

Investor Presentation

Financial Information as of December 31, 2011

GRAY
TELEVISION, INC.



Company Overview

GRAY

TELEVISION, INC.

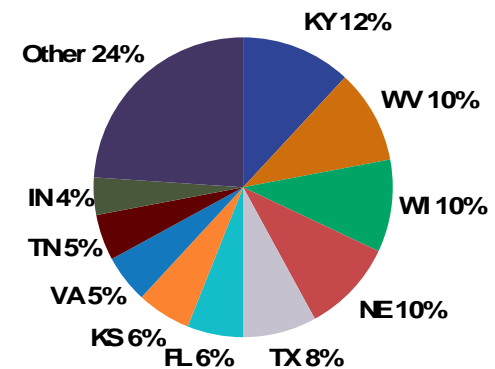


Gray Television Overview

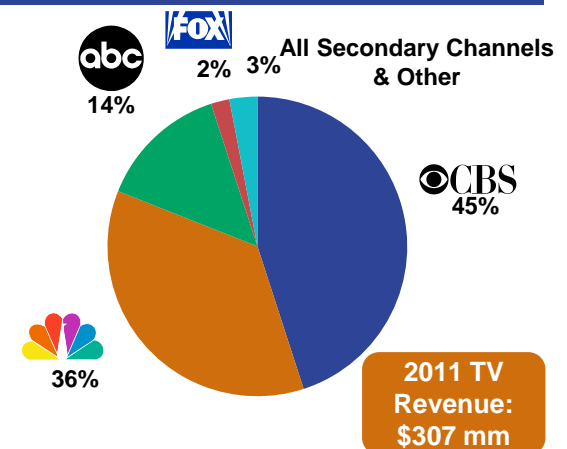
A Significant Pure-Play Mid-Market TV Platform

- 76 channels of programming
- Spread across 30 markets
- 36 top 4 primary network affiliates, 40 secondary channels
- #1 News in 23 markets
- #1 channels in 22 markets
- 17 collegiate markets, 8 state capitals

