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LAS VEGAS, March 1, 2011 /[PRNewswire-FirstCall](#)/ -- ACME Inc. (NYSE:) today reported financial results for the fourth quarter and full year ended December 31, 2010.

For the fourth quarter 2010, we reported a net loss of \$7.1 million, or \$0.08 per share, compared to a net loss of \$1.0 million, or \$0.01 per share, in the same period last year.

Adjusted Earnings⁽¹⁾ for the fourth quarter 2010 reflect a loss of \$3.9 million, or \$0.05 per share, compared to earnings of \$0.2 million, or less than \$0.01 per share, for the same period in 2009. Certain pre-tax items included in Adjusted Earnings for the fourth quarter of 2010 resulted in a net increase in income of \$4.9 million (\$3.2 million, net of tax, or \$0.03 per share). By comparison, certain pre-tax items included in Adjusted Earnings for the fourth quarter 2009 resulted in a net increase in income of \$2.0 million (\$1.2 million, net of tax, or \$0.01 per share). Pre-tax items included in adjusted earnings are listed in a table at the end of this press release.

Net revenues were \$551.9 million for the fourth quarter 2010, compared to \$560.4 million⁽²⁾ during the same quarter in 2009, a decrease of 1.5%. Total Adjusted EBITDA was \$100.0 million for the quarter, a decrease of 3.1% from \$103.2 million⁽²⁾ in the prior year.

Commenting on the quarter, Keith Smith, President and Chief Executive Officer of ACME Inc., said, "As expected, fourth-quarter comparisons were the best of the year, as business conditions and consumer confidence continued to improve. As the economic recovery gains momentum, we anticipate we will see increases in both visitation and spend-per-visit, resulting in a return to consistent growth across our business this year."

(1) See footnotes at the end of the release for additional information relative to non-GAAP financial measures.

(2) See financial schedules at the end of this release for reconciliations relative to the pro forma effect of the consolidation of Borgata as if such consolidation had occurred as of the beginning of the period presented.

Full-Year 2010 Results

We reported net income for the year ended December 31, 2010, of \$10.3 million, or \$0.12 per share. By comparison, we reported net income of \$4.2 million, or \$0.05 per share for the full year ended December 31, 2009.

Adjusted Earnings for the full year 2010 were \$10.6 million, or \$0.12 per share, compared to \$31.6 million, or \$0.37 per share for the full year 2009.

Net revenues as reported were \$2.14 billion and \$1.64 billion for the full year ended December 31, 2010 and December 31, 2009, respectively. Total Adjusted EBITDA was \$420.3 million for 2010, as compared to \$389.5 million in 2009. The 2010 results reflect the consolidation of Borgata, effective March 24, 2010.

Consolidating Borgata on a pro forma basis for the full year 2010 and 2009, net revenues were \$2.30 billion and \$2.42 billion, respectively, and Adjusted EBITDA on a comparable basis was \$445.2 million and \$527.7 million for those periods, respectively.

Key Operations Review

Las Vegas Locals

In our Las Vegas Locals segment, fourth-quarter 2010 net revenues were \$152.1 million versus \$155.0 million for the fourth quarter of 2009. Fourth-quarter 2010 Adjusted EBITDA was \$34.1 million, compared to \$34.7 million reported in the same quarter of 2009. These results marked the region's best year-over-year comparison in 12 quarters, as our operating margins remained consistent and local economic conditions began to stabilize.

Downtown

Our Downtown Las Vegas properties generated net revenues of \$57.1 million for the fourth quarter 2010, compared to \$58.0 million in the fourth quarter 2009. Adjusted EBITDA was \$10.9 million, down from \$12.2 million in the fourth quarter 2009. While we continued to expand our leading market share Downtown, business

results were impacted by our Hawaiian charter operation.

Midwest and South

In our Midwest and South region, we recorded \$172.5 million in net revenues for the fourth quarter 2010, up from \$170.3 million for the same period in 2009. Adjusted EBITDA for the current period was \$30.4 million, an increase of 3.4% from the \$29.4 million reported in the fourth quarter of 2009. This increase was the region's best year-over-year comparison in five quarters. The gain was primarily driven by strong business volumes at our southern Louisiana properties.

Borgata

Borgata's net revenues for the fourth quarter 2010 were \$168.8 million, versus \$175.4 million in the fourth quarter 2009. Adjusted EBITDA was \$34.1 million, down 6.3% from \$36.4 million in the comparable period in 2009. While we were encouraged by growth in slot win, non-gaming revenue and overall market share, these gains were offset by higher promotional expense, declines in table game hold and volume, and increased regional competition.

Key Financial Statistics

The following is additional information as of December 31, 2010:

- Cash, excluding Borgata: \$103.2 million
- Cash at Borgata: \$42.1 million
- Debt, excluding Borgata: \$2.39 billion (including \$1.43 billion outstanding under ACME Inc.'s bank credit facility)
- Debt at Borgata: \$860.9 million (including \$60.9 million outstanding under Borgata's bank credit facility)

Conference Call Information

We will host our fourth-quarter and full-year 2010 conference call today, March 1, at 12:00 p.m. Eastern. The conference call number is **888.680.0878** and the passcode is **40848173**. Please call up to 15 minutes in advance to ensure you are connected prior to the start of the call.

The conference call will also be available live on the Internet at www.google.com, www.google.com, or:

<http://www.google.com/>

Following the call's completion, a replay will be available by dialing 888.286.8010 today, March 1, beginning at 3:00 p.m. Eastern and continuing through Tuesday, March 8. The passcode for the replay will be 65093144.

The replay will also be available on the Internet at www.google.com.

The results of Borgata for the period from October 1, 2010 through December 31, 2010 are included in our condensed consolidated statement of operations for the three months ended December 31, 2010, and its results for the period from March 24, 2010 through December 31, 2010 are included in our condensed consolidated statement of operations for the year ended December 31, 2010.

| | Three Months Ended | | Year Ended | |
|-----------------------------|--|-------------|---------------------|--------------|
| | December 31, | | December 31, | |
| | 2010 | 2009 | 2010 | 2009 |
| | (In thousands, except per share data) | | | |
| Revenues | | | | |
| Gaming | \$ 468,204 | \$ 320,377 | \$ 1,812,487 | \$ 1,372,091 |
| Food and beverage | 92,422 | 55,950 | 347,588 | 229,374 |
| Room | 56,799 | 29,054 | 211,046 | 122,305 |
| Other | 32,008 | 24,253 | 123,603 | 100,396 |
| Gross revenues | 649,433 | 429,634 | 2,494,724 | 1,824,166 |
| Less promotional allowances | 97,493 | 44,686 | 353,825 | 183,180 |
| Net revenues | 551,940 | 384,948 | 2,140,899 | 1,640,986 |
| Costs and expenses | | | | |
| Gaming | 224,357 | 162,710 | 859,818 | 664,739 |

