

Gray Television, Inc.

Certain Non-GAAP Measures Disclosures

The Company has used certain terms that are not measures recognized under generally accepted accounting principles (“GAAP”). The Company defines each of these terms below and discusses why it believes the terms may be meaningful. Other companies in the broadcast industry may use similar terms which may or may not be comparable to the terms used by Gray. These non-GAAP measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Broadcast Cash Flow is a non-GAAP term that the Company uses as a measure of performance and as a measure of valuing the approximate fair value of the Company’s television business. As a performance measure the Company uses this term as a “benchmarking tool” to compare its results to the corresponding results of other companies in the broadcast industry. The Company also believes the broadcast industry uses this measure to estimate the fair market value of the business by multiplying Broadcast Cash Flow by a multiple. Broadcast Cash Flow is defined as operating income, plus depreciation and amortization (including amortization of program broadcast rights), non-cash compensation, corporate overhead, loss on disposal of assets and payments received or due on network affiliation agreements, less payments for program broadcast obligations and network compensation recognized. Accordingly, the Company has provided a reconciliation of Broadcast Cash Flow to net income. The Company has also provided a reconciliation from Broadcast Cash Flow to operating income on a segment basis.

Adjusted Broadcast Cash Flow is a non-GAAP term the Company uses as a measure of performance. Adjusted Broadcast Cash Flow is used by the Company to approximate the amount used to calculate key financial performance covenants including, but not limited to, limitations on debt, interest coverage, and fixed charge coverage ratios as defined in the Company’s senior credit facility and/or subordinated note indenture. Adjusted Broadcast Cash Flow is defined as operating income, plus depreciation and amortization (including amortization of program broadcast rights), non-cash compensation, loss on disposal of assets and payments received or due on network affiliation agreements, less payments for program broadcast obligations and network compensation recognized. Accordingly, the Company has provided a reconciliation of Adjusted Broadcast Cash Flow to net income.

Gray Television, Inc.
Reconciliation of Net Income to
the Non-GAAP Term Broadcast Cash Flow

	As Reported		Pro Forma	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2006	2005	2006	2005
	(in thousands)		(in thousands)	
Net income (loss)	\$ (2,554)	\$ 2,075	\$ (2,964)	\$ 779
Adjustments to reconcile to Broadcast Cash Flow:				
Corporate and administrative expenses excluding amortization of non-cash stock based compensation	3,545	2,646	3,545	2,646
Depreciation and amortization of intangible assets	8,329	5,621	8,997	7,579
Amortization of non-cash stock based compensation	198	98	198	98
(Gain) loss on disposals of assets, net	82	33	82	33
Miscellaneous (income) expense, net	(346)	(295)	(346)	(295)
Interest expense	15,466	11,113	15,891	14,030
Loss on early extinguishment of debt	110	0	110	0
Income tax (benefit) expense	(1,660)	150	(1,895)	(670)
(Income) loss from discontinued operations	0	(1,826)	0	(1,826)
Amortization of program broadcast rights	3,304	2,815	3,304	2,815
Common Stock contributed to 401(k) Plan excluding corporate 401(k) contributions	573	504	573	504
Network compensation revenue recognized	(220)	(1,643)	(220)	(1,643)
Network compensation per network affiliation agreement	524	2,102	524	2,102
Payments for program broadcast rights	(3,286)	(2,815)	(3,286)	(2,815)
Broadcast Cash Flow	<u>\$ 24,065</u>	<u>\$ 20,578</u>	<u>\$ 24,513</u>	<u>\$ 23,337</u>

Gray Television, Inc.
Reconciliation of Net Income to
the Non-GAAP Term Adjusted Broadcast Cash Flow

	As Reported		Pro Forma	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2006	2005	2006	2005
	(in thousands)		(in thousands)	
Net income	\$ (2,554)	\$ 2,075	\$ (2,964)	\$ 779
Adjustments to reconcile to Adj. Broadcast Cash Flow:				
Depreciation and amortization of intangible assets	8,329	5,621	8,997	7,579
Amortization of non-cash stock based compensation	198	98	198	98
(Gain) loss on disposals of assets, net	82	33	82	33
Miscellaneous (income) expense, net	(346)	(295)	(346)	(295)
Interest expense	15,466	11,113	15,891	14,030
Loss on early extinguishment of debt	110	0	110	0
Income tax (benefit) expense	(1,660)	150	(1,895)	(670)
(Income) loss from discontinued operations	0	(1,826)	0	(1,826)
Amortization of program broadcast rights	3,304	2,815	3,304	2,815
Common Stock contributed to 401(k) Plan excluding corporate 401(k) contributions	573	504	573	504
Network compensation revenue recognized	(220)	(1,643)	(220)	(1,643)
Network compensation per network affiliation agreement	524	2,102	524	2,102
Payments for program broadcast rights	(3,286)	(2,815)	(3,286)	(2,815)
Adjusted Broadcast Cash Flow	<u>\$ 20,520</u>	<u>\$ 17,932</u>	<u>\$ 20,968</u>	<u>\$ 20,691</u>