

## **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.

#### Non-GAAP Terms

This press release includes the non-GAAP financial measure of Broadcast Cash Flow and Broadcast Cash Flow Less Cash Corporate Expenses. These non-GAAP amounts are used by us to approximate the amount used to calculate a key financial performance covenant as defined in our senior credit facility. Broadcast Cash Flow is defined as operating income, plus corporate expense, depreciation and amortization (including amortization of program broadcast rights), non-cash compensation and (gain) loss on disposal of assets and cash payments received or receivable under network affiliation agreements less payments for program broadcast obligations, less network compensation revenue and less income (loss) from discontinued operations, net of income taxes. Corporate expenses (excluding depreciation, amortization and non-cash stock based compensation) are deducted from Broadcast Cash Flow to calculate “Broadcast Cash Flow Less Cash Corporate Expenses.” These non-GAAP terms are used in addition to and in conjunction with results presented in accordance with GAAP and should be considered as supplements to, and not as substitutes for, net income (loss) calculated in accordance with GAAP.

	<b>As Reported</b>	
	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>
Net income (loss)	\$ (4,180)	\$ 1,359
Adjustments to reconcile to Broadcast Cash Flow Less		
Cash Corporate Expenses:		
Depreciation and amortization of intangible assets	10,156	9,478
Amortization of non-cash stock based compensation	285	191
Loss on disposals of assets, net	5	221
Miscellaneous (income) expense, net	(177)	(91)
Interest expense	16,812	17,542
Loss on early extinguishment of debt	-	237
Income tax expense (benefit)	(2,546)	909
Amortization of program broadcast rights	3,750	3,628
Common stock contributed to 401(k) plan		
excluding corporate 401(k) contributions	550	552
Network compensation revenue recognized	(180)	(258)
Network compensation per network affiliation agreement	78	629
Payments for program broadcast rights	(3,821)	(3,587)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>20,732</b>	<b>30,810</b>
Corporate and administrative expenses excluding		
amortization of non-cash stock based compensation	3,647	3,290
<b>Broadcast Cash Flow</b>	<b>\$ 24,379</b>	<b>\$ 34,100</b>

	<b>As Reported</b>		<b>Pro Forma<sup>(1)</sup></b>	
	<b>Nine Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Net income (loss)	\$ (24,639)	\$ 3,124	\$ (24,639)	\$ 2,714
Adjustments to reconcile to Broadcast Cash Flow Less				
Cash Corporate Expenses:				
Depreciation and amortization of intangible assets	30,048	26,828	30,048	27,496
Amortization of non-cash stock based compensation	1,115	581	1,115	581
Loss on disposals of assets, net	122	493	122	493
Miscellaneous (income) expense, net	(984)	(496)	(984)	(496)
Interest expense	50,610	49,664	50,610	50,089
Loss on early extinguishment of debt	22,853	347	22,853	347
Income tax expense (benefit)	(14,021)	2,058	(14,021)	1,823
Amortization of program broadcast rights	11,345	10,432	11,345	10,432
Common stock contributed to 401(k) plan				
excluding corporate 401(k) contributions	1,750	1,679	1,750	1,679
Network compensation revenue recognized	(564)	(839)	(564)	(839)
Network compensation per network affiliation agreement	235	1,677	235	1,677
Payments for program broadcast rights	(11,507)	(10,357)	(11,507)	(10,357)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>66,363</b>	<b>85,191</b>	<b>66,363</b>	<b>85,639</b>
Corporate and administrative expenses excluding				
amortization of non-cash stock based compensation	10,462	9,559	10,462	9,559
<b>Broadcast Cash Flow</b>	<b>\$ 76,825</b>	<b>\$ 94,750</b>	<b>\$ 76,825</b>	<b>\$ 95,198</b>

## **Notes**

(1) The pro forma presentation gives effect to the results of operations for the acquisition of television station WNDU, South Bend, IN on March 3, 2006 as if the station had been acquired on January 1, 2006.

(2) Total debt as of December 31, 2006 does not include \$653,000 of unamortized debt discount on our 9.25% Notes. The 9.25% Notes were redeemed on April 18, 2007.