

**NEWS RELEASE**

**Gray Reports Operating Results  
for the Three Months and Six Months Ended June 30, 2003**

**Atlanta, Georgia – August 12, 2003 . . . Gray Television, Inc. (the “Company”)** (NYSE: GTN) today announced its results for the three months (“second quarter”) and six months (“first half”) ended June 30, 2003.

The operating results for the second quarter of 2003 were within the guidance ranges previously issued by the Company.

The Company’s reported results for 2003 reflect the impact of the acquisition of Stations Holding Company, Inc., on October 25 2002, comprising 15 network affiliated television stations serving 13 television markets and the acquisition on December 18, 2002 of KOLO-TV, the ABC affiliate serving Reno, Nevada. Both acquisitions are collectively referred to as the “2002 Acquisitions”. The Company has also provided information on its operating results on a “pro forma” basis which gives effect to the 2002 Acquisitions as if they had occurred on January 1, 2002 (see Note 1).

**Second Quarter of 2003 Compared to the Second Quarter of 2002**

*Revenues.* Total revenues for the three months ended June 30, 2003 increased 80% to \$76.6 million as compared to the corresponding period of the prior year primarily reflecting the impact of the 2002 Acquisitions. Broadcasting revenues increased 115% to \$63.6 million. The stations acquired in 2002 had revenue of \$33.6 million in the second quarter of 2003. For the television stations that were owned continuously for the quarters ended June 30, 2003 and 2002, total revenue increased 1% while political revenue decreased \$525,000. On a pro forma basis, total broadcasting revenues increased 2% from the pro forma results of the second quarter of 2002. Broadcasting local and national revenues increased 5% and 7% respectively from the pro forma results of 2002 while political advertising revenue decreased \$1.3 million from the pro forma results for the second quarter of 2002.

*Operating expenses.* Operating expenses increased 78% to \$54.3 million primarily reflecting the impact of the 2002 Acquisitions. Broadcasting expenses, before depreciation and amortization, increased 117% to \$35.7 million. The stations acquired in 2002 had broadcast expense of \$19.0 million in the second quarter of 2003. For the television stations that were owned continuously for the quarters ended June 30, 2003 and 2002, broadcast expenses increased only 1% from the prior period. On a pro forma basis, broadcasting operating expenses before depreciation and amortization of \$35.7 million were consistent with the pro forma results of the prior year.

## **Six Months Ended June 30, 2003 Compared to the Six Months Ended June 30, 2002**

*Revenues.* Total revenues for the six months ended June 30, 2003 increased 76% to \$141.6 million as compared to the same period of the prior year primarily reflecting the impact of the 2002 Acquisitions. Broadcasting revenues increased 111% to \$116.2 million. The stations acquired in 2002 had revenue of \$61.0 million in the first half of 2003. For the television stations that were owned continuously for the six month periods ended June 30, 2003 and 2002, total revenue was consistent between the periods while political revenue decreased \$924,000. The Company earned approximately \$411,000 of broadcast revenues from advertising associated with telecasts of the 2002 Winter Olympics during the first six months of 2002 while there was no similar event broadcast during 2003. On a pro forma basis total broadcasting revenues increased 1% to \$116.2 million from the pro forma results for the first half of 2002. Broadcasting local and national revenue increased 3% and 4% respectively from the pro forma results of 2002 while political advertising revenue decreased \$1.5 million from the pro forma results for the first six months of 2002. The Company earned approximately \$2.2 million of pro forma broadcast revenues from advertising associated with telecasts of the 2002 Winter Olympics during the first six months of 2002 while there was no similar event broadcast during 2003.

*Operating expenses.* Operating expenses increased 80% to \$107.6 million primarily reflecting the impact of the 2002 Acquisitions. Broadcasting expenses, before depreciation and amortization, increased 121% to \$70.6 million. The stations acquired in 2002 had broadcast expense of \$37.5 million in the first six months of 2003. For the television stations that were owned continuously for the six month periods ended June 30, 2003 and 2002, broadcast expenses increased 4%. On a pro forma basis broadcasting operating expenses before depreciation and amortization increased 1%, to \$70.6 million, from the pro forma results for the first half of 2002.

## **Balance Sheet**

Total debt outstanding at June 30, 2003 was \$656.4 million compared to \$658.2 million at December 31, 2002. The Company's cash balance was \$14.8 million at June 30, 2003 compared to \$12.9 million at December 31, 2002

### **Guidance for the Third Quarter of 2003**

The Company currently anticipates that its results of operations for the three months ended September 30, 2003 will approximate the ranges presented in the table below.