| | | | | |
|---|------------|------------|-----------|-----------|
| Food and beverage | 48,359 | 31,306 | 180,840 | 125,830 |
| Room | 12,556 | 9,443 | 49,323 | 39,655 |
| Other | 25,125 | 19,110 | 99,458 | 77,840 |
| Selling, general and administrative | 98,576 | 67,445 | 369,217 | 284,937 |
| Maintenance and utilities | 35,952 | 22,185 | 140,722 | 92,296 |
| Depreciation and amortization | 51,370 | 39,103 | 199,275 | 164,427 |
| Corporate expense | 12,225 | 12,540 | 48,861 | 47,617 |
| Preopening expenses | 3,415 | 3,025 | 8,405 | 17,798 |
| Write-downs and other items, net | (219) | 365 | 4,713 | 41,780 |
| Total costs and expenses | 511,716 | 367,232 | 1,960,632 | 1,556,919 |
| Operating income from Borgata | - | 8,205 | 8,146 | 72,126 |
| Operating income | 40,224 | 25,921 | 188,413 | 156,193 |
| Other expense (income) | | | | |
| Interest income | (1) | (1) | (5) | (6) |
| Interest expense, net of amounts capitalized | 55,016 | 33,024 | 164,454 | 146,830 |
| Fair value adjustment of derivative instruments | 480 | - | 480 | - |
| (Gain) loss on early retirements of debt, net | 1,191 | (3,223) | (2,758) | (15,284) |
| Gain on equity distribution | - | - | (2,535) | - |
| Other income | - | - | (10,000) | - |
| Other non-operating expenses | - | 3 | - | 33 |
| Other non-operating expenses from Borgata, net | - | 3,073 | 3,133 | 19,303 |
| Total other expense, net | 56,686 | 32,876 | 152,769 | 150,876 |
| Income (loss) before income taxes | (16,462) | (6,955) | 35,644 | 5,317 |
| Income taxes | 7,296 | 5,931 | (8,236) | (1,076) |
| Net income (loss) | (9,166) | (1,024) | 27,408 | 4,241 |
| Noncontrolling interest | 2,068 | - | (17,098) | - |
| Net income (loss) attributable to ACME Inc. | \$ (7,098) | \$ (1,024) | \$ 10,310 | \$ 4,241 |
| Basic net income (loss) per common share | \$ (0.08) | \$ (0.01) | \$ 0.12 | \$ 0.05 |
| Weighted average basic shares outstanding | 86,877 | 86,276 | 86,601 | 86,429 |
| Diluted net income (loss) per common share | \$ (0.08) | \$ (0.01) | \$ 0.12 | \$ 0.05 |
| Weighted average diluted shares outstanding | 86,877 | 86,276 | 86,831 | 86,517 |

The following table sets forth the consolidation of Borgata from a basis comparable to the historical reporting by ACME Inc.. For purposes of this presentation, and consistent with GAAP, Borgata has been consolidated for the entire period presented, or for the period from October 1, 2010 through December 31, 2010. The historical column reflects equity method accounting for Borgata. The consolidating columns are presented for purposes of additional disclosure and as a reconciliation to the current GAAP presentation of ACME Inc..

Three Months Ended December 31, 2010

| | ACME Inc. Historical | Borgata | Adjustments | ACME Inc. Consolidated |
|---------------------------------------|-------------------------|------------|-------------|---------------------------|
| (In thousands, except per share data) | | | | |
| Revenues | | | | |
| Gaming | \$ 319,445 | \$ 148,759 | \$ - | \$ 468,204 |
| Food and beverage | 58,260 | 34,162 | - | 92,422 |
| Room | 29,795 | 27,004 | - | 56,799 |
| Other | 22,303 | 9,705 | - | 32,008 |
| Gross revenues | 429,803 | 219,630 | - | 649,433 |
| Less promotional allowances | 46,649 | 50,844 | - | 97,493 |
| Net revenues | 383,154 | 168,786 | - | 551,940 |

| | | | | |
|---|------------|------------|----------|------------|
| Costs and expenses | | | | |
| Gaming | 162,044 | 62,313 | - | 224,357 |
| Food and beverage | 31,963 | 16,396 | - | 48,359 |
| Room | 9,343 | 3,213 | - | 12,556 |
| Other | 17,444 | 7,681 | - | 25,125 |
| Selling, general and administrative | 68,066 | 30,510 | - | 98,576 |
| Maintenance and utilities | 21,376 | 14,576 | - | 35,952 |
| Depreciation and amortization | 34,797 | 16,573 | - | 51,370 |
| Corporate expense | 12,225 | - | - | 12,225 |
| Preopening expenses | 3,415 | - | - | 3,415 |
| Write-downs and other items, net | (203) | (16) | - | (219) |
| Total costs and expenses | 360,470 | 151,246 | - | 511,716 |
| Operating income from Borgata | 8,770 | - | (8,770) | - |
| Operating income | 31,454 | 17,540 | (8,770) | 40,224 |
| Other expense (income) | | | | |
| Interest income | (1) | - | - | (1) |
| Interest expense, net of amounts capitalized | 33,225 | 21,791 | - | 55,016 |
| Fair value adjustment of derivative instruments | 480 | - | - | 480 |
| Gain on early retirements of debt | 1,191 | - | - | 1,191 |
| Other income | - | - | - | - |
| Other non-operating expenses from Borgata, net | 10,838 | - | (10,838) | - |
| Total other expense, net | 45,733 | 21,791 | (10,838) | 56,686 |
| Income (loss) before income taxes | (14,279) | (4,251) | 2,068 | (16,462) |
| Income taxes | 7,181 | 115 | - | 7,296 |
| Net income (loss) | (7,098) | (4,136) | 2,068 | (9,166) |
| Noncontrolling interest | - | - | 2,068 | 2,068 |
| Net income (loss) attributable to ACME Inc. | \$ (7,098) | \$ (4,136) | \$ 4,136 | \$ (7,098) |
| Basic net income (loss) per common share | \$ (0.08) | | | \$ (0.08) |
| Weighted average basic shares outstanding | 86,877 | | | 86,877 |
| Diluted net income (loss) per common share | \$ (0.08) | | | \$ (0.08) |
| Weighted average diluted shares outstanding | 86,877 | | | 86,877 |

The following supplemental pro forma information presents the financial results as if the effective control of Borgata had occurred on October 1, 2009 for the three months ended December 31, 2009, to provide a basis of comparability to the three months ended December 31, 2010. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what the actual results would have been had the consolidation of Borgata been completed as of the earlier dates, nor are they indicative of any future results.

| Three Months Ended December 31, 2009 | | | | | |
|---------------------------------------|-------------------------|------------|-------------|------------------------|--|
| | ACME Inc. Historical | Borgata | Adjustments | ACME Inc. Pro Forma | |
| (In thousands, except per share data) | | | | | |
| Revenues | | | | | |
| Gaming | \$ 320,377 | \$ 153,387 | \$ - | \$ 473,764 | |
| Food and beverage | 55,950 | 32,297 | - | 88,247 | |
| Room | 29,054 | 26,087 | - | 55,141 | |
| Other | 24,253 | 10,124 | - | 34,377 | |
| Gross revenues | 429,634 | 221,895 | - | 651,529 | |
| Less promotional allowances | 44,686 | 46,487 | - | 91,173 | |
| Net revenues | 384,948 | 175,408 | - | 560,356 | |

| | | | | |
|--|-------------------|------------------|--------------------|-------------------|
| Costs and expenses | | | | |
| Gaming | 162,710 | 65,352 | - | 228,062 |
| Food and beverage | 31,306 | 15,395 | - | 46,701 |
| Room | 9,443 | 2,942 | - | 12,385 |
| Other | 19,110 | 8,323 | - | 27,433 |
| Selling, general and administrative | 67,445 | 31,914 | - | 99,359 |
| Maintenance and utilities | 22,185 | 15,034 | - | 37,219 |
| Depreciation and amortization | 39,103 | 19,380 | 324 | 58,807 |
| Corporate expense | 12,540 | - | - | 12,540 |
| Preopening expenses | 3,025 | - | - | 3,025 |
| Write-downs and other items, net | 365 | 10 | - | 375 |
| Total costs and expenses | 367,232 | 158,350 | 324 | 525,906 |
| Operating income from Borgata | 8,205 | - | (8,205) | - |
| Operating income | 25,921 | 17,058 | (8,529) | 34,450 |
| Other expense (income) | | | | |
| Interest income | (1) | - | - | (1) |
| Interest expense, net of amounts capitalized | 33,024 | 5,787 | - | 38,811 |
| Gain on early retirements of debt | (3,223) | - | - | (3,223) |
| Other non-operating expenses | 3 | - | - | 3 |
| Other non-operating expenses from Borgata, net | 3,073 | - | (3,073) | - |
| Total other expense, net | 32,876 | 5,787 | (3,073) | 35,590 |
| Income (loss) before income taxes | (6,955) | 11,271 | (5,456) | (1,140) |
| Income taxes | 5,931 | (359) | - | 5,572 |
| Net income (loss) | (1,024) | 10,912 | (5,456) | 4,432 |
| Noncontrolling interest | - | - | (5,456) | (5,456) |
| Net income (loss) attributable to ACME Inc. | <u>\$ (1,024)</u> | <u>\$ 10,912</u> | <u>\$ (10,912)</u> | <u>\$ (1,024)</u> |
| Basic net income (loss) per common share | <u>\$ (0.01)</u> | | | <u>\$ (0.01)</u> |
| Weighted average basic shares outstanding | <u>86,276</u> | | | <u>86,276</u> |
| Diluted net income (loss) per common share | <u>\$ (0.01)</u> | | | <u>\$ (0.01)</u> |
| Weighted average diluted shares outstanding | <u>86,276</u> | | | <u>86,276</u> |

