

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 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 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.

	As Reported	
	Three Months Ended	
	September 30,	
	2009	2008
Net (loss) income	\$ (5,520)	\$ 4,644
Adjustments to reconcile to Broadcast Cash Flow Less Cash Corporate Expenses:		
Depreciation and amortization of intangible assets	8,170	8,797
Amortization of non-cash stock based compensation	346	399
Gain on disposals of assets, net	(1,835)	(338)
Miscellaneous (income) expense, net	(13)	(36)
Interest expense	19,400	12,626
Income tax (benefit) expense	(3,237)	3,277
Amortization of program broadcast rights	3,822	3,926
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	8	553
Network compensation revenue recognized	(172)	(184)
Network compensation per network affiliation agreement	30	30
Payments for program broadcast rights	(3,827)	(3,708)
Broadcast Cash Flow Less Cash Corporate Expenses	17,172	29,986
Corporate and administrative expenses excluding amortization of non-cash stock-based compensation	2,962	3,355
Broadcast Cash Flow	\$ 20,134	\$ 33,341

	As Reported	
	Nine Months Ended	
	September 30,	
	2009	2008
Net loss	\$ (21,088)	\$ 4,009
Adjustments to reconcile to Broadcast Cash Flow Less Cash Corporate Expenses:		
Depreciation and amortization of intangible assets	24,978	26,788
Amortization of non-cash stock based compensation	1,044	1,088
Gain on disposals of assets, net	(4,455)	(1,343)
Miscellaneous (income) expense, net	(26)	(126)
Interest expense	49,520	41,827
Loss on early extinguishment of debt	8,352	-
Income tax (benefit) expense	(12,364)	2,820
Amortization of program broadcast rights	11,353	11,598
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	(26)	1,751
Network compensation revenue recognized	(482)	(564)
Network compensation per network affiliation agreement	30	90
Payments for program broadcast rights	(11,483)	(10,149)
Broadcast Cash Flow Less Cash Corporate Expenses	45,353	77,789
Corporate and administrative expenses excluding amortization of non-cash stock-based compensation	9,902	8,927
Broadcast Cash Flow	\$ 55,255	\$ 86,716