

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), impairment, 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 loss calculated in accordance with GAAP.

	Three Months Ended	
	December 31,	
	2008	2007
Net income (loss)	\$ (206,025)	\$ 1,485
Adjustments to reconcile to Broadcast Cash Flow Less		
Cash Corporate Expenses:		
Depreciation and amortization of intangible assets	8,565	9,335
Amortization of non-cash stock based compensation	362	134
Impairment of goodwill and broadcast licenses	338,681	-
(Gain) loss on disposals of assets, net	(289)	(370)
Miscellaneous (income) expense, net	179	13
Interest expense	12,252	16,580
Income tax expense (benefit)	(113,831)	1,478
Amortization of program broadcast rights	4,472	3,849
Common stock contributed to 401(k) plan		
excluding corporate 401(k) contributions	(110)	400
Network compensation revenue recognized	(188)	(204)
Network compensation per network affiliation agreement	31	66
Payments for program broadcast rights	(3,819)	(2,594)
Broadcast Cash Flow Less Cash Corporate Expenses	40,280	30,172
Corporate and administrative expenses excluding		
amortization of non-cash stock-based compensation	3,720	3,379
Broadcast Cash Flow	\$ 44,000	\$ 33,551

	Year Ended	
	December 31,	
	2008	2007
Net income (loss)	\$ (202,016)	\$ (23,151)
Adjustments to reconcile to Broadcast Cash Flow Less		
Cash Corporate Expenses:		
Depreciation and amortization of intangible assets	35,353	39,383
Amortization of non-cash stock based compensation	1,450	1,248
Impairment of goodwill and broadcast licenses	338,681	-
(Gain) loss on disposals of assets, net	(1,632)	(248)
Miscellaneous (income) expense, net	53	(972)
Interest expense	54,079	67,189
Loss on early extinguishment of debt	-	22,853
Income tax expense (benefit)	(111,011)	(12,543)
Amortization of program broadcast rights	16,070	15,194
Common stock contributed to 401(k) plan		
excluding corporate 401(k) contributions	1,641	2,150
Network compensation revenue recognized	(752)	(768)
Network compensation per network affiliation agreement	121	301
Payments for program broadcast rights	(13,968)	(14,101)
Broadcast Cash Flow Less Cash Corporate Expenses	118,069	96,535
Corporate and administrative expenses excluding		
amortization of non-cash stock-based compensation	12,647	13,842
Broadcast Cash Flow	\$ 130,716	\$ 110,377