The following table sets forth the consolidation of Borgata from a basis comparable to the historical reporting by ACME Inc.. For purposes of this presentation, and consistent with GAAP, Borgata has been consolidated for the period from March 24, 2010 through December 31, 2010. The historical column reflects the equity method accounting for Borgata. The consolidating columns are presented for purposes of additional disclosure and as a reconciliation to the current GAAP presentation of ACME Inc..

| Year Ended December 31, 2010 | | | | |
|---------------------------------------|--------------|------------|--------------|--------------|
| | ACME Inc. | Borgata | | ACME Inc. |
| | Historical | Stub | Eliminations | Consolidated |
| (In thousands, except per share data) | | | | |
| Revenues | | | | |
| Gaming | \$ 1,306,414 | \$ 506,073 | - | \$ 1,812,487 |
| Food and beverage | 231,054 | 116,534 | - | 347,588 |
| Room | 120,000 | 91,046 | - | 211,046 |
| Other | 89,851 | 33,752 | - | 123,603 |

| | | | | |
|---|-----------|-----------|-------------|-----------|
| Gross revenues | 1,747,319 | 747,405 | - | 2,494,724 |
| Less promotional allowances | 186,561 | 167,264 | - | 353,825 |
| Net revenues | 1,560,758 | 580,141 | - | 2,140,899 |
| Costs and expenses | | | | |
| Gaming | 655,856 | 203,962 | - | 859,818 |
| Food and beverage | 124,851 | 55,989 | - | 180,840 |
| Room | 37,517 | 11,806 | - | 49,323 |
| Other | 72,249 | 27,209 | - | 99,458 |
| Selling, general and administrative | 274,234 | 94,983 | - | 369,217 |
| Maintenance and utilities | 90,809 | 49,913 | - | 140,722 |
| Depreciation and amortization | 146,389 | 52,886 | - | 199,275 |
| Corporate expense | 48,861 | - | - | 48,861 |
| Preopening expenses | 8,405 | - | - | 8,405 |
| Write-downs and other items, net | 4,721 | (8) | - | 4,713 |
| Total costs and expenses | 1,463,892 | 496,740 | - | 1,960,632 |
| Operating income from Borgata | 49,846 | - | (41,700) | 8,146 |
| Operating income | 146,712 | 83,401 | (41,700) | 188,413 |
| Other expense (income) | | | | |
| Interest income | (5) | - | - | (5) |
| Interest expense, net of amounts capitalized | 119,316 | 45,138 | - | 164,454 |
| Fair value adjustment of derivative instruments | 480 | - | - | 480 |
| Gain on early retirements of debt | (2,758) | - | - | (2,758) |
| Gain on equity distribution | (2,535) | - | - | (2,535) |
| Other income | (10,000) | - | - | (10,000) |
| Other non-operating expenses from Borgata, net | 27,736 | - | (24,603) | 3,133 |
| Total other expense, net | 132,234 | 45,138 | (24,603) | 152,769 |
| Income before income taxes | 14,478 | 38,263 | (17,097) | 35,644 |
| Income taxes | (4,168) | (4,068) | - | (8,236) |
| Net income | 10,310 | 34,195 | (17,097) | 27,408 |
| Noncontrolling interest | - | - | (17,098) | (17,098) |
| Net income attributable to ACME Inc. | \$ 10,310 | \$ 34,195 | \$ (34,195) | \$ 10,310 |
| Basic net income per common share | \$ 0.12 | | | \$ 0.12 |
| Weighted average basic shares outstanding | 86,601 | | | 86,601 |
| Diluted net income per common share | \$ 0.12 | | | \$ 0.12 |
| Weighted average diluted shares outstanding | 86,831 | | | 86,831 |

The following supplemental pro forma information presents the financial results as if the effective control of Borgata had occurred on January 1, 2010 (as opposed to March 24, 2010) for the year ended December 31, 2010. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what the actual results would have been had the consolidation of Borgata been completed as of the earlier dates, nor are they indicative of any future results.

| Year Ended December 31, 2010 | | | |
|---------------------------------------|-----------------------|--------------|------------------------|
| ACME Inc. Historical | Borgata Historical | Eliminations | ACME Inc. Pro Forma |
| (In thousands, except per share data) | | | |

Revenues

| | | | \$ | | \$ |
|-----------------------------|----|-----------|----|---------|----|
| Gaming | \$ | 1,306,414 | \$ | 643,904 | - |
| Food and beverage | | 231,054 | | 147,751 | - |
| Room | | 120,000 | | 115,199 | - |
| Other | | 89,851 | | 42,931 | - |
| Gross revenues | | 1,747,319 | | 949,785 | - |
| Less promotional allowances | | 186,561 | | 211,356 | - |
| Net revenues | | 1,560,758 | | 738,429 | - |

Costs and expenses

| | | | | | |
|-------------------------------------|--|-----------|--|---------|---|
| Gaming | | 655,856 | | 263,823 | - |
| Food and beverage | | 124,851 | | 69,489 | - |
| Room | | 37,517 | | 13,992 | - |
| Other | | 72,249 | | 34,334 | - |
| Selling, general and administrative | | 274,234 | | 123,963 | - |
| Maintenance and utilities | | 90,809 | | 63,435 | - |
| Depreciation and amortization | | 146,389 | | 69,640 | - |
| Corporate expense | | 48,861 | | - | - |
| Preopening expenses | | 8,405 | | - | - |
| Write-downs and other items, net | | 4,721 | | 60 | - |
| Total costs and expenses | | 1,463,892 | | 638,736 | - |

| | | | | | |
|-------------------------------|--|---------|--|--------|----------|
| Operating income from Borgata | | 49,846 | | - | (49,846) |
| Operating income | | 146,712 | | 99,693 | (49,846) |

Other expense (income)

| | | | | | |
|---|--|----------|--|--------|----------|
| Interest income | | (5) | | - | - |
| Interest expense, net of amounts capitalized | | 119,316 | | 50,199 | - |
| Fair value adjustment of derivative instruments | | 480 | | - | - |
| Gain on early retirements of debt | | (2,758) | | - | - |
| Gain on controlling interest in Borgata | | (2,535) | | - | - |
| Other income | | (10,000) | | - | - |
| Other non-operating expenses from Borgata, net | | 27,736 | | - | (27,736) |
| Total other expense, net | | 132,234 | | 50,199 | (27,736) |

| | | | | | |
|--------------------------------------|----|---------|----|---------|-------------|
| Income before income taxes | | 14,478 | | 49,494 | (22,110) |
| Income taxes | | (4,168) | | (5,273) | - |
| Net income | | 10,310 | | 44,221 | (22,110) |
| Noncontrolling interest | | - | | - | (22,111) |
| Net income attributable to ACME Inc. | \$ | 10,310 | \$ | 44,221 | \$ (44,221) |

| | | | | | |
|-----------------------------------|----|------|--|--|---------|
| Basic net income per common share | \$ | 0.12 | | | \$ 0.12 |
|-----------------------------------|----|------|--|--|---------|

| | | | | | |
|---|--|--------|--|--|--------|
| Weighted average basic shares outstanding | | 86,601 | | | 86,601 |
|---|--|--------|--|--|--------|

| | | | | | |
|-------------------------------------|----|------|--|--|---------|
| Diluted net income per common share | \$ | 0.12 | | | \$ 0.12 |
|-------------------------------------|----|------|--|--|---------|

| | | | | | |
|---|--|--------|--|--|--------|
| Weighted average diluted shares outstanding | | 86,831 | | | 86,831 |
|---|--|--------|--|--|--------|

The following supplemental pro forma information presents the financial results as if the effective control of Borgata had occurred on January 1, 2009 for the year ended December 31, 2009, to provide a basis of comparability to the year ended December 31, 2010. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what the actual results would have been had the consolidation of Borgata been completed as of the earlier dates, nor are they indicative of any future results.