2011 Revenue by State



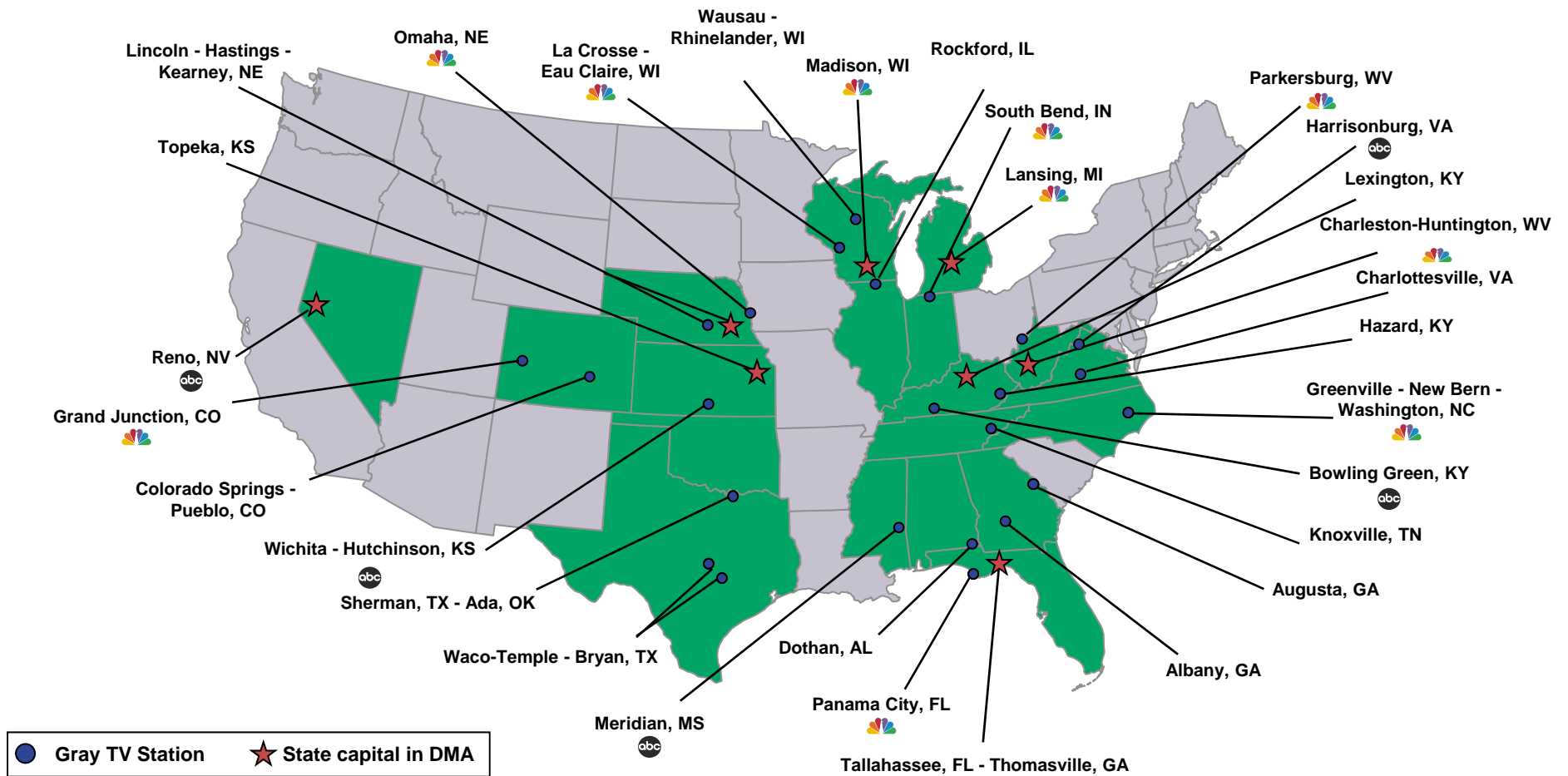
2011 Revenue by Affiliate



2011 TV Revenue: \$307 mm

Gray's National Footprint

30 markets reaching approximately 6.2% of US TV households














- Mid Markets Presence – State Capitals and University Towns
- Leading Market Revenue Share With #1 / #2 Stations in 29 of 30 Markets
- Diversification Across Networks
- Long Standing Relations and Strong Leverage With Networks
- Rebound in Advertising Market
- Large Political Upside in Election Years
- Growing Retransmission Revenue
- Successful New Media Initiatives
- Prudent Cost Management

Stable Markets – Concentration on Markets DMA 61-200 With Focus on State Capitals / Collegiate Presence



•Market	•College(s)	•Approximate Enrollment
•Waco, TX		•60
•Topeka, KS		51
•Lansing, MI		•47
•Tallahassee, FL		•45
•Madison, WI		•42
•Lexington, KY		•28
•Greenville, NC		•28
•Knoxville, TN		•27

•Market	•College(s)	•Approximate Enrollment
•Lincoln, NE		•25
•Charlottesville, VA		•21
•Bowling Green, KY		•21
•Harrisonburg, VA		•19
•Reno, NV		•18
•Charleston-Huntington, WV		•14
•South Bend, IN		•12
•Colorado Springs, CO		•5
•Parkersburg, WV		•2

Why university towns and state capitals?

- Better demographics
- More stable economies
- Affinity between station and university sports teams

Gray stations cover 8 state capitals and 17 university towns, representing enrollment of approximately 469,000 students

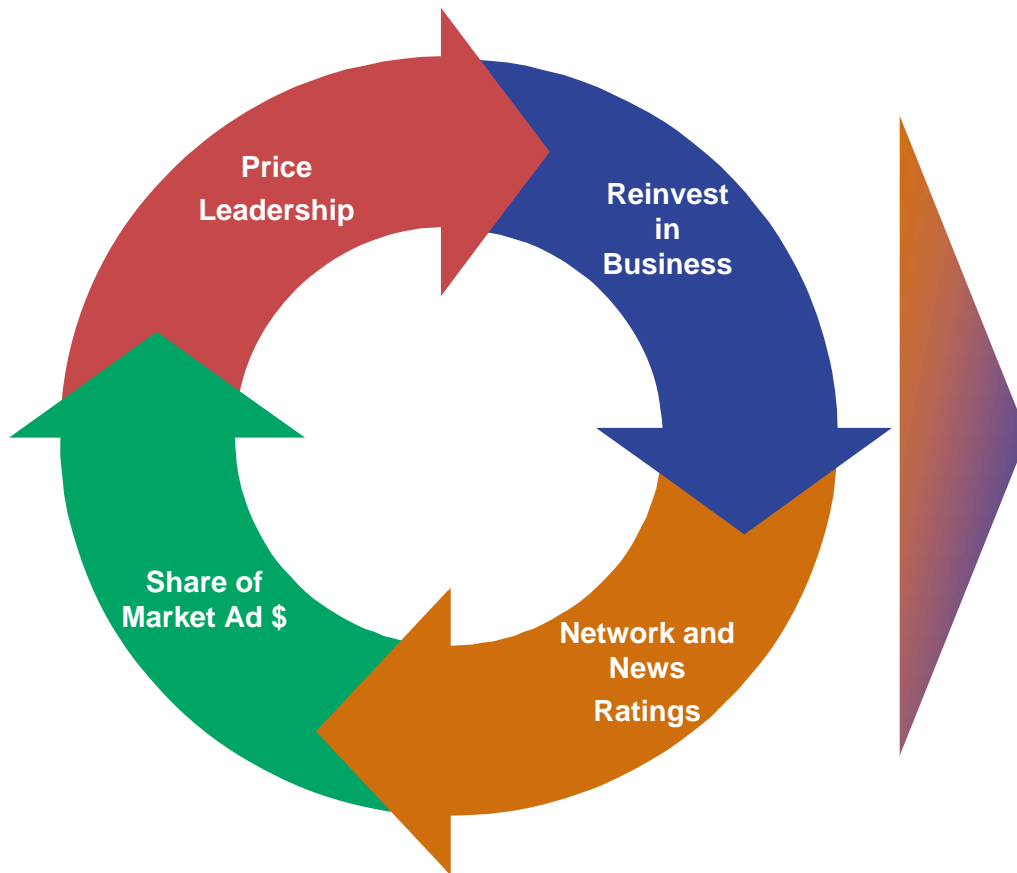
Note: Shading indicates DMA includes state capital. Enrollment in thousands.

