

## **ACME Communications Announces Fourth Quarter and Full Year 2009 Results**

SANTA ANA, Calif., June 18, 2010 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the fourth quarter and full year ended December 31, 2009.

Our net revenues from continuing operations decreased 14% to \$6.8 million for the fourth quarter compared to net revenues of \$7.9 million in the fourth quarter of 2008. The decrease was driven primarily by continued sharply lower advertising demand resulting in a 15% decrease in net revenues at our television stations. Revenues at The Daily Buzz were essentially unchanged for the quarter compared to the fourth quarter of 2008. Total operating costs decreased 55% to \$15.0 million for the fourth quarter compared to \$33.2 million for the fourth quarter of 2008 on a \$16.9 million decrease in intangible asset impairments. Station cash-based operating expenses decreased 12%, primarily on reduced promotion, barter program expense and compensation expense reflecting the Company's continued efforts to reduce all discretionary costs in the face of a continued severe economic downturn. Our resulting broadcast cash flow for the quarter was \$199,000 compared to \$529,000 for the fourth quarter of 2008. Adjusted EBITDA from continuing operations decreased to negative \$280,000 compared to EBITDA of negative \$148,000 for the fourth quarter of 2008 on lower broadcast cash flow, offset somewhat by lower corporate expenses. Our net loss for the fourth quarter of 2009 was \$4.5 million compared to a net loss of \$18.8 million for the fourth quarter of 2008.

For the full year, our net revenues for continuing operations decreased 19% to \$26.8 million compared to net revenues of \$33.2 million for calendar 2008 on sharply lower advertising demand in our five television markets. Total operating costs decreased to \$38.4 million for calendar 2009 compared to operating costs of \$74.0 million for calendar 2008 largely due to a decrease in intangible asset impairment charges of \$28.9 million. Station cash-based operating expenses were down 11% from the prior year period and broadcast cash flow declined to negative \$464,000 from \$2.5 million for calendar 2008 on substantially reduced revenues. Adjusted EBITDA from continuing operations declined to negative \$2.5 million from \$141,000 and our net loss decreased to \$8.7 million compared to a net loss of \$32.7 million for calendar 2008.

Commenting on the fourth quarter and full year results, Jamie Kellner, ACME's Chairman and CEO, said, "This past year was a very difficult one for the industry and for ACME. Market conditions were challenging, especially given the competition's focused efforts to regain market share of regular business following a record political year in 2008. While we are seeing a pickup in advertiser demand in the first half of 2010, as has historically been the case, the traditional affiliates are leading the way with those gains. We believe that our recently announced Lin Media and Fisher Communications deals will provide meaningful improvements in our operating cash flows beginning in the third quarter of 2010 and expect to continue to find creative ways to maximize shareholder value."

### **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, lease abandonment costs and equity-based compensation, are an important metric in determining our cash expense growth. Adjusted EBITDA is also used as a performance measure and often used to measure a company's ability to service debt, as evidenced by the fact that our senior credit facility historically contained financial covenants relating to our adjusted EBITDA.

Broadcast cash flow, station cash-based operating expenses and adjusted EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. We consider operating loss to be the most comparable GAAP measure to broadcast cash flow and to adjusted EBITDA; therefore, the Company has included a reconciliation of operating loss to broadcast cash flow and adjusted EBITDA in Supplemental Table 1. A reconciliation of operating expenses to cash-based station operating expenses is included in Supplemental Table 2. Because broadcast cash flow, cash-based station operating expenses and adjusted EBITDA are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, the broadcast cash flow, cash-based station operating expenses and adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies.

The Company expects to post its full financial statements on its Web site at [www.acmecomunications.com](http://www.acmecomunications.com) by Monday, June 21, 2010.

### About ACME Communications, Inc.

ACME Communications, Inc. owns and operates six television stations serving markets covering 2.2% of the nation's television households. The Company's stations are: KWBQ-TV and KASY-TV, Albuquerque-Santa Fe, NM; WBXX-TV, Knoxville, TN; WBDT-TV, Dayton, OH; WIWB-TV, Green Bay-Appleton, WI and WBUW-TV, Madison, WI. All of the Company's stations, except KASY-TV, a MyNetworkTV affiliate, are affiliates of The CW Network. The Company also produces The Daily Buzz, a nationally syndicated morning news and lifestyle program which airs on 161 television stations across the country. The Company's shares are traded over-the-counter under the symbol: ACME.PK.