Dollars in Millions	Three Months Ended September 30, 2003 Estimated Range	
	Low	High
OPERATING REVENUES		
Broadcasting (less agency commissions)	\$ 59.0	\$ 60.0
Publishing	10.8	11.1
Paging	1.9	2.1
TOTAL OPERATING REVENUES	<u>71.7</u>	<u>73.2</u>
OPERATING EXPENSES		
Operating expenses before depreciation and amortization		
Broadcasting (less agency commissions)	35.8	36.0
Publishing	8.0	8.1
Paging	1.4	1.5
Corporate	1.3	1.5
Depreciation and amortization	6.9	7.1
TOTAL OPERATING EXPENSES	<u>53.4</u>	<u>54.2</u>
OPERATING INCOME	<u>\$ 18.3</u>	<u>\$19.0</u>

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### **Conference Call Information**

Gray Television, Inc. will host a conference call to discuss its second quarter operating results on Tuesday August 12, 2003. The call will begin at 11:00 a.m. Eastern Time. The live dial-in number is (877) 888-4605. The call will be webcast live and available for replay at [www.graytvinc.com](http://www.graytvinc.com). The taped replay of the conference call will be available at (866) 518-1010 until August 19, 2003.

### **The Company**

Gray Television, Inc. is a communications company headquartered in Atlanta, Georgia, and currently owns 29 television stations serving 25 television markets. The stations include 15 CBS affiliates, seven NBC affiliates and seven ABC affiliates. Gray Television, Inc. has 22 stations ranked #1 in local news audience and 22 stations ranked #1 in overall audience within their respective markets based on the results of the Nielsen November 2002 ratings reports. The TV station group reaches approximately 5.3% of total U.S. TV households. The Company also owns four daily newspapers, three in Georgia and one in Indiana.

## Gray Television, Inc.

(in thousands, except per share data and percentages)

Selected unaudited operating data:	As Reported <sup>(1)</sup> Three Months Ended June 30,			Pro Forma <sup>(1)</sup> Three Months Ended June 30,	
	2003	2002	%	2002	%
			Change		Change
<b>OPERATING REVENUES</b>					
Broadcasting (less agency commissions)	\$ 63,551	\$ 29,553	115 %	\$ 62,293	2 %
Publishing	11,143	11,073	1 %	11,073	1 %
Paging	1,953	2,074	(6)%	2,074	(6)%
<b>TOTAL OPERATING REVENUES</b>	<b>76,647</b>	<b>42,700</b>	<b>80 %</b>	<b>75,440</b>	<b>2 %</b>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation and amortization					
Broadcasting	35,744	16,494	117 %	35,844	(0)%
Publishing	7,933	7,769	2 %	7,769	2 %
Paging	1,381	1,371	1 %	1,371	1 %
Corporate and administrative	2,107	1,116	89 %	1,972	7 %
Depreciation and amortization	7,117	3,700	92 %	5,562	28 %
<b>TOTAL OPERATING EXPENSES</b>	<b>54,282</b>	<b>30,450</b>	<b>78 %</b>	<b>52,518</b>	<b>3 %</b>
Operating income	22,365	12,250	83 %	22,922	(2)%
Miscellaneous income, net	51	59	(14)%	59	(14)%
Appreciation in value of derivatives, net	-0-	341	(100)%	341	(100)%
Interest expense	(10,972)	(7,901)	39 %	(12,367)	(11)%
<b>INCOME BEFORE INCOME TAXES</b>	<b>11,444</b>	<b>4,749</b>	<b>141 %</b>	<b>10,955</b>	<b>4 %</b>
Income tax expense	4,412	1,662	165 %	4,020	10 %
<b>NET INCOME</b>	<b>7,032</b>	<b>3,087</b>	<b>128 %</b>	<b>6,935</b>	<b>1 %</b>
Preferred dividends	821	649	27 %	649	27 %
Preferred dividends associated with the redemption of preferred stock	-0-	3,969	(100)%	3,969	(100)%
<b>NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 6,211</b>	<b>\$ (1,531)</b>	<b>NA</b>	<b>\$ 2,317</b>	<b>168 %</b>
<b>Diluted per share information:</b>					
Net income (loss) per share available to common stockholders	\$ 0.12	\$ (0.10)	NA	\$ 0.05	165 %
Weighted average shares outstanding	50,697	15,676	223 %	50,176	1 %
<b>Other Selected Data</b>					
<b>Political revenue</b>	\$ 1,552	\$ 1,428	9 %	\$ 2,885	(46)%
<b>Selected balance sheet data:</b>					
	<b>June 30, 2003</b>	<b>Dec. 31, 2002</b>			
Cash and cash equivalents	\$ 14,769	\$ 12,915			
Total Debt <sup>(2)</sup>	656,435	658,220			
Total debt net of cash	641,666	645,305			

## Gray Television, Inc.

(in thousands, except per share data and percentages)

