

## **Triple Crown Media, Inc. Spin-Off from Gray Television, Inc.**

### **Important U.S. Federal Income Tax Information concerning the Triple Crown Media, Inc. Stock Distribution** (rev. 1-11-06)

On January 3, 2006, Gray Television, Inc. (“Gray”) distributed all of the outstanding common stock of Triple Crown Media, Inc. (“TCM”) to Gray shareholders on December 30, 2005. In the distribution (the “Spin-Off”), you received one (1) share of TCM common stock for each ten (10) shares of Gray common stock and Gray Class A common stock you owned.

This letter explains how to allocate your tax basis between your Gray common stock, Gray Class A common stock and the TCM common stock you received pursuant to the Spin-Off.

**Tax Treatment of the Spin-Off.** Gray has received an opinion from tax counsel to the effect that the Spin-Off qualifies as a tax-free distribution for U.S. federal income tax purposes. Accordingly, holders of Gray common stock should not recognize gain or loss upon the Spin-Off, except in connection with cash received in lieu of fractional shares.

**Fractional Shares.** Only whole shares of TCM common stock were issued. If you were otherwise entitled to receive a fractional share of TCM common stock, a check will be issued to you that represents the cash in lieu of the fractional share. The taxable gain or loss that you recognized with respect to any cash you received is equal to the difference between the cash you received and your tax basis (determined as described below) in the fractional share (assuming your Gray stock was held as a capital asset).

**Tax Basis Allocation.** U.S. federal income tax law requires that your tax basis in your Gray common stock and Class A common stock held immediately before the Spin-Off must be allocated between your shares of Gray common stock, Class A common stock and the shares of TCM common stock that you received (including any TCM fractional share for which you received cash). This allocation is based on the relative fair market values of your Gray common stock, Gray Class A common stock and your TCM common stock at the time of the Spin-Off. U.S. federal tax law does not specifically identify how you should determine the relative fair market values of the stocks. In the attached Exhibit 1, several acceptable examples of how to allocate your tax basis are presented. You and your tax advisor may find the attached **Exhibit 1** useful in determining the fair market values of the stocks.

If you acquired different blocks of Gray common stock at different times and prices, you will need to calculate a separate tax basis for each block of shares of Gray common stock, as well as for the shares of TCM common stock that you received. You should retain the information set forth in this letter to support the determination of your basis in your Gray and TCM shares.

**Tax Information Filing Requirements.** If you received TCM shares, we have included (**Exhibit 2**) a descriptive statement that you are required to attach to your 2005 federal income tax return in order to comply with Treasury Regulations § 1.355-5(b).

**Consult Your Tax Advisor.** The information herein and the attached Exhibits represents our understanding of existing U.S. federal income tax laws and does not constitute tax advice. It does not purport to be complete or to describe tax consequences that may apply to particular categories of shareholders. Each shareholder should consult a tax advisor as to the particular consequences of the Spin-Off to such shareholder under U.S. federal, state and local, and foreign tax laws.

## EXHIBIT 1

### Information for use in Determining the Fair Market Values of Gray and TCM Stock Immediately After the Spin-Off

The Spin-Off occurred as of 12:13 p.m. Eastern Time on December 30, 2005. “When issued” trading in the TCM stock commenced on December 20, 2005 and ended on December 30, 2005.

U.S. federal income tax law does not specifically identify how you should determine the fair market values of the Gray common stock, Gray Class A common stock and the TCM common stock immediately after the Spin-Off. There are several potential methods of measuring the fair market value of the stocks immediately after the Spin-Off, including:

- (1) The closing trading prices of the stocks on the “when issued” market on the date of the Spin-Off (December 30, 2005);
- (2) The average of the high and low trading prices of the stocks on the “when issued” market on the date of the spin-off (December 30, 2005);
- (3) The average of the high and low trading prices of the stocks on the first regular trading day for the TCM stock (January 3, 2006);
- (4) The opening trading prices of the stocks on the first regular trading day for the TCM stock (January 3, 2006); and
- (5) The closing trading prices of the stocks on the first regular trading day for the TCM stock (January 3, 2006).

You and your tax advisor may find the information in the following tables useful. The tables set forth the prices for each of the five (5) valuation methodologies described above. The tables also set forth the percentage that is multiplied by your tax basis in your Gray common shares or Gray Class A common shares prior to the Spin-Off to determine the amount allocable to your Gray common stock, Gray Class A common stock and your TCM common stock after the Spin-Off.

		<u>Tax Basis Allocation</u>		
		<u>Gray Common Stock</u>	<u>Gray Class A Common Stock</u>	<u>Triple Crown Media, Inc. Common Stock</u>
<b><u>Method #1: Closing Share Price 12-30-05</u></b>	Mathematic Formula	GTN 12/30/2005	GTN.A 12/30/2005	TCMIv 12/30/2005
Closing Price	a	\$ 9.820	\$ 9.050	\$ 12.250
Distribution Factor		10 for 1	10 for 1	1 for 10
Distribution Adjustment subtract from Gray to adjust to "Ex-Distribution"	b	\$ (1.225)	\$ (1.225)	\$ 1.225
<b>Allocation of Basis to TCMI</b>	b / a = c	<b>12.4745%</b>	<b>13.5359%</b>	
<b>Residual Gray Basis</b>	100% - c	<b>87.5255%</b>	<b>86.4641%</b>	

