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.

Broadcast Cash Flow is a non-GAAP term that the Company uses as a measure of performance and as a measure of valuing the approximate fair value of the Company's television business. As a performance measure the Company uses this term as a "benchmarking tool" to compare its results to the corresponding results of other companies in the broadcast industry. The Company also believes the broadcast industry uses this measure to estimate the fair market value of the business by multiplying Broadcast Cash Flow by a multiple. Broadcast Cash Flow is defined as operating income, plus corporate expense, depreciation and amortization (including amortization of program broadcast rights), 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. Accordingly, the Company has provided a reconciliation of Broadcast Cash Flow to net income.

Broadcast Cash Flow Less Cash Corporate Expenses is a non-GAAP term the Company uses as a measure of performance. Broadcast Cash Flow Less Cash Corporate Expenses is used by the Company to approximate the amount used to calculate key financial performance covenants including, but not limited to, limitations on debt, interest coverage, and fixed charge coverage ratios as defined in the Company's senior credit facility and/or subordinated note indenture. Broadcast Cash Flow Less Cash Corporate Expenses is defined as Broadcast Cash Flow (as defined imediately above) less corporate expenses excluding depreciation, amortization, and non-cash stock based compensation.

	As Reported Three Months Ended December 31,		Pro Forma[1] Three Months Ended December 31,	
	2006	2005	2006	2005
	(in thousands)		(in thousands)	
Net income (loss)	$ 8,587	$ (3,849)	$ 8,587	$ (4,167)
Adjustments to reconcile to Adjusted Broadcast Cash Flow:				
Depreciation and amortization of intangible assets	9,698	7,590	9,698	9,172
Amortization of non-cash stock based compensation	511	97	511	97
Loss on disposals of assets, net	528	1,309	528	1,309
Miscellaneous (income) expense, net	(181)	150	(181)	150
Interest expense	17,123	13,002	17,123	16,202
Loss on early extinguishment of debt	-	1,773	-	1,773
Income tax expense	7,765	1,450	7,765	519
Loss from discontinued operations	-	4,979	-	4,979
Amortization of program broadcast rights	3,803	2,959	3,803	2,959
Common Stock contributed to 401(k) Plan excluding corporate 401(k) contributions	556	476	556	476
Network compensation revenue recognized	(250)	(1,060)	(250)	(1,060)
Network compensation per network affiliation agreement	539	1,935	539	1,935
Payments for program broadcast rights	(4,482)	(2,880)	(4,482)	(2,880)
Broadcast Cash Flow Less Cash Corporate Expenses	**44,197**	**27,931**	**44,197**	**31,464**
Corporate and administrative expenses excluding amortization of non-cash stock based compensation	4,445	2,867	4,445	2,867
Broadcast Cash Flow	**$ 48,642**	**$ 30,798**	**$ 48,642**	**$ 34,331**

	As Reported Years Ended December 31,		Pro Forma[1] Years Ended December 31,	
	2006	2005	2006	2005
	(in thousands)		(in thousands)	
Net income	$ 11,711	$ 3,362	$ 11,301	$ 213
Adjustments to reconcile to Adjusted Broadcast Cash Flow:				
Depreciation and amortization of intangible assets	36,526	25,490	37,194	32,936
Amortization of non-cash stock based compensation	1,092	391	1,092	391
Loss on disposals of assets, net	1,021	1,401	1,021	1,401
Miscellaneous (income) expense, net	(677)	(558)	(677)	(558)
Interest expense	66,787	46,549	67,212	59,511
Loss on early extinguishment of debt	347	6,543	347	6,543
Income tax expense	9,823	3,723	9,588	930
Loss from discontinued operations	-	1,242	-	1,242
Amortization of program broadcast rights	14,234	11,577	14,234	11,577
Common Stock contributed to 401(k) Plan excluding corporate 401(k) contributions	2,234	1,912	2,234	1,912
Network compensation revenue recognized	(1,089)	(5,095)	(1,089)	(5,095)
Network compensation per network affiliation agreement	2,216	8,031	2,216	8,031
Payments for program broadcast rights	(14,839)	(11,452)	(14,839)	(11,452)
Broadcast Cash Flow Less Cash Corporate Expenses	**129,386**	**93,116**	**129,834**	**107,582**
Corporate and administrative expenses excluding amortization of non-cash stock based compensation	14,005	11,505	14,005	11,505
Broadcast Cash Flow	**$ 143,391**	**$ 104,621**	**$ 143,839**	**$ 119,087**

Notes:

(1) The pro forma presentation gives effect to the results of operations for the acquisition of television stations WSAZ, Charleston - Huntington, WV on November 30, 2005 and WNDU, South Bend, IN on March 3, 2006 as if each station had been acquired on January 1, 2005. Due to the relative size of the acquisition of KKCO, Grand Junction, CO and WSWG, Albany, GA, the results of operations for KKCO and WSWG are included as of their respective acquisition date in both the "As Reported" and "Pro Forma" results.