Gray's Market Leadership

- #1 in overall audience in 22 of 30 Markets
 - All other markets #2 (except for Albany, GA)
- #1 in news in 23 of 30 markets

Market Rank	Market	Station	Affiliation	Rank in DMA	News Rank in DMA	Market Rank	Market	Station	Affiliation	Rank in DMA	News Rank in DMA
61	Knoxville, TN	WVLT	CBS	2	2	128	La Crosse / Eau Claire, WI	WEAU	NBC	1	1
64	Lexington, KY	WKYT	CBS	1	1	134	Rockford, IL	WIFR	CBS	1	1
65	Charleston / Huntington, WV	WSAZ	NBC	1	1	135	Wausau / Rhinelander, WI	WSAW	CBS	1	2
67	Wichita / Hutchinson, KS	KAKE KLBY KUPK	ABC	2	2	136	Topeka, KS	WIBW	CBS	1	1
76	Omaha, NE	WOWT	NBC	2	1	150	Albany, GA	WSWG	CBS	3	NA
85	Madison, WI	WMTV	NBC	2	2	159	Panama City, FL	WJHG	NBC	1	1
88	Waco-Temple-Bryan, TX	KWTX KBTX	CBS	1	1	161	Sherman, TX / Ada, OK	KXII	CBS	1	1
90	Colorado Springs, CO	KKTV	CBS	1	3	169	Dothan, AL	WTVY	CBS	1	1
97	South Bend, IN	WNDU	NBC	2	1	178	Harrisonburg, VA	WHSV	ABC	1	1
99	Greenville / New Bern / Washington, NC	WITN	NBC	1	1	182	Bowling Green, KY	WBKO	ABC	1	1
105	Lincoln/Hastings/Kearney, NE	KOLN KGIN	CBS	1	1	183	Charlottesville, VA	WCAV WVAW WAHU	CBS ABC FOX	2	2
106	Tallahassee, FL/Thomasville, GA	WCTV	CBS	1	1	184	Grand Junction, CO	KKCO	NBC	1	1
108	Reno, NV	KOLO	ABC	2	1	186	Meridian, MS	WTOK	ABC	1	1
111	Augusta, GA	WRDW	CBS	1	1	192	Parkersburg, WV	WTAP	NBC	1	1
115	Lansing, MI	WILX	NBC	1	1	NA	Hazard, KY	WYMT	CBS	1	1

The Importance of Being #1

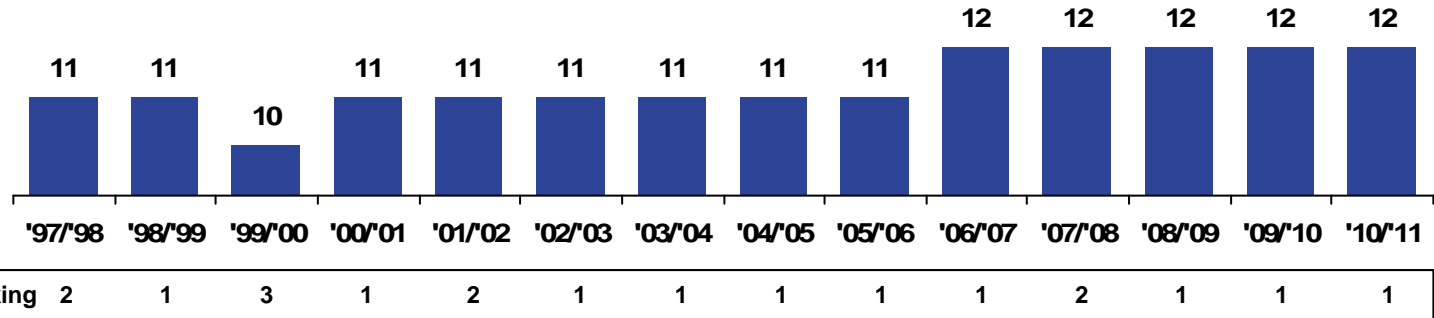


- Dominate local and political revenue with highly-rated news platforms
- Maximize cash flow
- Deliver high margins
- Reduce syndicated programming costs
- Attract and retain talent

