEC, including Forms 10-K, 10-Q, and 8K, was immediately suspended. The deregistration of our common stock became effective February 1, 2009.

Our common stock is currently quoted on the Pink Sheets®, a centralized electronic quotation service for over-the-counter securities.