

**Gray Television, Inc.**  
**Certain Non-GAAP Measures Disclosures**

From time to time, Gray supplements its financial results prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) by disclosing the non-GAAP financial measures 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 contained in our debt agreements. Broadcast Cash Flow is defined as net income (loss) plus corporate and administrative expenses, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, interest expense, any loss on early extinguishment of debt, any income tax expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations and network compensation revenue and network payments. Corporate and administrative 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 not defined in GAAP and our definitions may differ from, and therefore not be comparable to, similarly titled measures used by other companies, thereby limiting their usefulness. Such terms are used by management 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) and cash flows reported in accordance with GAAP.

## Reconciliations:

Reconciliation of net (loss) income to the non-GAAP terms (dollars in thousands):

	Three Months Ended		
	December 31,		
	2012	2011	% Change
Net (loss) income	\$ (2,109)	\$ 7,575	
Adjustments to reconcile to Broadcast Cash Flow Less			
Cash Corporate Expenses:			
Depreciation	5,801	6,017	
Amortization of intangible assets	19	28	
Amortization of non-cash stock based compensation	554	34	
(Loss) gain on disposal of assets, net	423	(1,020)	
Interest expense	13,999	15,269	
Loss on early extinguishment of debt	46,683	-	
Income tax (benefit) expense	(62)	3,748	
Amortization of program broadcast rights	2,831	2,796	
Common stock contributed to 401(k) plan			
excluding corporate 401(k) plan contributions	8	7	
Network compensation revenue recognized	(157)	(174)	
Network compensation per network affiliation agreement	-	(60)	
Payments for program broadcast rights	(3,453)	(3,463)	
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>64,537</b>	<b>30,757</b>	110 %
Corporate and administrative expenses excluding			
amortization of non-cash stock-based compensation	4,628	3,610	
<b>Broadcast Cash Flow</b>	<b>\$ 69,165</b>	<b>\$ 34,367</b>	101 %

	<b>Year Ended</b>		
	<b>December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>% Change</b>
Net income	\$ 28,129	\$ 9,035	
Adjustments to reconcile to Broadcast Cash Flow Less			
Cash Corporate Expenses:			
Depreciation	23,133	26,183	
Amortization of intangible assets	75	125	
Amortization of non-cash stock based compensation	878	136	
Gain on disposal of assets, net	(31)	(2,894)	
Miscellaneous income, net	(2)	(3)	
Interest expense	59,443	61,777	
Loss on early extinguishment of debt	46,683	-	
Income tax expense	19,188	4,539	
Amortization of program broadcast rights	11,081	13,484	
Common stock contributed to 401(k) plan			
excluding corporate 401(k) plan contributions	26	29	
Network compensation revenue recognized	(627)	(698)	
Network compensation per network affiliation agreement	(60)	(240)	
Payments for program broadcast rights	(11,839)	(15,915)	
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>176,077</b>	<b>95,558</b>	84 %
Corporate and administrative expenses excluding			
amortization of non-cash stock-based compensation	15,049	14,037	
<b>Broadcast Cash Flow</b>	<b>\$ 191,126</b>	<b>\$ 109,595</b>	74 %