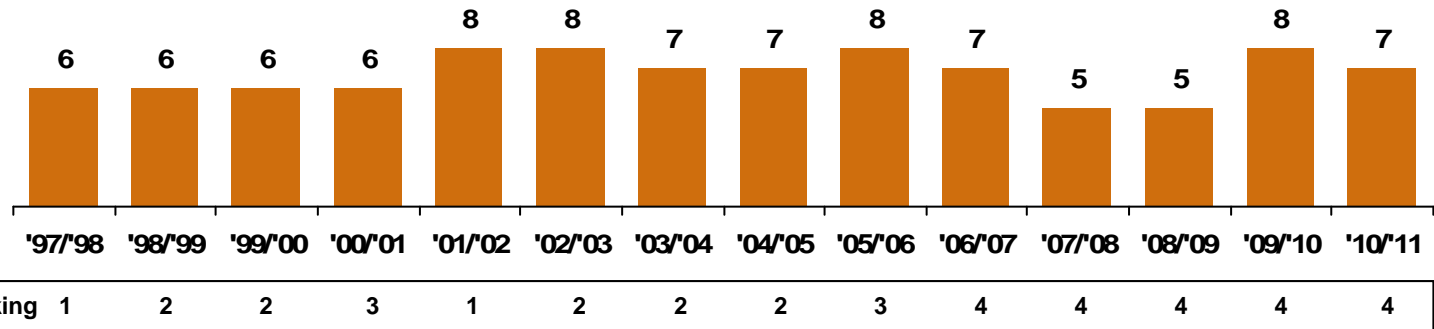
Long History of Being #1 in the Market

of Gray Stations Ranked #1

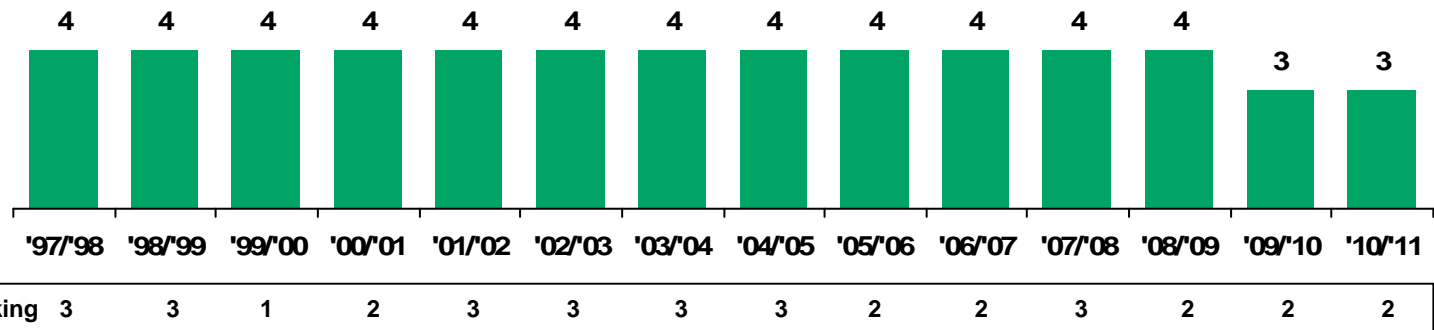
CBS
(15 Total Gray CBS Markets)



NBC
(10 Total Gray NBC Markets)



abc
(5 Total Gray ABC Markets)



Note: Pro Forma for all acquisitions.

Long-Term Affiliate Contracts



15

Dec. 2014



10

9 in March 2012
1 in Jan. 2016



5

Dec. 2013

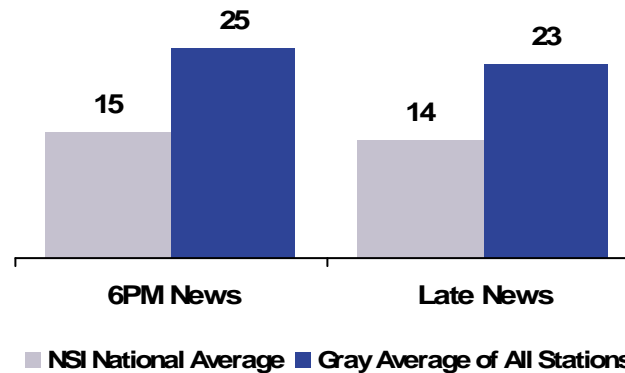
Gray Markets

Renewal Date

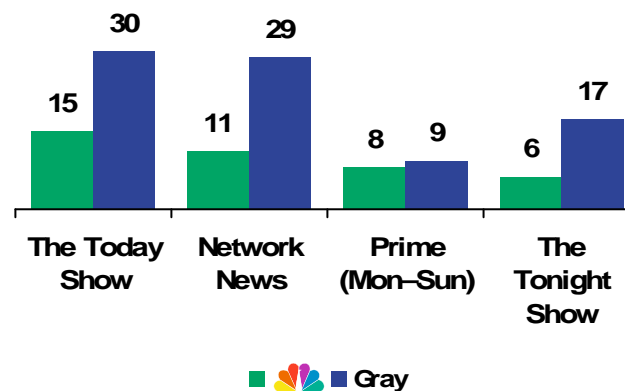
Dominate Local News & Information

- Gray's late local news outperforms the national average by 64%
- Gray's 6PM newscasts outperform the national average by 66%
- Better than national average for all major affiliate news programs

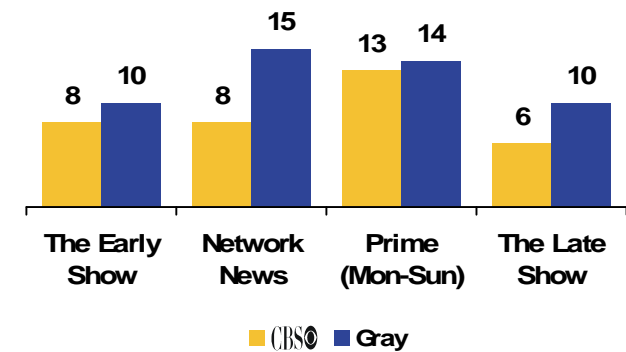
**National Average vs. Gray
November '11 Household Share**



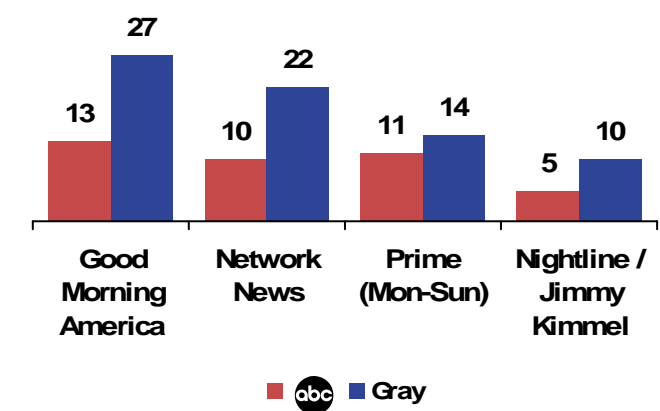
**NBC vs. Gray
November '11 Household Share**



