

# 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 immediately above) less corporate expenses excluding depreciation, amortization, and non-cash stock based compensation.

	<b>As Reported</b>		<b>Pro Forma<sup>(1)</sup></b>					
	<b>Three Months Ended</b>		<b>Three Months Ended</b>					
	<b>June 30,</b>		<b>June 30,</b>					
	<b>2008</b>		<b>2007</b>					
Net income (loss)	\$	3,215	\$	(9,942)	\$	3,215	\$	(9,942)
Adjustments to reconcile to Broadcast Cash Flow Less								
Cash Corporate Expenses:								
Depreciation and amortization of intangible assets		8,907		10,117		8,907		10,117
Amortization of non-cash stock based compensation		395		310		395		310
(Gain) loss on disposals of assets, net		(84)		119		(84)		119
Miscellaneous (income) expense, net		(63)		(449)		(63)		(449)
Interest expense		13,402		16,525		13,402		16,525
Loss on early extinguishment of debt		-		16,361		-		16,361
Income tax expense (benefit)		2,184		(5,613)		2,184		(5,613)
Amortization of program broadcast rights		3,821		3,803		3,821		3,803
Common stock contributed to 401(k) plan								
excluding corporate 401(k) contributions		641		582		641		582
Network compensation revenue recognized		(206)		(196)		(206)		(196)
Network compensation per network affiliation agreement		30		78		30		78
Payments for program broadcast rights		(2,666)		(3,882)		(2,666)		(3,882)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>		<b>29,576</b>		<b>27,813</b>		<b>29,576</b>		<b>27,813</b>
Corporate and administrative expenses excluding								
amortization of non-cash stock-based compensation		2,327		3,274		2,327		3,274
<b>Broadcast Cash Flow</b>	<b>\$</b>	<b>31,903</b>	<b>\$</b>	<b>31,087</b>	<b>\$</b>	<b>31,903</b>	<b>\$</b>	<b>31,087</b>

	<b>As Reported</b>		<b>Pro Forma<sup>(1)</sup></b>					
	<b>Three Months Ended</b>		<b>Three Months Ended</b>					
	<b>June 30,</b>		<b>June 30,</b>					
	<b>2008</b>		<b>2007</b>					
Net income (loss)	\$	3.2	\$	(9.9)	\$	3.2	\$	(9.9)
Adjustments to reconcile to Broadcast Cash Flow Less								
Cash Corporate Expenses:								
Depreciation and amortization of intangible assets		8.9		10.1		8.9		10.1
Amortization of non-cash stock based compensation		0.4		0.3		0.4		0.3
(Gain) loss on disposals of assets, net		(0.1)		0.1		(0.1)		0.1
Miscellaneous (income) expense, net		(0.1)		(0.4)		(0.1)		(0.4)
Interest expense		13.4		16.5		13.4		16.5
Loss on early extinguishment of debt		-		16.4		-		16.4
Income tax expense (benefit)		2.2		(5.6)		2.2		(5.6)
Amortization of program broadcast rights		3.8		3.8		3.8		3.8
Common stock contributed to 401(k) plan		-		-		-		-
excluding corporate 401(k) contributions		0.6		0.6		0.6		0.6
Network compensation revenue recognized		(0.2)		(0.2)		(0.2)		(0.2)
Network compensation per network affiliation agreement		-		0.1		-		0.1
Payments for program broadcast rights		(2.7)		(3.9)		(2.7)		(3.9)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>								
Corporate and administrative expenses excluding								
amortization of non-cash stock-based compensation		2.3		3.3		2.3		3.3
<b>Broadcast Cash Flow</b>	<b>\$</b>	<b>31.9</b>	<b>\$</b>	<b>31.1</b>	<b>\$</b>	<b>31.9</b>	<b>\$</b>	<b>31.1</b>