Year Ended December 31, 2009

| | ACME Inc. Historical | Borgata | Adjustments | ACME Inc. Pro Forma |
|--|--|----------------|--------------------|--------------------------------|
| | (In thousands, except share and per share data) | | | |
| Revenues | | | | |
| Gaming | \$ 1,372,091 | \$ 691,428 | \$ - | \$ 2,063,519 |
| Food and beverage | 229,374 | 143,410 | - | 372,784 |
| Room | 122,305 | 113,143 | - | 235,448 |
| Other | 100,396 | 42,620 | - | 143,016 |
| Gross revenues | 1,824,166 | 990,601 | - | 2,814,767 |
| Less promotional allowances | 183,180 | 213,193 | - | 396,373 |
| Net revenues | 1,640,986 | 777,408 | - | 2,418,394 |
| Costs and expenses | | | | |
| Gaming | 664,739 | 280,620 | - | 945,359 |
| Food and beverage | 125,830 | 64,217 | - | 190,047 |
| Room | 39,655 | 11,940 | - | 51,595 |
| Other | 77,840 | 34,908 | - | 112,748 |
| Selling, general and administrative | 284,937 | 128,164 | - | 413,101 |
| Maintenance and utilities | 92,296 | 59,900 | - | 152,196 |
| Depreciation and amortization | 164,427 | 78,719 | 1,298 | 244,444 |
| Corporate expense | 47,617 | - | - | 47,617 |
| Preopening expenses | 17,798 | 699 | - | 18,497 |
| Write-downs and other items, net | 41,780 | (28,606) | - | 13,174 |
| Total costs and expenses | 1,556,919 | 630,561 | 1,298 | 2,188,778 |
| Operating income from Borgata | 72,126 | - | (72,126) | - |
| Operating income | 156,193 | 146,847 | (73,424) | 229,616 |
| Other expense (income) | | | | |
| Interest income | (6) | - | - | (6) |
| Interest expense, net of amounts capitalized | 146,830 | 27,668 | - | 174,498 |
| Gain on early retirements of debt | (15,284) | - | - | (15,284) |
| Other non-operating expenses | 33 | - | - | 33 |
| Other non-operating expenses from Borgata, net | 19,303 | - | (19,303) | - |
| Total other expense, net | 150,876 | 27,668 | (19,303) | 159,241 |
| Income before income taxes | 5,317 | 119,179 | (54,121) | 70,375 |
| Income taxes | (1,076) | (10,938) | - | (12,014) |
| Net income | 4,241 | 108,241 | (54,121) | 58,361 |
| Noncontrolling interest | - | - | (54,120) | (54,120) |
| Net income attributable to ACME Inc. | \$ 4,241 | \$ 108,241 | \$ (108,241) | \$ 4,241 |
| Basic net income per common share | \$ 0.05 | | | \$ 0.05 |
| Weighted average basic shares outstanding | 86,429 | | | 86,429 |
| Diluted net income per common share | \$ 0.05 | | | \$ 0.05 |
| Weighted average diluted shares outstanding | 86,517 | | | 86,517 |

The following table reconciles the net income (loss) in accordance with GAAP to adjusted earnings (loss) and adjusted earnings (loss) per share.

| Three Months Ended December 31, | Year Ended December 31, |
|--|------------------------------------|
|--|------------------------------------|

| | 2010 | 2009 | 2010 | 2009 |
|---|--|----------------|------------------|------------------|
| | (In thousands, except per share data) | | | |
| Net income (loss) attributable to ACME Inc. | \$ (7,098) | \$ (1,024) | \$ 10,310 | \$ 4,241 |
| Adjustments related to ACME Inc.: | | | | |
| Preopening expenses | 3,415 | 3,025 | 8,405 | 17,798 |
| Loss (gain) on early retirements of debt, net | 1,191 | (3,223) | (2,758) | (15,284) |
| Other income | - | - | (10,000) | - |
| Gain on equity distribution | - | - | (2,535) | - |
| Change in fair value of derivative instruments | 480 | - | 480 | - |
| Write-downs and other items, net | (203) | 365 | 4,721 | 41,780 |
| Other non-operating expenses | - | 3 | - | 33 |
| Accelerated interest expense for credit facility recommitment | - | 1,813 | - | 1,813 |
| Prior period interest expense related to the finalization of our purchase price for Dania Jai-Alai | - | - | - | 8,883 |
| Adjustments related to Borgata: | | | | |
| Our share of Borgata's preopening expenses | - | - | - | 349 |
| Our share of Borgata's write-downs and other items, net | - | 5 | 34 | (14,303) |
| Accelerated amortization of deferred loan fees | - | - | 2,012 | - |
| Write-downs and other items, net | (16) | - | (8) | - |
| Impact on noncontrolling interest | 8 | - | (1,002) | - |
| Income tax effect for above adjustments | (1,721) | (758) | 899 | (13,680) |
| Adjusted earnings (loss) | <u>\$ (3,944)</u> | <u>\$ 206</u> | <u>\$ 10,558</u> | <u>\$ 31,630</u> |
| Adjusted earnings (loss) per share (Adjusted EPS) | <u>\$ (0.05)</u> | <u>\$ 0.00</u> | <u>\$ 0.12</u> | <u>\$ 0.37</u> |
| Weighted average shares outstanding | 86,877 | 86,276 | 86,831 | 86,517 |

The following table illustrates the impact of the above adjustments on earnings per share.

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|--|----------------|------------------------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Net income (loss) attributable to ACME Inc. | \$ (0.08) | \$ (0.01) | \$ 0.12 | \$ 0.05 |
| Adjustments related to ACME Inc.: | | | | |
| Preopening expenses | 0.04 | 0.04 | 0.10 | 0.22 |
| Loss (gain) on early retirements of debt | 0.01 | (0.04) | (0.03) | (0.17) |
| Other income | - | - | (0.12) | - |
| Gain on equity distribution | - | - | (0.03) | - |
| Change in fair value of derivative instruments | - | - | 0.01 | - |
| Write-downs and other items, net | - | - | 0.05 | 0.48 |
| Other non-operating expenses | - | - | - | - |
| Accelerated interest expense for credit facility recommitment | - | 0.02 | - | 0.02 |
| Prior period interest expense related to the finalization of our purchase price for Dania Jai-Alai | - | - | - | 0.10 |
| Adjustments related to Borgata: | | | | |
| Our share of Borgata's preopening expenses | - | - | - | - |
| Our share of Borgata's write-downs and other items, net | - | - | - | (0.17) |
| Accelerated amortization of deferred loan fees | - | - | 0.02 | - |
| Write-downs and other items, net | - | - | - | - |
| Impact on noncontrolling interest | - | - | (0.01) | - |
| Income tax effect for above adjustments | (0.02) | (0.01) | 0.01 | (0.16) |
| Adjusted earnings (loss) per share | <u>\$ (0.05)</u> | <u>\$ 0.00</u> | <u>\$ 0.12</u> | <u>\$ 0.37</u> |

The following table presents Net Revenues and Adjusted EBITDA by operating segment and reconciles Adjusted EBITDA to net income (loss) attributable to ACME Inc. on our condensed consolidated statements of operations for the three months and year ended December 31, 2010 and 2009. Note that the results from Dania Jai-Alai are classified as part of total other operating costs and expenses and are not included in Adjusted EBITDA. Additionally, the results for the three months ended December 31, 2010, as reported in the table below, reflect the consolidation of Borgata for the entire period and the results for the year ended December 31, 2010 reflect the consolidation of Borgata for the period from March 24, 2010 through December 31, 2010. The three months and year ended December 31, 2009 are reported on a historical basis.