**CBS vs. Gray
November '11 Household Share**



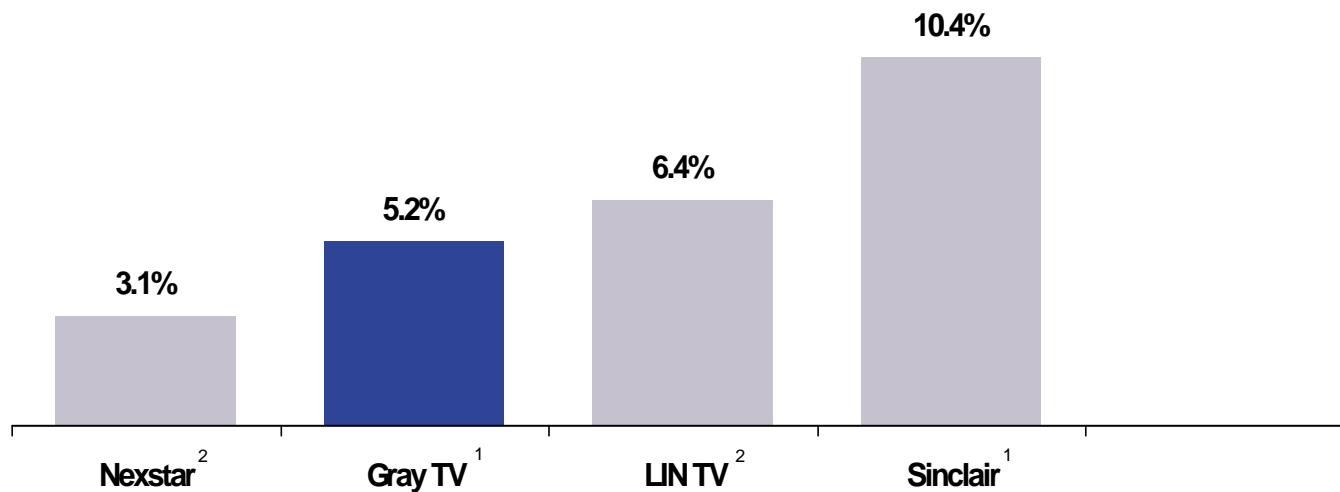
**ABC vs. Gray
November '11 Household Share**



#1 News Platform Allows for Less Syndicated Programming



Syndicated Program Payments as a % of Revenue



Gray's Syndicated Program Payments as a % of Revenue is Among the Lowest of its Peers

¹2011 Information from Annual Reports filed on Form 10-K or other public disclosures.

²2010 Information from Annual Reports filed on Form 10-K or other public disclosures.

Diversification Across Networks and Markets

Current Station Mix

76 channels of programming, including:

Primary Channels

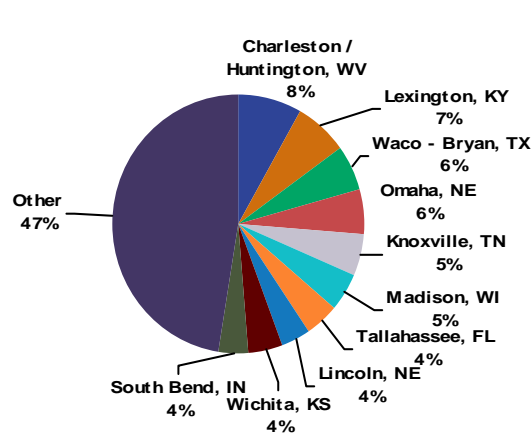
- 17 CBS
- 10 NBC
- 8 ABC
- 1 FOX

Secondary Channels

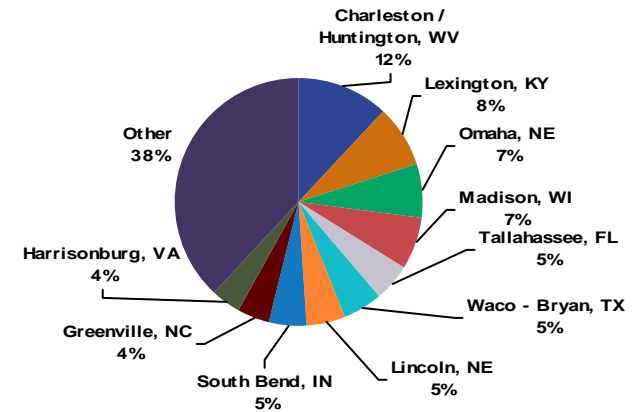
- 1 Digital ABC
- 4 Digital FOX
- 8 Digital CW
- 18 Digital MyNetwork TV
- 1 Untamed Sports Network
- 1 Digital The Country Network
- 7 Local News/Weather