**EXHIBIT 1 (Continued)**

		Tax Basis Allocation		
		<u>Gray Common Stock</u>	<u>Gray Class A Common Stock</u>	<u>Triple Crown Media, Inc. Common Stock</u>
<b><u>Method #2: Average of High &amp; Low Share Price 12-30-05</u></b>	Mathematic Formula	GTN <u>12/30/2005</u>	GTN.A <u>12/30/2005</u>	TCMIv <u>12/30/2005</u>
High	a	\$ 9.860	\$ 9.050	\$ 14.070
Low	b	\$ 9.490	\$ 8.750	\$ 11.010
Average	$(a + b) / 2 = c$	\$ 9.675	\$ 8.900	\$ 12.540
Distribution Factor		10 for 1	10 for 1	1 for 10
Distribution Adjustment subtract from Gray to adjust to "Ex-Distribution"	d	\$ (1.254)	\$ (1.254)	\$ 1.254
<b>Allocation of Basis to TCMI</b>	$d / c = e$	<b>12.9612%</b>	<b>14.0899%</b>	
<b>Residual Gray Basis</b>	$100\% - e$	<b>87.0388%</b>	<b>85.9101%</b>	
<b><u>Method #3: Average of High &amp; Low Share Price 1-03-06</u></b>	Mathematic Formula	GTN <u>1/3/2006</u>	GTN.A <u>1/3/2006</u>	TCMIv <u>1/3/2006</u>
High	a	\$ 9.300	\$ 8.320	\$ 12.000
Low	b	\$ 8.650	\$ 7.900	\$ 9.700
Average	$(a + b) / 2 = c$	\$ 8.975	\$ 8.110	\$ 10.850
Distribution Factor		10 for 1	10 for 1	1 for 10
Distribution Adjustment add to Gray to adjust to "Pre-Distribution"	d	\$ 1.085	\$ 1.085	\$ 1.085
<b>Allocation of Basis to TCMI</b>	$d / (c + d) = e$	<b>10.7853%</b>	<b>11.7999%</b>	
<b>Residual Gray Basis</b>	$100\% - e$	<b>89.2147%</b>	<b>88.2001%</b>	

**EXHIBIT 1 (Continued)**

		Tax Basis Allocation		
		<u>Gray Common Stock</u>	<u>Gray Class A Common Stock</u>	<u>Triple Crown Media, Inc. Common Stock</u>
<b><u>Method #4: Opening Share Price 1-3-06</u></b>	Mathematic Formula	GTN <u>1/3/2006</u>	GTN.A <u>1/3/2006</u>	TCMIv <u>1/3/2006</u>
Opening Price	a	\$ 8.650	\$ 7.900	\$ 12.000
Distribution Factor		10 for 1	10 for 1	1 for 10
Distribution Adjustment add to Gray to adjust to "Pre-Distribution"	b	\$ 1.200	\$ 1.200	\$ 1.200
<b>Allocation of Basis to TCMI</b>	$b / (a + b) = c$	<b>12.1827%</b>	<b>13.1868%</b>	
<b>Residual Gray Basis</b>	100% - c	<b>87.8173%</b>	<b>86.8132%</b>	
<b><u>Method #5: Closing Share Price 1-3-06</u></b>	Mathematic Formula	GTN <u>1/3/2006</u>	GTN.A <u>1/3/2006</u>	TCMIv <u>1/3/2006</u>
Closing Price	a	\$ 9.220	\$ 8.320	\$ 9.950
Distribution Factor		10 for 1	10 for 1	1 for 10
Distribution Adjustment add to Gray to adjust to "Pre-Distribution"	b	\$ 0.995	\$ 0.995	\$ 0.995
<b>Allocation of Basis to TCMI</b>	$b / (a + b) = c$	<b>9.7406%</b>	<b>10.6817%</b>	
<b>Residual Gray Basis</b>	100% - c	<b>90.2594%</b>	<b>89.3183%</b>	

**Exhibit 2**

**INFORMATION STATEMENT TO THE INTERNAL REVENUE SERVICE**

**Statement of Shareholder Receiving a Distribution of  
Common Stock of Triple Crown Media, Inc., a Controlled Corporation,  
Filed Pursuant to Treasury Regulation § 1.355-5(b)**

1. On December 30, 2005, the undersigned, a shareholder of Gray Television, Inc. ("Gray") as of December 14, 2005, received shares of Triple Crown Media, Inc. ("TCM") common stock in a Spin-Off pursuant to Section 355 of the Internal Revenue Code (the "Code").
2. Gray received an opinion of Counsel to the effect that the Spin-Off qualifies as a tax-free reorganization under Sections 368(a)(1)(D) and 355 of the Code. Accordingly, no gain or loss will be recognized by the stockholders of Gray upon receipt of TCM's common stock in the Spin-Off, except to the extent of gain attributable to any cash received in lieu of a fractional share of TCM's common stock.
3. The names, addresses and IRS employer identification numbers of the corporations involved are:
  - (a) Gray Television, Inc.  
4370 Peachtree Road, N.E.  
Atlanta, GA 30319  
Employer identification number: 52-0285030
  - (b) Triple Crown Media, Inc.  
546 E. Main Street  
Lexington, KY 40508  
Employer identification number: 58-2458679
4. The undersigned did not surrender any stock or securities of Gray in connection with the Spin-Off.
5. The undersigned received \_\_\_\_\_ shares of common stock of TCM in the Spin-Off.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Shareholder Signature

If shares owned jointly, both taxpayers must sign

\_\_\_\_\_  
Shareholder Signature