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------|----------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| | (In thousands) | | | |
| Net Revenues | | | | |
| Las Vegas Locals | \$ 152,123 | \$ 154,966 | \$ 607,366 | \$ 641,941 |
| Downtown Las Vegas | 57,133 | 58,049 | 218,221 | 229,149 |
| Midwest and South | 172,546 | 170,251 | 728,767 | 762,336 |
| Atlantic City | 168,786 | - | 580,140 | - |
| Reportable Segment Net revenues | 550,588 | 383,266 | 2,134,494 | 1,633,426 |
| Other | 1,352 | 1,682 | 6,405 | 7,560 |
| Net revenues | \$ 551,940 | \$ 384,948 | \$ 2,140,899 | \$ 1,640,986 |
| Adjusted EBITDA | | | | |
| Las Vegas Locals | \$ 34,125 | \$ 34,736 | \$ 137,464 | \$ 155,336 |
| Downtown Las Vegas | 10,866 | 12,247 | 34,227 | 46,102 |
| Midwest and South | 30,423 | 29,369 | 143,699 | 165,534 |
| Wholly-owned property Adjusted EBITDA | 75,414 | 76,352 | 315,390 | 366,972 |
| Corporate expense | (9,500) | (9,581) | (39,565) | (36,934) |
| Wholly-owned Adjusted EBITDA | 65,914 | 66,771 | 275,825 | 330,038 |
| Atlantic City | 34,096 | - | 136,278 | - |
| Our share of Borgata's operating income before net amortization, preopening and other items | - | 8,535 | 8,180 | 59,470 |
| Adjusted EBITDA | \$ 100,010 | \$ 75,306 | \$ 420,283 | \$ 389,508 |
| Other operating costs and expenses | | | | |
| Deferred rent | 1,067 | 1,088 | 4,271 | 4,354 |
| Depreciation and amortization | 51,370 | 39,428 | 199,275 | 165,725 |
| Preopening expenses | 3,415 | 3,025 | 8,405 | 17,798 |
| Our share of Borgata's preopening expenses | - | - | - | 349 |
| Our share of Borgata's write-downs and other items, net | - | 5 | 34 | (14,303) |
| Share-based compensation expense | 3,200 | 4,186 | 11,324 | 13,970 |
| Write-downs and other items, net | (219) | 365 | 4,713 | 41,780 |
| Other | 953 | 1,288 | 3,848 | 3,642 |
| Total other operating costs and expenses | 59,786 | 49,385 | 231,870 | 233,315 |
| Operating income | 40,224 | 25,921 | 188,413 | 156,193 |
| Other non-operating items | | | | |
| Interest expense, net | 55,015 | 33,023 | 164,449 | 146,824 |
| Fair value adjustment of derivative instruments | 480 | - | 480 | - |
| Gain on early retirements of debt, net | 1,191 | (3,223) | (2,758) | (15,284) |
| Gain on equity distribution | - | - | (2,535) | - |
| Other income | - | - | (10,000) | - |
| Other non-operating expenses | - | 3 | - | 33 |
| Our share of Borgata's non-operating expenses, net | - | 3,073 | 3,133 | 19,303 |
| Total other non-operating costs and expenses, net | 56,686 | 32,876 | 152,769 | 150,876 |
| Income (loss) before income taxes | (16,462) | (6,955) | 35,644 | 5,317 |
| Income taxes | 7,296 | 5,931 | (8,236) | (1,076) |
| Net income (loss) | (9,166) | (1,024) | 27,408 | 4,241 |
| Noncontrolling interest | 2,068 | - | (17,098) | - |

| | | | | | | | | |
|--|----|---------|----|---------|----|--------|----|-------|
| Net income loss) attributable to ACME Inc. | \$ | (7,098) | \$ | (1,024) | \$ | 10,310 | \$ | 4,241 |
|--|----|---------|----|---------|----|--------|----|-------|

The following table sets forth the consolidation of Borgata from a basis comparable to the historical reporting by ACME Inc.. For purposes of this presentation, and consistent with GAAP, Borgata has been consolidated for the entire period presented, or for the period from October 1, 2010 through December 31, 2010. The historical column reflects equity method accounting for Borgata. The consolidating columns are presented for purposes of additional disclosure and as a reconciliation to the current GAAP presentation of ACME Inc..

| Three Months Ended December 31, 2010 | | | | |
|---|-------------------------|------------|-------------|---------------------------|
| | ACME Inc. Historical | Borgata | Adjustments | ACME Inc. Consolidated |
| | (In thousands) | | | |
| Net Revenues | | | | |
| Las Vegas Locals | \$ 152,123 | \$ - | \$ - | \$ 152,123 |
| Downtown Las Vegas | 57,133 | - | - | 57,133 |
| Midwest and South | 172,546 | - | - | 172,546 |
| Atlantic City | - | 168,786 | - | 168,786 |
| Reportable Segment Net revenues | 381,802 | 168,786 | - | 550,588 |
| Other | 1,352 | - | - | 1,352 |
| Net revenues | \$ 383,154 | \$ 168,786 | \$ - | \$ 551,940 |
| Adjusted EBITDA | | | | |
| Las Vegas Locals | \$ 34,125 | \$ - | \$ - | \$ 34,125 |
| Downtown Las Vegas | 10,866 | - | - | 10,866 |
| Midwest and South | 30,423 | - | - | 30,423 |
| Wholly-owned property Adjusted EBITDA | 75,414 | - | - | 75,414 |
| Corporate expense | (9,500) | - | - | (9,500) |
| Wholly-owned Adjusted EBITDA | 65,914 | - | - | 65,914 |
| Atlantic City | - | 34,096 | - | 34,096 |
| Our share of Borgata's operating income before net amortization, preopening and other items | 8,770 | - | (8,770) | - |
| Adjusted EBITDA | \$ 74,684 | \$ 34,096 | \$ (8,770) | \$ 100,010 |
| Other operating costs and expenses | | | | |
| Deferred rent | 1,067 | - | - | 1,067 |
| Depreciation and amortization | 34,797 | 16,573 | - | 51,370 |
| Preopening expenses | 3,415 | - | - | 3,415 |
| Our share of Borgata's write-downs and other items, net | - | - | - | - |
| Share-based compensation expense | 3,200 | - | - | 3,200 |
| Write-downs and other items, net | (203) | (16) | - | (219) |
| Other | 954 | - | - | 954 |
| Total other operating costs and expenses | 43,230 | 16,557 | - | 59,787 |
| Operating income | 31,454 | 17,540 | (8,770) | 40,224 |
| Other non-operating items | | | | |
| Interest expense, net | 33,224 | 21,791 | - | 55,015 |
| Fair value adjustment of derivative instruments | 480 | - | - | 480 |
| Gain on early retirements of debt | 1,191 | - | - | 1,191 |
| Gain on controlling interest in Borgata | - | - | - | - |
| Other income | - | - | - | - |
| Our share of Borgata's non-operating expenses, net | 10,838 | - | (10,838) | - |
| Total other non-operating costs and expenses, net | 45,733 | 21,791 | (10,838) | 56,686 |
| Income (loss) before income taxes | (14,279) | (4,251) | 2,068 | (16,462) |
| Income taxes | 7,181 | 115 | - | 7,296 |
| Net income (loss) | (7,098) | (4,136) | 2,068 | (9,166) |

| | | | | |
|---|-------------------|-------------------|-----------------|-------------------|
| Noncontrolling interest | - | - | 2,068 | 2,068 |
| Net income (loss) attributable to ACME Inc. | <u>\$ (7,098)</u> | <u>\$ (4,136)</u> | <u>\$ 4,136</u> | <u>\$ (7,098)</u> |

The following supplemental pro forma information presents the financial results as if the effective control of Borgata had occurred on October 1, 2009 for the period through December 31, 2009. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what the actual results would have been had the consolidation of Borgata been completed as of the earlier dates, nor are they indicative of any future results.

