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 and publishing industries 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.

<u>Media Cash Flow</u> 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 and publishing businesses. 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 and publishing industries. The Company also believes those same industries use this measure to estimate the fair market value of the business by multiplying Media Cash Flow by a multiple. Media 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 Media Cash Flow to net income. The Company has also provided a reconciliation from Media Cash Flow to operating income on a segment basis.

<u>Adjusted Media Cash Flow</u> is a non-GAAP term the Company uses as a measure of performance. Adjusted Media 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 Media 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 Media Cash Flow to net income.

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

	Three Mon Septem		Nine Mont Septemb			
	2005	2004	2005	2004		
	(in thou	isands)	(in thou	sands)		
Net income	\$ 1,743	\$ 11,782	\$ 7,211	\$ 29,482		
Adjustments to reconcile to Media Cash Flow:						
Corporate and administrative expenses	4,672	2,884	11,400	7,420		
Depreciation	6,855	6,088	18,557	17,760		
Amortization of intangible assets	159	232	576	751		
Amortization of restricted stock awards	98	134	294	323		
(Gain) loss on disposals of assets, net	(446)	17	(107)	(605)		
Miscellaneous (income) expense, net	(256)	(193)	(709)	(600)		
Interest expense	11,122	10,418	33,547	31,353		
Loss on early extinguishment of debt	0	0	4,770	0		
Income tax expense	1,153	7,613	4,716	19,042		
Amortization of program broadcast rights	2,961	2,800	8,618	8,315		
Common Stock contributed to 401(k) Plan						
excluding corporate 401(k) contributions	545	476	1,658	1,384		
Network compensation revenue recognized	(986)	0	(4,036)	0		
Network compensation per network affiliation						
agreement	1,935	0	6,097	0		
Payments for program broadcast rights	(2,904)	(2,765)	(8,572)	(8,164)		
Media Cash Flow	\$ 26,651	\$ 39,486		\$106,461		

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

	Three Mor Septem	iths Ended ber 30,	Nine Mont Septeml			
	2005	2004	2005	2004		
	(in thou	isands)	(in thou	sands)		
Net income	\$ 1,743	\$ 11,782	\$ 7,211	\$ 29,482		
Adjustments to reconcile to Media Cash Flow:						
Depreciation	6,855	6,088	18,557	17,760		
Amortization of intangible assets	159	232	576	751		
Amortization of restricted stock award	98	134	294	323		
(Gain) loss on disposals of assets, net	(446)	17	(107)	(605)		
Miscellaneous (income) expense, net	(256)	(193)	(709)	(600)		
Interest expense	11,122	10,418	33,547	31,353		
Loss on early extinguishment of debt	0	0	4,770	0		
Income tax expense	1,153	7,613	4,716	19,042		
Amortization of program broadcast rights	2,961	2,800	8,618	8,315		
Common Stock contributed to 401(k) Plan						
excluding corporate 401(k) contributions	545	476	1,658	1,384		
Network compensation revenue recognized	(986)	0	(4,036)	0		
Network compensation per network affiliation						
agreement	1,935	0	6,097	0		
Payments for program broadcast rights	(2,904)	(2,765)	(8,572)	(8,164)		
Adjusted Media Cash Flow	\$ 21,979	\$ 36,602	\$ 72,620	\$ 99,041		

Gray Television, Inc. Reconciliation of Operating Income to the Non-GAAP Term Media Cash Flow by Segment

	Three Months Ended September 30, 2005							
	Broadcasting		Publishing		Paging		Total	
	(in thousand				ds)			
Operating income (loss)	\$	11,705	\$	1,696	\$ 3	51	\$ 13,762	
Adjustments to reconcile to Media Cash Flow by Segment:								
Add back:								
Corporate and administrative expenses		3,871		700	1	01	4,672	
Amortization of program broadcast rights		2,961		0		0	2,961	
Depreciation		6,436		290	1	29	6,855	
Amortization of intangibles		159		0		0	159	
Amortization of restricted stock award		83		15		0	98	
Common Stock contributed to 401(k) Plan		469		67		9	545	
(Gain) loss on disposals of assets, net		8		2	(4	56)	(446)	
Network compensation per network affiliation								
agreement		1,935		0		0	1,935	
Less:								
Network compensation revenue recognized		(986)		0		0	(986)	
Payments for program broadcast rights		(2,904)		0		0	(2,904)	
Media Cash Flow by Segment	\$	23,737	\$	2,770	\$ 1	44	\$ 26,651	

	Nine Months Ended September 30, 2005							
	Broadcasting		Publishing		Paging		Total	
			(in thou	ds)				
Operating income	\$	42,655	\$ 6,0	87	\$	793	\$ 49,535	
Adjustments to reconcile to Media Cash Flow by Segment:								
Add back:								
Corporate and administrative expenses		9,433	1,7	'04		263	11,400	
Amortization of program broadcast rights		8,618		0		0	8,618	
Depreciation		17,278	8	32		447	18,557	
Amortization of intangibles		576		0		0	576	
Amortization of restricted stock award		246		42		6	294	
Common Stock contributed to 401(k) Plan		1,436	1	94		28	1,658	
(Gain) loss on disposals of assets, net		91		7		(205)	(107)	
Network compensation per network affiliation								
agreement		6,097		0		0	6,097	
Less:								
Network compensation revenue recognized		(4,036)		0		0	(4,036)	
Payments for program broadcast rights		(8,572)		0		0	(8,572)	
Media Cash Flow by Segment	\$	73,822	\$ 8,8	66	\$	1,332	\$ 84,020	

Gray Television, Inc. Reconciliation of Operating Income to the Non-GAAP Term Media Cash Flow by Segment

	Three Months Ended September 30, 2004							
	Broadcasting		Publishing		Paging		Total	
			(in	thousan				
Operating income	\$	26,840	\$	2,487	\$	293	\$ 29,620	
Adjustments to reconcile to Media Cash Flow by Segment:								
Add back:								
Corporate and administrative expenses		2,450		371		63	2,884	
Amortization of program broadcast rights		2,800		0		0	2,800	
Depreciation		5,658		239		191	6,088	
Amortization of intangibles		233		0		(1)	232	
Amortization of restricted stock award		116		14		4	134	
Common Stock contributed to 401(k) Plan		405		62		9	476	
(Gain) loss on disposals of assets, net		52		(35)		0	17	
Less:								
Payments for program broadcast rights		(2,765)		0		0	(2,765)	
Media Cash Flow by Segment	\$	35,789	\$	3,138	\$	559	\$ 39,486	

	Nine Months Ended September 30, 2004							
	Broadcasting		Publishing		Paging		Total	
	(in thousand				ds)			
Operating income	\$	70,933	\$	7,501	\$	843	\$ 79,277	
Adjustments to reconcile to Media Cash Flow by Segment:								
Add back:								
Corporate and administrative expenses		6,264		987		169	7,420	
Amortization of program broadcast rights		8,315		0		0	8,315	
Depreciation		16,411		754		595	17,760	
Amortization of intangibles		697		50		4	751	
Amortization of restricted stock award		273		43		7	323	
Common Stock contributed to 401(k) Plan		1,180		179		25	1,384	
(Gain) loss on disposals of assets, net		(538)		(63)		(4)	(605)	
Less:								
Payments for program broadcast rights		(8,164)		0		0	(8,164)	
Media Cash Flow by Segment	\$	95,371	\$	9,451	\$	1,639	\$106,461	