

# **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 measures 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 contained 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 and less network compensation revenue, 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.

	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Net loss	\$ (1,959)	\$ (206,025)
Adjustments to reconcile to Broadcast Cash Flow Less		
Cash Corporate Expenses:		
Depreciation and amortization of intangible assets	8,194	8,565
Amortization of non-cash stock based compensation	344	362
Impairment of goodwill and broadcast licenses	-	338,681
Gain on disposals of assets, net	(3,173)	(289)
Miscellaneous (income) expense, net	(28)	179
Interest expense	19,568	12,252
Income tax expense (benefit)	1,104	(113,831)
Amortization of program broadcast rights	3,777	4,472
Common stock contributed to 401(k) plan		
excluding corporate 401(k) contributions	7	(110)
Network compensation revenue recognized	(171)	(188)
Network compensation per network affiliation agreement	-	31
Payments for program broadcast rights	(3,804)	(3,819)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>23,859</b>	<b>40,280</b>
Corporate and administrative expenses excluding		
amortization of non-cash stock-based compensation	2,878	3,720
<b>Broadcast Cash Flow</b>	<b>\$ 26,737</b>	<b>\$ 44,000</b>

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Net loss	\$ (23,047)	\$ (202,016)
Adjustments to reconcile to Broadcast Cash Flow Less		
Cash Corporate Expenses:		
Depreciation and amortization of intangible assets	33,172	35,353
Amortization of non-cash stock based compensation	1,388	1,450
Impairment of goodwill and broadcast licenses	-	338,681
Gain on disposals of assets, net	(7,628)	(1,632)
Miscellaneous (income) expense, net	(54)	53
Interest expense	69,088	54,079
Loss on early extinguishment of debt	8,352	-
Income tax benefit	(11,260)	(111,011)
Amortization of program broadcast rights	15,130	16,070
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	(19)	1,641
Network compensation revenue recognized	(653)	(752)
Network compensation per network affiliation agreement	30	121
Payments for program broadcast rights	(15,287)	(13,968)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>69,212</b>	<b>118,069</b>
Corporate and administrative expenses excluding amortization of non-cash stock-based compensation	12,780	12,647
<b>Broadcast Cash Flow</b>	<b>\$ 81,992</b>	<b>\$ 130,716</b>