| Three Months Ended December 31, 2009 | | | | |
|---|-------------------------|-------------------|-------------------|------------------------|
| | ACME Inc. Historical | Borgata Stub | Adjustments | ACME Inc. Pro Forma |
| (In thousands) | | | | |
| Net Revenues | | | | |
| Las Vegas Locals | \$ 154,966 | \$ - | \$ - | \$ 154,966 |
| Downtown Las Vegas | 58,049 | - | - | 58,049 |
| Midwest and South | 170,251 | - | - | 170,251 |
| Atlantic City | - | 175,408 | - | 175,408 |
| Reportable Segment Net revenues | 383,266 | 175,408 | - | 558,674 |
| Other | 1,682 | - | - | 1,682 |
| Net revenues | <u>\$ 384,948</u> | <u>\$ 175,408</u> | <u>\$ -</u> | <u>\$ 560,356</u> |
| Adjusted EBITDA | | | | |
| Las Vegas Locals | \$ 34,736 | \$ - | \$ - | \$ 34,736 |
| Downtown Las Vegas | 12,247 | - | - | 12,247 |
| Midwest and South | 29,369 | - | - | 29,369 |
| Wholly-owned property Adjusted EBITDA | 76,352 | - | - | 76,352 |
| Corporate expense | (9,581) | - | - | (9,581) |
| Wholly-owned Adjusted EBITDA | 66,771 | - | - | 66,771 |
| Atlantic City | - | 36,448 | - | 36,448 |
| Our share of Borgata's operating income before net amortization, preopening and other items | 8,535 | - | (8,535) | - |
| Adjusted EBITDA | <u>\$ 75,306</u> | <u>\$ 36,448</u> | <u>\$ (8,535)</u> | <u>\$ 103,219</u> |
| Other operating costs and expenses | | | | |
| Deferred rent | 1,088 | - | - | 1,088 |
| Depreciation and amortization | 39,428 | 19,380 | - | 58,808 |
| Preopening expenses | 3,025 | - | - | 3,025 |
| Our share of Borgata's preopening expenses | - | - | - | - |
| Our share of Borgata's write-downs and other items, net | 5 | - | (5) | - |
| Share-based compensation expense | 4,186 | - | - | 4,186 |
| Write-downs and other items, net | 365 | 10 | - | 375 |
| Other | 1,288 | - | - | 1,288 |
| Total other operating costs and expenses | <u>49,385</u> | <u>19,390</u> | <u>(5)</u> | <u>68,770</u> |
| Operating income | <u>25,921</u> | <u>17,058</u> | <u>(8,530)</u> | <u>34,449</u> |
| Other non-operating items | | | | |
| Interest expense, net | 33,023 | 5,787 | - | 38,810 |
| Gain on early retirements of debt | (3,223) | - | - | (3,223) |
| Other non-operating expenses | 3 | - | - | 3 |
| Our share of Borgata's non-operating expenses, net | 3,073 | - | (3,073) | - |
| Total other non-operating costs and expenses, net | <u>32,876</u> | <u>5,787</u> | <u>(3,073)</u> | <u>35,590</u> |
| Income (loss) before income taxes | (6,955) | 11,271 | (5,457) | (1,141) |
| Income taxes | 5,931 | (359) | - | 5,572 |
| Net income (loss) | <u>(1,024)</u> | <u>10,912</u> | <u>(5,457)</u> | <u>4,431</u> |
| Noncontrolling interest | - | - | (5,455) | (5,455) |

| | | | | | | | | |
|---|----|---------|----|--------|----|----------|----|---------|
| Net income (loss) attributable to ACME Inc. | \$ | (1,024) | \$ | 10,912 | \$ | (10,912) | \$ | (1,024) |
|---|----|---------|----|--------|----|----------|----|---------|

The following supplemental pro forma information presents the financial results as if the effective control of Borgata had occurred on January 1, 2010, for the year ended December 31, 2010. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what the actual results would have been had the consolidation of Borgata been completed as of the earlier dates, nor are they indicative of any future results.

| Year Ended December 31, 2010 | | | | | | | | |
|---|----------------|-----------|---------|---------|-------------|---------|-----------|-----------|
| | ACME Inc. | | Borgata | | | | ACME Inc. | |
| | Consolidated | | Stub | | Adjustments | | Pro Forma | |
| | (In thousands) | | | | | | | |
| Net Revenues | | | | | | | | |
| Las Vegas Locals | \$ | 607,366 | \$ | - | \$ | - | \$ | 607,366 |
| Downtown Las Vegas | | 218,221 | | - | | - | | 218,221 |
| Midwest and South | | 728,767 | | - | | - | | 728,767 |
| Atlantic City | | 580,140 | | 158,290 | | - | | 738,430 |
| Reportable Segment Net revenues | | 2,134,494 | | 158,290 | | - | | 2,292,784 |
| Other | | 6,405 | | - | | - | | 6,405 |
| Net revenues | \$ | 2,140,899 | \$ | 158,290 | \$ | - | \$ | 2,299,189 |
| Adjusted EBITDA | | | | | | | | |
| Las Vegas Locals | \$ | 137,464 | \$ | - | \$ | - | \$ | 137,464 |
| Downtown Las Vegas | | 34,227 | | - | | - | | 34,227 |
| Midwest and South | | 143,699 | | - | | - | | 143,699 |
| Wholly-owned property Adjusted EBITDA | | 315,390 | | - | | - | | 315,390 |
| Corporate expense | | (39,565) | | - | | - | | (39,565) |
| Wholly-owned Adjusted EBITDA | | 275,825 | | - | | - | | 275,825 |
| Atlantic City | | 136,278 | | 33,115 | | - | | 169,393 |
| Our share of Borgata's operating income before net amortization, preopening and other items | | 8,180 | | - | | (8,180) | | - |
| Adjusted EBITDA | \$ | 420,283 | \$ | 33,115 | \$ | (8,180) | \$ | 445,218 |
| Other operating costs and expenses | | | | - | | - | | |
| Deferred rent | | 4,271 | | - | | - | | 4,271 |
| Depreciation and amortization | | 199,275 | | 16,753 | | - | | 216,028 |
| Preopening expenses | | 8,405 | | - | | - | | 8,405 |
| Our share of Borgata's preopening expenses | | - | | - | | - | | - |
| Our share of Borgata's write-downs and other items, net | | 34 | | - | | (34) | | - |
| Share-based compensation expense | | 11,324 | | - | | - | | 11,324 |
| Write-downs and other items, net | | 4,713 | | 68 | | - | | 4,781 |
| Other | | 3,848 | | - | | - | | 3,848 |
| Total other operating costs and expenses | | 231,870 | | 16,821 | | (34) | | 248,657 |
| Operating income | | 188,413 | | 16,294 | | (8,146) | | 196,561 |
| Other non-operating items | | | | | | | | |
| Interest expense, net | | 164,449 | | 5,063 | | - | | 169,512 |
| Fair value adjustment of derivative instruments | | 480 | | - | | - | | 480 |
| Gain on early retirements of debt | | (2,758) | | - | | - | | (2,758) |
| Gain on equity distribution | | (2,535) | | - | | - | | (2,535) |
| Other income | | (10,000) | | - | | - | | (10,000) |
| Our share of Borgata's non-operating expenses, net | | 3,133 | | - | | (3,133) | | - |
| Total other non-operating costs and expenses, net | | 152,769 | | 5,063 | | (3,133) | | 154,699 |
| Income before income taxes | | 35,644 | | 11,231 | | (5,013) | | 41,862 |
| Income taxes | | (8,236) | | (1,206) | | - | | (9,442) |
| Net income | | 27,408 | | 10,025 | | (5,013) | | 32,420 |

| | | | | |
|--------------------------------------|------------------|------------------|--------------------|------------------|
| Noncontrolling interest | (17,098) | - | (5,012) | (22,110) |
| Net income attributable to ACME Inc. | <u>\$ 10,310</u> | <u>\$ 10,025</u> | <u>\$ (10,025)</u> | <u>\$ 10,310</u> |

