

**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 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 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 and cash flows reported in accordance with GAAP.

**Reconciliation:**

Reconciliation of net income to the non-GAAP terms:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(in thousands)</b>	
Net income	\$ 870	\$ 3,371
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:		
Depreciation	5,800	5,891
Amortization of intangible assets	19	19
Non-cash stock-based compensation	136	14
(Gain) loss on disposals of assets, net	(28)	65
Miscellaneous income, net	(1)	(2)
Interest expense	12,540	15,163
Income tax expense	1,651	2,289
Amortization of program broadcast rights	2,837	2,758
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	7	7
Network compensation revenue recognized	(157)	(157)
Network compensation per network affiliation agreement	-	(60)
Payments for program broadcast rights	(2,853)	(2,795)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>20,821</b>	<b>26,563</b>
Corporate and administrative expenses excluding depreciation, amortization, and non-cash stock-based compensation	3,688	3,092
<b>Broadcast Cash Flow</b>	<b>\$ 24,509</b>	<b>\$ 29,655</b>