Selected unaudited operating data:	As Reported <sup>(1)</sup> Six Months Ended June 30,			Pro Forma <sup>(1)</sup> Six Months Ended June 30,	
	2003	2002	%	2002	%
			Change		Change
<b>OPERATING REVENUES</b>					
Broadcasting (less agency commissions)	\$ 116,152	\$ 55,006	111 %	\$ 115,455	1 %
Publishing	21,540	21,216	2 %	21,216	2 %
Paging	3,930	4,083	(4)%	4,083	(4)%
<b>TOTAL OPERATING REVENUES</b>	<b>141,622</b>	<b>80,305</b>	<b>76 %</b>	<b>140,754</b>	<b>1 %</b>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation and amortization					
Broadcasting	70,642	31,975	121 %	69,774	1 %
Publishing	15,688	15,420	2 %	15,420	2 %
Paging	2,850	2,754	3 %	2,754	3 %
Corporate and administrative	4,243	2,116	101 %	3,932	8 %
Depreciation and amortization	14,169	7,433	91 %	11,156	27 %
<b>TOTAL OPERATING EXPENSES</b>	<b>107,592</b>	<b>59,698</b>	<b>80 %</b>	<b>103,036</b>	<b>4 %</b>
Operating income	34,030	20,607	65 %	37,718	(10)%
Miscellaneous income, net	116	97	20 %	97	20 %
Appreciation in value of derivatives, net	-0-	730	(100)%	730	(100)%
Interest expense	(22,242)	(16,866)	32 %	(25,749)	(14)%
Loss on early extinguishment of debt	-0-	(11,275)	(100)%	(11,275)	(100)%
<b>INCOME (LOSS) BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE</b>	<b>11,904</b>	<b>(6,707)</b>	<b>NA</b>	<b>1,521</b>	<b>683 %</b>
Income tax expense (benefit)	4,701	(2,341)	NA	785	499 %
<b>NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE</b>	<b>7,203</b>	<b>(4,366)</b>	<b>NA</b>	<b>736</b>	<b>879 %</b>
Cumulative effect of accounting change, net of \$8,873 income tax benefit	-0-	(30,592)	NA	(30,592)	(100)%
<b>NET INCOME (LOSS)</b>	<b>7,203</b>	<b>(34,958)</b>	<b>NA</b>	<b>(29,856)</b>	<b>(124)%</b>
Preferred dividends	1,643	803	105 %	803	105 %
Preferred dividends associated with the redemption of preferred stock	-0-	3,969	(100)%	3,969	(100)%
<b>NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 5,560</b>	<b>\$ (39,730)</b>	<b>(114)%</b>	<b>\$ (34,628)</b>	<b>(116)%</b>
<b>Diluted per share information:</b>					
Net income (loss) before cumulative effect of accounting change available to common stockholders	\$ 0.11	\$ (0.58)	NA	\$ (0.08)	(237)%
Cumulative effect of accounting change, net of income taxes	-0-	(1.96)	NA	(0.61)	(100)%
Net income (loss) per share available to common stockholders	<b>\$ 0.11</b>	<b>\$ (2.54)</b>	<b>NA</b>	<b>\$ (0.69)</b>	<b>(116)%</b>
Weighted average shares outstanding	<b>50,559</b>	<b>15,662</b>	<b>223 %</b>	<b>50,162</b>	<b>1 %</b>
<b>Other Selected Data</b>					
<b>Political revenue</b>	\$ 2,293	\$ 2,189	5 %	\$ 3,793	(40)%

**Notes:****Note 1. “As Reported <sup>(1)</sup>” and “Pro forma”**

Information in this earnings release has been presented under two different methods: as reported and pro forma. The as reported basis of presentation gives effect to the acquisitions as of their respective acquisition dates. The pro forma presentation gives effect to the acquisitions of Stations Holding Company, Inc. which occurred on October 25, 2002 and KOLO-TV which occurred on December 18, 2002 as if each had occurred on January 1, 2002. Accordingly, the pro forma presentation combines the Company’s historical results of operations with the respective acquired operation’s historical pre-acquisition operating results. Certain amounts of corporate overhead were eliminated in the pro forma presentation. Depreciation and amortization expense in the pro forma presentation give effect to accounting for the respective acquisitions. Pro forma income tax expense or benefit assumes an effective tax rate of 38% on the pro forma incremental net pre-tax income or loss. Pro forma interest expense and shares outstanding give effect to the Company’s issuance of additional debt and common equity to finance, in part, the acquisitions. An unaudited reconciliation between the as reported and the pro forma condensed consolidated statements of operations for the three months and six months ended June 30, 2002 follows:

Dollars in Thousands

	<b>Three Months Ended June 30, 2002</b>		
	<b>As Reported</b>	<b>Effect of Acquisitions</b>	<b>Pro forma</b>
Operating revenues			
Broadcasting (less agency commissions)	\$ 29,553	\$ 32,740	\$ 62,293
Publishing	11,073	-0-	11,073
Paging	2,074	-0-	2,074
Total operating revenues	<u>42,700</u>	<u>32,740</u>	<u>75,440</u>
Operating expenses before depreciation and amortization			
Broadcasting	16,494	19,350	35,844
Publishing	7,769	-0-	7,769
Paging	1,371	-0-	1,371
Corporate and administrative	1,116	856	1,972
Depreciation and amortization	3,700	1,862	5,562
Total operating expenses	<u>30,450</u>	<u>22,068</u>	<u>52,518</u>
Operating income	12,250	10,672	22,922
Miscellaneous income, net	59	-0-	59
Appreciation in value of derivatives, net	341	-0-	341
Interest expense	(7,901)	(4,466)	(12,367)
Income before income tax and cumulative effect of accounting change	4,749	6,206	10,955
Income tax expense	1,662	2,358	4,020
Net income	3,087	3,848	6,935
Preferred dividends	4,618	-0-	4,618
Net income (loss) available to common stockholders	<u>\$ (1,531)</u>	<u>\$ 3,848</u>	<u>\$ 2,317</u>
Diluted weighted average shares outstanding	<u>15,676</u>	<u>34,500</u>	<u>50,176</u>
<u>Other Selected Data:</u>			
Broadcast Revenue			
Local	\$ 16,880	\$ 19,795	\$ 36,675
National	8,891	9,313	18,204
Network compensation	1,340	814	2,154
Political	1,428	1,456	2,884
Other	1,014	1,362	2,376
Total Broadcast Revenue	<u>\$ 29,553</u>	<u>\$ 32,740</u>	<u>\$ 62,293</u>

Dollars in Thousands

	<b>Six Months Ended June 30, 2002</b>		
	<b>As Reported</b>	<b>Effect of Acquisitions</b>	<b>Pro forma</b>
Operating revenues			
Broadcasting (less agency commissions)	\$ 55,006	\$ 60,449	\$ 115,455
Publishing	21,216	-0-	21,216
Paging	4,083	-0-	4,083
Total operating revenues	<u>80,305</u>	<u>60,449</u>	<u>140,754</u>
Operating expenses before depreciation and amortization			
Broadcasting	31,975	37,799	69,774
Publishing	15,420	-0-	15,420
Paging	2,754	-0-	2,754
Corporate and administrative	2,116	1,816	3,932
Depreciation and amortization	7,433	3,723	11,156
Total operating expenses	<u>59,698</u>	<u>43,338</u>	<u>103,036</u>
Operating income	20,607	17,111	37,718
Miscellaneous income, net	97	-0-	97
Appreciation in value of derivatives, net	730	-0-	730
Interest expense	(16,866)	(8,883)	(25,749)
Loss on early extinguishment of debt	(11,275)	-0-	(11,275)
Income (loss) before income tax and cumulative effect of accounting change	(6,707)	8,228	1,521
Income tax expense (benefit)	(2,341)	3,126	785
Net income (loss) before cumulative effect of accounting change	(4,366)	5,102	736
Cumulative effect of accounting change, net of \$8,873 income tax benefit	(30,592)	-0-	(30,592)
Net income (loss)	(34,958)	5,102	(29,856)
Preferred dividends	4,772	-0-	4,772
Net income (loss) available to common stockholders	<u>\$ (39,730)</u>	<u>\$ 5,102</u>	<u>\$ (34,628)</u>
Basic and diluted weighted average shares outstanding	<u>15,662</u>	<u>34,500</u>	<u>50,162</u>
<b>Other Selected Data:</b>			
Broadcast Revenue			
Local	\$ 31,913	\$ 37,323	\$ 69,236
National	16,013	17,056	33,069
Network compensation	2,613	1,795	4,408
Political	2,189	1,603	3,792
Other	2,278	2,672	4,950
Total Broadcast Revenue	<u>\$ 55,006</u>	<u>\$ 60,449</u>	<u>\$ 115,455</u>

## Note 2. Debt

Total debt as of June 30, 2003 and December 31, 2002 does not include \$1.3 million of unamortized debt discount on the Company's 9¼% Senior Subordinated Notes due March 2011.

## **Cautionary Statements for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act**

The preceding comments on Gray's current expectations of operating results for the third quarter of 2003 are "forward looking" for purposes of the Private Securities Litigation Reform Act of 1995. Actual results of operations are subject to a number of risks and may differ materially from the current expectations discussed in this press release. See the Company's annual report on Form 10K for a discussion of risk factors that may affect the Company.