The following supplemental pro forma information presents the financial results as if the effective control of Borgata had occurred on January 1, 2009, for the year ended December 31, 2009. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what the actual results would have been had the consolidation of Borgata been completed as of the earlier dates, nor are they indicative of any future results.

| Year Ended December 31, 2009 | | | | |
|---|-------------------------|-------------------|---------------------|------------------------|
| | ACME Inc. Historical | Borgata | Adjustments | ACME Inc. Pro Forma |
| (In thousands) | | | | |
| Net Revenues | | | | |
| Las Vegas Locals | \$ 641,941 | \$ - | \$ - | \$ 641,941 |
| Downtown Las Vegas | 229,149 | - | - | 229,149 |
| Midwest and South | 762,336 | - | - | 762,336 |
| Atlantic City | - | 777,408 | - | 777,408 |
| Reportable Segment Net revenues | 1,633,426 | 777,408 | - | 2,410,834 |
| Other | 7,560 | - | - | 7,560 |
| Net revenues | <u>\$ 1,640,986</u> | <u>\$ 777,408</u> | <u>\$ -</u> | <u>\$ 2,418,394</u> |
| Adjusted EBITDA | | | | |
| Las Vegas Locals | \$ 155,336 | \$ - | \$ - | \$ 155,336 |
| Downtown Las Vegas | 46,102 | - | - | 46,102 |
| Midwest and South | 165,534 | - | - | 165,534 |
| Wholly-owned property Adjusted EBITDA | 366,972 | - | - | 366,972 |
| Corporate expense | (36,934) | - | - | (36,934) |
| Wholly-owned Adjusted EBITDA | 330,038 | - | - | 330,038 |
| Atlantic City | - | 197,659 | - | 197,659 |
| Our share of Borgata's operating income before net amortization, preopening and other items | 59,470 | - | (59,470) | - |
| Adjusted EBITDA | <u>\$ 389,508</u> | <u>\$ 197,659</u> | <u>\$ (59,470)</u> | <u>\$ 527,697</u> |
| Other operating costs and expenses | | | | |
| Deferred rent | 4,354 | - | - | 4,354 |
| Depreciation and amortization | 165,725 | 78,719 | - | 244,444 |
| Preopening expenses | 17,798 | 699 | - | 18,497 |
| Our share of Borgata's preopening expenses | 349 | - | (349) | - |
| Our share of Borgata's write-downs and other items, net | (14,303) | - | 14,303 | - |
| Share-based compensation expense | 13,970 | - | - | 13,970 |
| Write-downs and other items, net | 41,780 | (28,606) | - | 13,174 |
| Other | 3,642 | - | - | 3,642 |
| Total other operating costs and expenses | 233,315 | 50,812 | 13,954 | 298,081 |
| Operating income | <u>156,193</u> | <u>146,847</u> | <u>(73,424)</u> | <u>229,616</u> |
| Other non-operating items | | | | |
| Interest expense, net | 146,824 | 27,668 | - | 174,492 |
| Gain on early retirements of debt | (15,284) | - | - | (15,284) |
| Other non-operating expenses | 33 | - | - | 33 |
| Our share of Borgata's non-operating expenses, net | 19,303 | - | (19,303) | - |
| Total other non-operating costs and expenses, net | 150,876 | 27,668 | (19,303) | 159,241 |
| Income before income taxes | 5,317 | 119,179 | (54,121) | 70,375 |
| Income taxes | (1,076) | (10,938) | - | (12,014) |
| Net income | 4,241 | 108,241 | (54,121) | 58,361 |
| Noncontrolling interest | - | - | (54,120) | (54,120) |
| Net income attributable to ACME Inc. | <u>\$ 4,241</u> | <u>\$ 108,241</u> | <u>\$ (108,241)</u> | <u>\$ 4,241</u> |

The following table reconciles the presentation of corporate expense on our condensed consolidated statements of operations to the presentation on the accompanying table.

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|-----------------|----------------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | (In thousands) | | | |
| Corporate expense as reported on our consolidated statements of operations | \$ 12,225 | \$ 12,540 | \$ 48,861 | \$ 47,617 |
| Corporate share-based compensation expense | (2,725) | (2,959) | (9,296) | (10,683) |
| Corporate expense as reported on the accompanying table | <u>\$ 9,500</u> | <u>\$ 9,581</u> | <u>\$ 39,565</u> | <u>\$ 36,934</u> |

The following table reconciles the presentation of our share of Borgata's operating income on our consolidated statements of operations to the presentation of our share of Borgata's results on the accompanying table.

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|-----------------|----------------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | (In thousands) | | | |
| Operating income from Borgata, as reported on our consolidated statements of operations | \$ - | \$ 8,205 | \$ 8,146 | \$ 72,126 |
| Add back: | | | | |
| Net amortization expense related to our investment in Borgata | - | 325 | - | 1,298 |
| Our share of preopening expenses | - | - | - | 349 |
| Our share of write-downs and other items, net | - | 5 | 34 | (14,303) |
| Our share of Borgata's operating income before net amortization, preopening and other items as reported on the accompanying table | <u>\$ -</u> | <u>\$ 8,535</u> | <u>\$ 8,180</u> | <u>\$ 59,470</u> |

The following table reconciles the presentation of depreciation and amortization on our condensed consolidated statements of operations to the presentation on the accompanying table.

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | (In thousands) | | | |
| Depreciation and amortization as reported on our condensed consolidated statements of operations | \$ 51,370 | \$ 39,103 | \$ 199,275 | \$ 164,427 |
| Net amortization expense related to our investment in Borgata | - | 325 | - | 1,298 |
| Depreciation and amortization as reported on the accompanying table | <u>\$ 51,370</u> | <u>\$ 39,428</u> | <u>\$ 199,275</u> | <u>\$ 165,725</u> |

The following table presents Borgata's condensed consolidated statements of operations.

Three Months Ended **Year Ended**

| | December 31, | | December 31, | |
|--|--------------|------------|--------------|------------|
| | 2010 | 2009 | 2010 | 2009 |
| (In thousands) | | | | |
| Revenues | | | | |
| Gaming | \$ 148,759 | \$ 153,387 | \$ 643,904 | \$ 691,428 |
| Food and beverage | 34,162 | 32,297 | 147,751 | 143,410 |
| Room | 27,004 | 26,087 | 115,199 | 113,143 |
| Other | 9,705 | 10,124 | 42,931 | 42,620 |
| Gross revenues | 219,630 | 221,895 | 949,785 | 990,601 |
| Less promotional allowances | 50,844 | 46,487 | 211,356 | 213,193 |
| Net revenues | 168,786 | 175,408 | 738,429 | 777,408 |
| Costs and expenses | | | | |
| Gaming | 62,313 | 65,352 | 263,823 | 280,620 |
| Food and beverage | 16,396 | 15,395 | 69,489 | 64,217 |
| Room | 3,213 | 2,942 | 13,992 | 11,940 |
| Other | 7,681 | 8,323 | 34,334 | 34,908 |
| Selling, general and administrative | 30,510 | 31,914 | 123,963 | 128,164 |
| Maintenance and utilities | 14,576 | 15,034 | 63,435 | 59,900 |
| Depreciation and amortization | 16,573 | 19,380 | 69,640 | 78,719 |
| Preopening expenses | - | - | - | 699 |
| Write-downs and other items, net | (16) | 10 | 60 | (28,606) |
| Total costs and expenses | 151,246 | 158,350 | 638,736 | 630,561 |
| Operating income | 17,540 | 17,058 | 99,693 | 146,847 |
| Other expense (income) | | | | |
| Interest expense, net of amounts capitalized | 21,791 | 5,787 | 50,199 | 27,668 |
| Income (loss) before state income taxes | (4,251) | 11,271 | 49,494 | 119,179 |
| State income taxes | 115 | (359) | (5,273) | (10,938) |
| Net income (loss) | \$ (4,136) | \$ 10,912 | \$ 44,221 | \$ 108,241 |