36 Top 4 Network Primary Affiliates

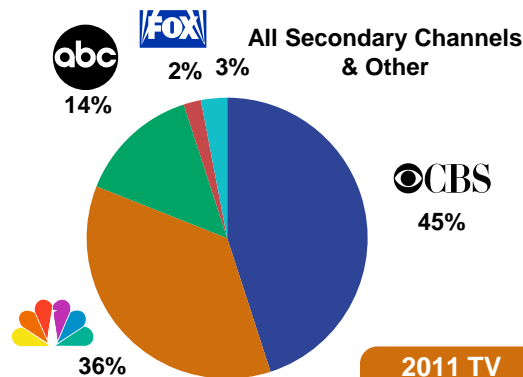
2011 Revenue: Top 10 Markets



2011 BCF: Top 10 Markets

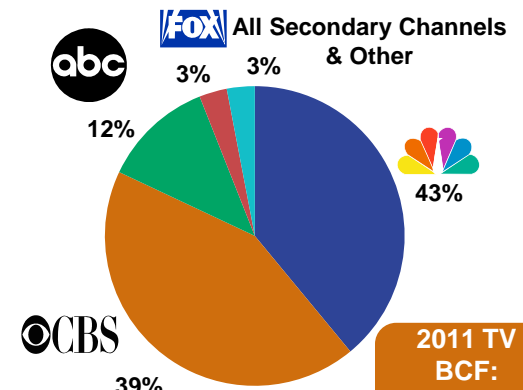


2011 Revenue by Affiliate



2011 TV Revenue: \$307 mm

2011 BCF by Affiliate



2011 TV BCF: \$112.9 mm⁽¹⁾

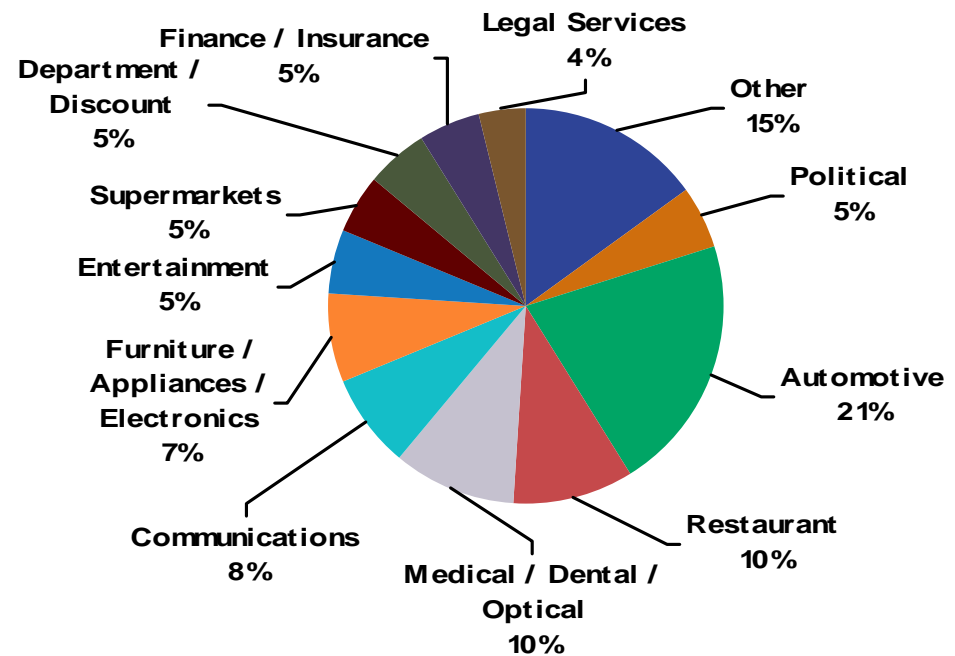
(1) Excludes corporate expenses.

Continuing Rebound in Advertising Market

Gray TV Continuing Ad Rebound

- Auto up 6% in 2011
- Most other categories also improved in 2011
- Set a new all time off-year record of \$13.5 million of political revenue for 2011

2011 Ad Revenue by Category % of Commercial Time Sales

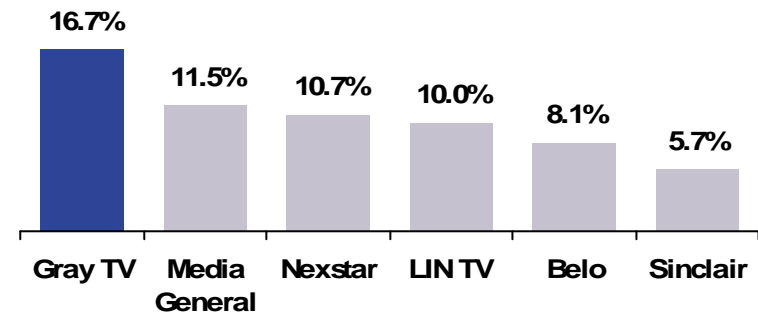


Large Political Upside

Gray TV Political Commentary

- 2010 Even Year Record \$57.6 million; 16.7% of Total Revenue
- 2011 Odd Year record \$13.5 million
- Gray operates in key battleground states
 - #1 stations can capture over 50% of the political budget for a market
- Supreme Court decision to remove limits on corporate spending on political campaigns should help drive political revenue for Gray
- Revenue from issue-based political advertising expected to further drive growth

