

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 Foma | |
|----------------------------------------------------|--------------------|------------------|--------------------|------------------|
| | Three Months Ended | | Three Months Ended | |
| | March 31, | March 31, | 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> |