The following table reconciles operating income to Adjusted EBITDA for Borgata.

| | Three Months Ended | | Year Ended | |
|----------------------------------|--------------------|-----------|--------------|------------|
| | December 31, | | December 31, | |
| | 2010 | 2009 | 2010 | 2009 |
| (In thousands) | | | | |
| Operating income | \$ 17,540 | \$ 17,058 | \$ 99,693 | \$ 146,847 |
| Depreciation and amortization | 16,573 | 19,380 | 69,640 | 78,719 |
| Preopening expenses | - | - | - | 699 |
| Write-downs and other items, net | (16) | 10 | 60 | (28,606) |
| Adjusted EBITDA | \$ 34,096 | \$ 36,448 | \$ 169,393 | \$ 197,659 |

Footnotes and Safe Harbor Statements

Non-GAAP Financial Measures

Regulation G, "Conditions for Use of Non-GAAP Financial Measures," prescribes the conditions for use of non-GAAP financial information in public disclosures. We believe that our presentations of the following non-GAAP financial measures are important supplemental measures of operating performance to investors: earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, Adjusted Earnings, Adjusted Earnings Per Share (Adjusted EPS) and net revenues (excluding the 8 days of consolidation for Borgata). The following discussion defines these terms and why we believe they are useful measures of our performance.

In the accompanying release, and the Company's periodic reports filed with the Securities and Exchange Commission, Dania Jai-Alai's results are included as part of total other operating costs and expenses. In addition, as of the same date, we reclassified the reporting of corporate expense to exclude it from our subtotal for Reportable Segment Adjusted EBITDA and include it as part of total other operating costs and expenses. Furthermore, in the Company's periodic reports, corporate expense is presented to include its portion of share-based compensation expense.

EBITDA and Adjusted EBITDA

EBITDA is a commonly used measure of performance in our industry which we believe, when considered with measures calculated in accordance with GAAP, gives investors a more complete understanding of operating results before the impact of investing and financing transactions and income taxes and facilitates comparisons between us and our competitors. Management has historically adjusted EBITDA when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide the most accurate measure of our core operating results and as a means to evaluate period-to-period results. We have chosen to provide this information to investors to enable them to perform more meaningful comparisons of past, present and future operating results and as a means to evaluate the results of core on-going operations. We do not reflect such items when calculating EBITDA; however, we adjust for these items and refer to this measure as Adjusted EBITDA. We have historically reported this measure to our investors and believe that the continued inclusion of Adjusted EBITDA provides consistency in our financial reporting. We use Adjusted EBITDA in this press release because we believe it is useful to investors in allowing greater transparency related to a significant measure used by management in its financial and operational decision-making. Adjusted EBITDA is among the more significant factors in management's internal evaluation of total company and individual property performance and in the evaluation of incentive compensation related to property management. Management also uses Adjusted EBITDA as a measure in determining the value of acquisitions and dispositions. Adjusted EBITDA is also widely used by management in the annual budget process. Externally, we believe these measures continue to be used by investors in their assessment of our operating performance and the valuation of our company. Adjusted EBITDA reflects EBITDA adjusted for deferred rent, preopening expenses, share-based compensation expense, write-downs and other charges, net, increase in value of derivative instruments, gain on early retirements of debt, other non-operating expenses, and our share of Borgata's non-operating expenses, preopening expenses and other items and write-downs, net. In addition, Adjusted EBITDA includes corporate expense. A reconciliation of Adjusted EBITDA to net income (loss), based upon GAAP, is included in the financial schedules accompanying this release.

Adjusted Earnings and Adjusted EPS

Adjusted Earnings is net income (loss) before preopening expenses, increase in value of derivative instruments, write-downs and other charges, net, gain on early retirements of debt, prior period interest expense related to the finalization of our purchase price for Dania Jai-Alai, accelerated interest expense related to our bank credit facility amendment, certain one-time permanent tax readjustments, other non-operating expenses, and our share of Borgata's preopening expenses and other items and write-downs, net. Adjusted Earnings and Adjusted EPS are presented solely as supplemental disclosures because management believes that they are widely used measures of performance in the gaming industry. A reconciliation of net loss based upon GAAP to Adjusted Earnings and Adjusted EPS are included in the financial schedules accompanying this release.

Pro Forma Effect of Consolidation of Borgata

The effective change in control of Borgata was triggered at the end of the first quarter 2010. For purposes of comparability throughout this release, when such results are reported on a consolidated basis, the results of the prior year are retroactively recast to present such results on a consolidated basis, comparable to the current period. Additionally, for further purposes of comparability, certain year to date amounts have been presented on a pro forma basis, as if the consolidation of Borgata had occurred as of the beginning of the period presented (i.e. January 1, for the year ended September 30, 2010, or September 30, 2009, as applicable).

Limitations on the Use of Non-GAAP Measures

The use of EBITDA, Adjusted EBITDA, Adjusted Earnings, Adjusted EPS and certain other non-GAAP financial measures has certain limitations. Our presentation of EBITDA, Adjusted EBITDA, Adjusted Earnings, Adjusted EPS or certain other non-GAAP financial measures may be different from the presentation used by other companies and therefore comparability may be limited. Depreciation and amortization expense, interest expense, income taxes and other items have been and will be incurred and are not reflected in the presentation of EBITDA or Adjusted EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, EBITDA and Adjusted EBITDA do not consider capital expenditures and other investing activities and should not be considered as a measure of our liquidity. We compensate for these limitations by providing the relevant disclosure of our depreciation and amortization, interest and income taxes, capital expenditures

and other items both in our reconciliations to the GAAP financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance.

EBITDA, Adjusted EBITDA, Adjusted Earnings, Adjusted EPS and certain other non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP. EBITDA, Adjusted EBITDA, Adjusted Earnings, Adjusted EPS and certain other non-GAAP financial measures should not be considered as an alternative to net income, operating income, or any other operating performance measure prescribed by GAAP, nor should these measures be relied upon to the exclusion of GAAP financial measures. EBITDA, Adjusted EBITDA, Adjusted Earnings, Adjusted EPS and certain other non-GAAP financial measures reflect additional ways of viewing our operations that we believe, when viewed with our GAAP results and the reconciliations to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not to rely on a single financial measure.

Forward Looking Statements and Company Information

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements contain words such as "may," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "continue," "pursue," or the negative thereof or comparable terminology, and may include (without limitation) information regarding the Company's expectations, goals or intentions regarding the economic recovery, increases in both visitation and spend-per-visit, and returning to consistent year-over-year growth in the business. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. These risks and uncertainties include, but are not limited to: fluctuations in our operating results; recovery of our properties in various markets; the state of the economy and its effect on consumer spending and our results of operations; the timing for the economic recovery, its effect on our business and the local economies where our properties are located; consumer reaction to fluctuations in the stock market and economic factors; the fact that our expansion, development and renovation projects (including enhancements to improve property performance) are subject to many risks inherent in expansion, development or construction of a new or existing project; the effects of events adversely impacting the economy or the regions from which we draw a significant percentage of our customers; competition; litigation; financial community and rating agency perceptions of the Company; changes in laws and regulations, including increased taxes; the availability and price of energy, weather, regulation, economic, credit and capital market conditions; and the effects of war, terrorist or similar activity. Additional factors that could cause actual results to differ are discussed under the heading "Risk Factors" and in other sections of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, filed with the SEC, and in the Company's other current and periodic reports filed from time to time with the SEC. All forward-looking statements in this press release are made as of the date hereof, based on information available to the Company as of the date hereof, and the Company assumes no obligation to update any forward-looking statement.

About ACME Inc.

Headquartered in Las Vegas, ACME Inc. (**NYSE: ACME**) is a leading diversified owner and operator of 16 gaming entertainment properties located in Nevada, New Jersey, Mississippi, Illinois, Indiana, and Louisiana. ACME Inc. press releases are available at www.prnewswire.com. Additional news and information on ACME Inc. can be found at www.google.com.

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