

## ACME Communications Announces First Quarter 2012 Results

SANTA ANA, Calif., Aug. 6, 2012 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the first quarter ended March 31, 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 14% to \$3.5 million for the first quarter compared to net revenues of \$3.1 million in the first quarter of 2011, driven by a 13% increase in the revenues of the Company's two continuing stations coupled with a 14% increase in revenues at The Daily Buzz. Total operating costs increased 4% to \$3.4 million for the first quarter compared to \$3.3 million for the first quarter of 2011, primarily due to higher selling, general and administrative expenses.

Station cash-based operating expenses increased 7% to \$1.7 million compared to the first quarter of 2011 principally on higher sales and sales commission expenses. Resulting continuing operations broadcast cash flow for the quarter increased to \$393,000 compared to broadcast cash flow of \$281,000 for the first quarter of 2011. Adjusted EBITDA from continuing operations increased to \$102,000 compared to EBITDA of negative \$82,000 for the first quarter of 2011 on lower corporate expenses.

The Company's income before income taxes from discontinued operations for the first quarter of 2012 was \$1.1 million compared to a loss before income taxes from discontinued operations of \$407,000 for the first quarter of 2011, mainly due to the resulting gain from the sale of our WBUW station in Madison, WI on February 21, 2012.

The Company's net income for the first quarter of 2012 was \$1.1 million compared to a \$1.7 million net loss for the first quarter of 2011.

Commenting on the Company's quarter's results, Doug Gealy, ACME's CEO, said, "The completion of the sale of our Madison station in February this year and our April distribution of cash and LIN TV Corp. stock to our shareholders are reflective of our continued exit strategy and goal of maximizing shareholder value. We continue to seek the liquidation of our remaining assets – our stations in the Albuquerque-Santa Fe market and The Daily Buzz, which will launch its 11th season next month. In continued pursuit of our goal of prudently liquidating our remaining assets we have taken further measures to reduce our corporate infrastructure."

### Use of Broadcast Cash Flow, Adjusted EBITDA and Same Station Results

GAAP refers to generally accepted accounting principles in the United States. Broadcast cash flow, station cash-based operating expenses and adjusted EBITDA are non-GAAP measures. Broadcast cash flow is commonly used as an indicator of operating performance for broadcasting companies and is also used to value broadcasting assets. Station cash-based operating expenses, which use program payments in place of program amortization, exclude "The Daily Buzz" production costs and exclude non-cash operating expenses like depreciation and amortization 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 at [www.acmecomunications.com](http://www.acmecomunications.com) by Tuesday, August 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**

**March 31,**

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	<b>2012</b>	<b>2011</b>
	<hr/>	<hr/>
Net revenues	\$ 3,484	\$ 3,069
	<hr/>	<hr/>
Operating expenses:		
Cost of service:		
Programming, including program amortization	1,863	1,746
Other costs of service (excluding depreciation and amortization of \$129 and \$211 for the three months ended March 31, 2012 and 2011, respectively)	227	225
Selling, general and administrative expenses	939	754
Depreciation and amortization	129	211
Loss on disposal of assets	--	23
Corporate expenses	291	363
Operating expenses	<hr/> 3,449	<hr/> 3,322
Operating income (loss)	<hr/> 35	<hr/> (253)
Other expenses:		
Interest expense, net	(13)	(112)
	<hr/>	<hr/>
Income (loss) from continuing operations, before income taxes	22	(365)
Income tax expense	(8)	(969)
Income (loss) from continuing operations	<hr/> 14	<hr/> (1,334)
Discontinued operations:		
Income (loss) from discontinued operations, before income taxes	1,066	(407)
Income tax benefit (expense)	--	--
	<hr/>	<hr/>

Income (loss) from discontinued operations	1,066	(407)
Net income (loss)	1,080	(1,741)
Change in fair value on investment available-for-sale	(54)	--
Comprehensive income (loss)	<u>\$ 1,026</u>	<u>\$ (1,741)</u>
Net income (loss) per share, basic and diluted:		
Continuing operations	\$ 0.00	\$ (0.08)
Discontinued operations	0.07	(0.03)
Net income (loss) per share	<u>\$ 0.07</u>	<u>\$ (0.11)</u>
Weighted average basic and diluted common shares outstanding	16,047	16,047

**Supplemental Table 1**

**ACME Communications Inc. and Subsidiaries**

**Reconciliation of Operating Income (Loss) to Broadcast Cash Flow and Adjusted**

**(Unaudited)**

**(In thousands)**

Operating income (loss)

Add (less):

Depreciation and amortization

Loss on disposal of assets

Amortization of program rights

Corporate expenses

Program payments

Broadcast cash flow (1)

Add (less):

Corporate expenses

Adjusted EBITDA

Broadcast cash flow margin (1)

Adjusted EBITDA margin (1)

(1) We define:

• Broadcast cash flow as operating income (loss), plus depreciation and amortization, loss on disposal of assets, amortization of program rights (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)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
Operating expenses	\$ 3,449	\$ 3,322
Add (less):		
Program payments	467	540
Depreciation and amortization	(129)	(211)

Loss on disposal of assets	--	(23)
Corporate expense	(291)	(363)
Barter program costs	(271)	(276)
Program amortization	(405)	(477)
Daily Buzz production costs	(1,134)	(942)
	<hr/>	
Total cash-based station operating expenses	\$ 1,686	\$ 1,570
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