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Net revenues	\$ 6,801	\$ 7,891	\$ 26,848	\$ 33,201
Operating expenses:				
Cost of service:				
Programming, including program amortization	3,112	3,371	12,128	14,821
Other costs of service (excluding depreciation and amortization of \$523 and \$657 for the three months ended December 31, 2009 and 2008, respectively, and \$2,351 and \$2,758 for the twelve months ended December 31, 2009 and 2008, respectively)	866	1,269	3,947	5,278
Selling, general and administrative expenses	2,446	2,711	10,240	11,531
Depreciation and amortization	525	661	2,360	2,783
Impairment of goodwill	2,438	881	2,438	881
Impairment of broadcast licenses	5,159	23,609	5,159	35,568
Lease termination costs	--	--	--	653

Corporate expenses	482	680	2,098	2,449
Operating expenses	15,028	33,182	38,370	73,964
Operating loss	(8,227)	(25,291)	(11,522)	(40,763)
Other expenses:				
Interest, net	(64)	(57)	(261)	(454)
Loss from continuing operations, before income taxes	(8,291)	(25,348)	(11,783)	(41,217)
Income tax benefit	2,284	6,538	1,634	8,502
Loss from continuing operations	(6,007)	(18,810)	(10,149)	(32,715)
Discontinued operations:				
Income (loss) from discontinued operations, before income taxes	2,426	(4)	2,350	13
Income tax expense	(898)	--	(898)	--
Income (loss) from discontinued operations	1,528	(4)	1,452	13
Net loss	\$ (4,479)	\$ (18,814)	\$ (8,697)	\$ (32,702)
Net income (loss) per share, basic and diluted:				
Continuing operations	\$ (0.37)	\$ (1.17)	\$ (0.63)	\$ (2.04)
Discontinued operations	0.10	--	0.09	--
Net loss per share	\$ (0.28)	\$ (1.17)	\$ (0.54)	\$ (2.04)
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 Loss to Broadcast Cash Flow and Adjusted EBITDA (Unaudited) (In thousands)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Operating loss	\$ (8,227)	\$ (25,291)	\$ (11,522)	\$ (40,763)
Add (less):				
Stock-based compensation at stations	--	--	--	74
Depreciation and amortization	525	661	2,360	2,783
Impairment of goodwill	2,438	881	2,438	881
Impairment of broadcast licenses	5,159	23,609	5,159	35,568

Amortization of program rights	1,371	1,498	5,328	7,222
Lease termination costs	--	--	--	653
Corporate expenses	482	680	2,098	2,449
Program payments	(1,549)	(1,509)	(6,325)	(6,337)
Broadcast cash flow (1)	199	529	(464)	2,530
Add (less):				
Corporate expenses	(482)	(680)	(2,098)	(2,449)
Stock-based compensation at corporate	3	3	13	60
Adjusted EBITDA	<u>\$ (280)</u>	<u>\$ (148)</u>	<u>\$ (2,549)</u>	<u>\$ 141</u>
Broadcast cash flow margin (1)	2.9%	6.7%	-1.7%	7.6%
Adjusted EBITDA margin (1)	<u>-4.1%</u>	<u>-1.9%</u>	<u>-9.5%</u>	<u>0.4%</u>

(1) We define:

- Broadcast cash flow as operating income (loss), plus stock-based compensation, depreciation and amortization, amortization of program rights, impairment of goodwill and broadcast licenses, non-cash lease termination costs and corporate expenses, less program payments (before program supplier deferrals and excluding program payments related to construction permits);
- Adjusted EBITDA as broadcast cash flow less corporate expenses, exclusive of stock-based compensation;
- 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		Twelve Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Operating expenses	\$ 15,028	\$ 33,182	\$ 38,370	\$ 73,964
Add (less):				
Program payments	1,549	1,509	6,325	6,337
Depreciation and amortization	(525)	(661)	(2,360)	(2,783)
Impairment of goodwill	(2,438)	(881)	(2,438)	(881)

Impairment of broadcast licenses	(5,159)	(23,609)	(5,159)	(35,568)
Corporate expense	(482)	(680)	(2,098)	(2,449)
Barter program costs	(584)	(726)	(2,416)	(3,069)
Program amortization	(1,371)	(1,498)	(5,328)	(7,222)
Daily Buzz production costs	(933)	(889)	(3,498)	(3,501)
Lease termination costs	--	--	--	(653)
Stock-based compensation at stations	--	--	--	(74)
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Total cash-based station operating expenses	\$ 5,085	\$ 5,747	\$ 21,398	\$ 24,101
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**Supplemental Table 3**

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

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
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Net revenues	\$ 6,801	\$ 7,891	\$ 26,848	\$ 33,201
Less: Daily Buzz net revenues	(808)	(805)	(3,190)	(3,141)
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Station net revenues	<u>\$ 5,993</u>	<u>\$ 7,086</u>	<u>\$ 23,658</u>	<u>\$ 30,060</u>

CONTACT: ACME Communications, Inc.  
Tom Allen, Executive Vice President & Chief Financial  
Officer  
714-245-9499