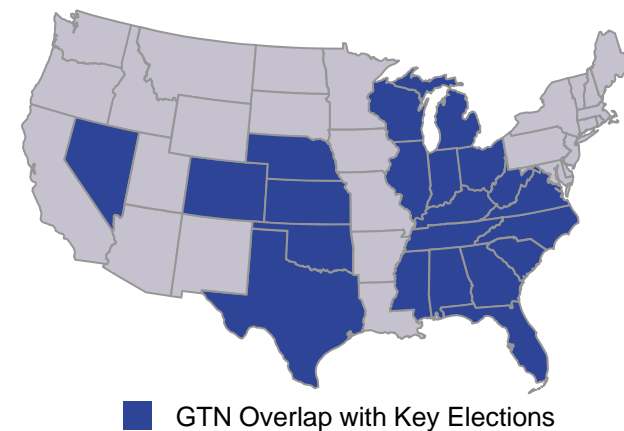
2010 Political as % of Total Revenue



Gray TV Political Revenue



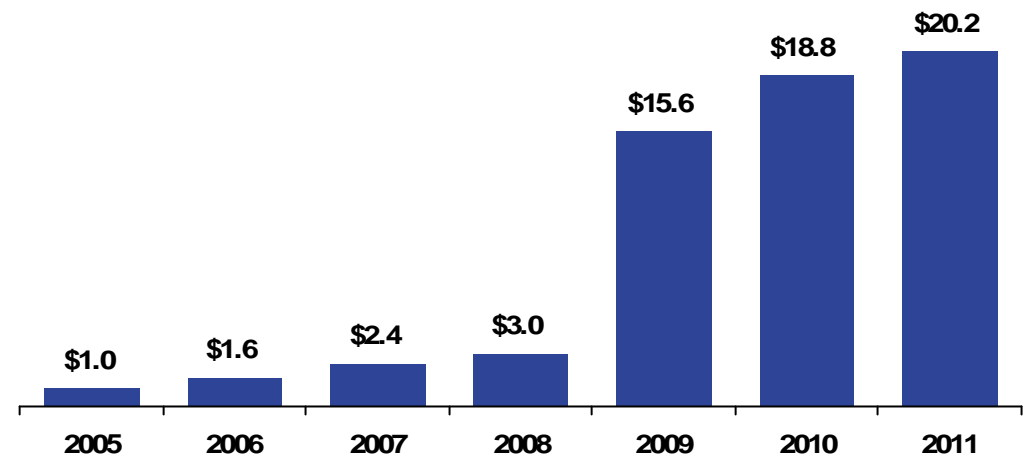
Strong Presence in Battleground States



Growing Retransmission Revenue

- Agreements with all Major Cable and Satellite Providers (“MVPD’s”)
- Agreements cover virtually all in-market subscribers and certain out-of-market subscribers
- Next major renewals of agreements are in 2013 and 2014

Gray Retransmission Revenue



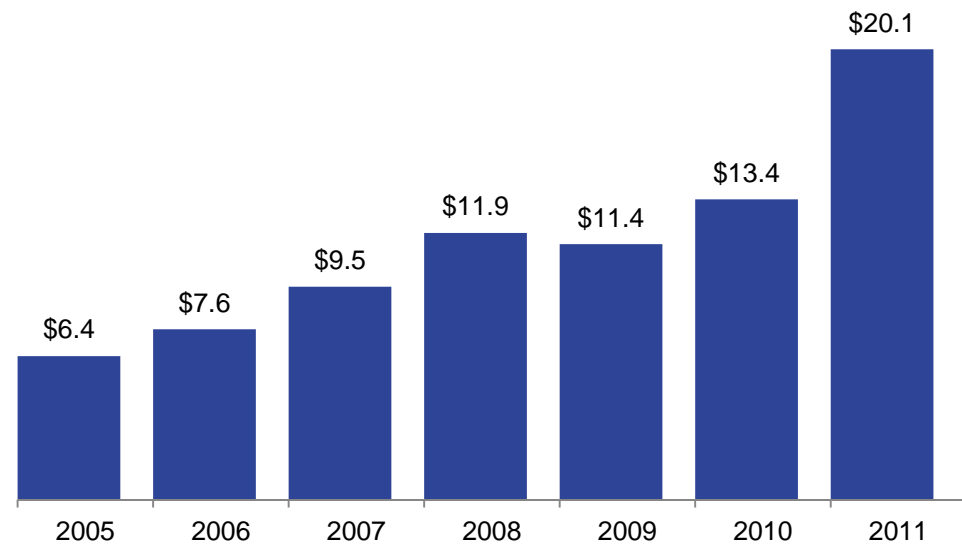
Year	% of Total Revenue
2005	0.3%
2006	0.5%
2007	0.8%
2008	0.9%
2009	5.8%
2010	5.4%
2011	6.6%

Over 40% of MVPD subscriber base renewed at year-end 2011 at significant increases.

Successful Digital Media Initiatives

- Operate web, mobile and desktop applications in all markets
- Focused on local content: news, weather, sports
- Demonstrated strong growth in page views: '05 to '11 +497% (29.1% CAGR)
- Currently testing mobile TV in the Omaha and Lincoln, NE markets
- 2005 – 2011 CAGR of 29.1%

Gray TV Digital Media Revenue



Year	2005	2006	2007	2008	2009	2010	2011
% of Total Revenue	2.4%	2.3%	3.1%	3.6%	4.2%	3.9%	6.5%

Digital Media Revenue +50% December 31, 2011.

Monetizing Digital Spectrum

In 2011, Gray Generated \$11.2 Million in Revenue and \$5.4 Million in BCF⁽¹⁾ from Additional Digital Channels

40 Secondary channels of programming, including:

- 1 Digital ABC station
- 4 Digital FOX stations
- 8 Digital CW
- 18 Digital MyNetwork TV
- 7 Local 24-hour news and weather channels
- 1 Digital Untamed Sports Network
- 1 Digital The Country Network
- Potential for local VOD, games on demand, music on demand and other digital downloads
- Future delivery of television broadcasts to handheld mobile devices

(1) Excludes corporate expenses.

Prudent Cost Management

- Reduced total number of employees by 346, or 14.1%, since December 2007
- Decreased operating costs by converting to digital
- 2011 Total TV Operating Expense of \$194.2 million BELOW 2007 level of \$199.7 million.
- 2011 Corporate Overhead of \$14.2 million BELOW 2007 level of \$15.1 million.

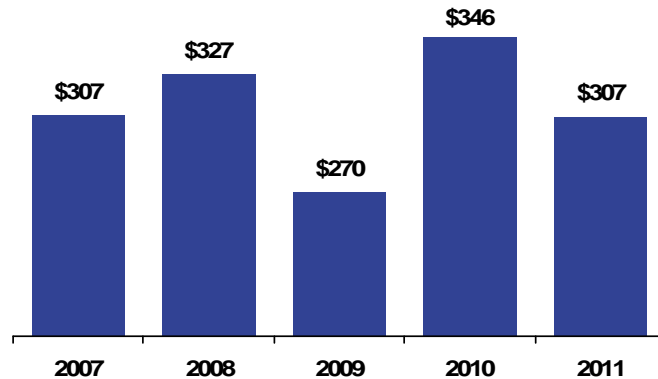
Financial Summary

GRAY
TELEVISION, INC.



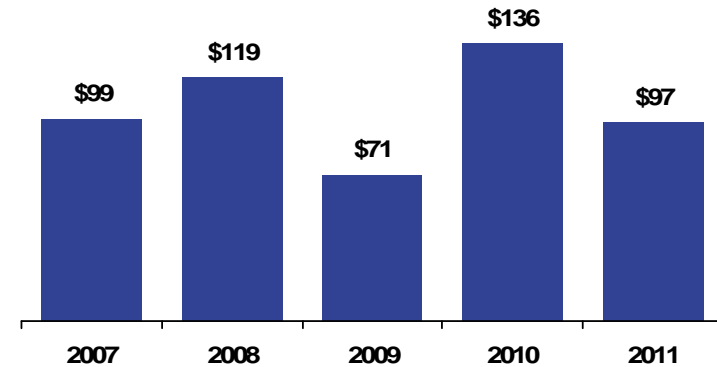
Historical Financial Overview

Net Revenue



YOY Growth	2008	2009	2010	2011
	6%	(17%)	28%	(11%)
2YOY Growth		2009	2010	2011
		(12%)	6%	14%

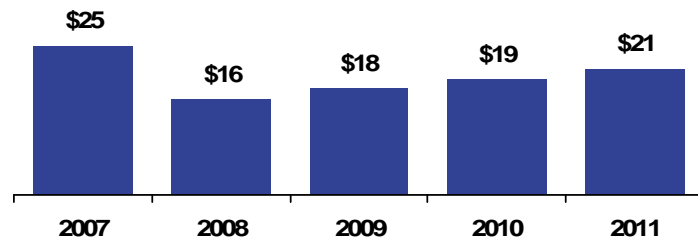
Operating Cash Flow¹



% Margin	2007	2008	2009	2010	2011
	32%	36%	26%	39%	32%

¹Operating Cash Flow as defined in Senior Credit Facility

Capital Expenditures¹

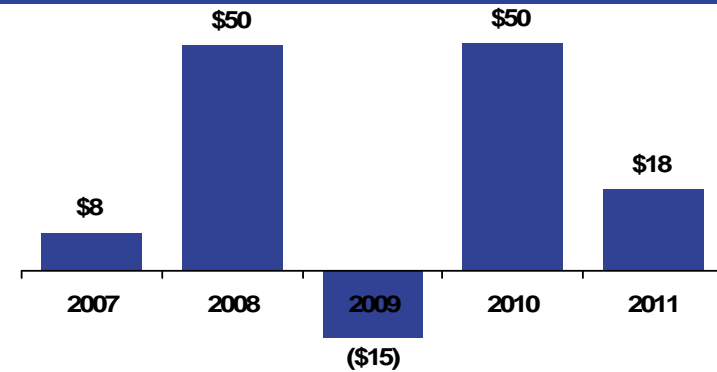


% of Revenue	2007	2008	2009	2010	2011
	8%	5%	5%	5%	7%

¹Net of proceeds from asset sales or dispositions

Note: \$ in millions.

Free Cash Flow¹



% of OCF	2007	2008	2009	2010	2011
	8%	42%	N/A	37%	19%

¹Free Cash Flow = Operating Cash Flow less cash interest, cash taxes and capital expenditures

Update on YTD 2011 Performance

- Solid Revenue performance YTD 2011 given “off year” political cycle and Olympic and Super Bowl comps from 2010
 - Local +2%
 - Political \$13.5 million – record for “off year”
 - Internet +50% over 2010 - Major focus for growth in 2011

- Winter Olympics contributed revenue of nearly \$2.8 million in 2010; no Olympics in 2011

- Super Bowl contributed revenue of nearly \$0.9 million in 2010 from 17 CBS Channels vs. \$0.2 in 2011 from 5 Fox Channels

(\$ in millions)	Year-To-Date December 31,		Variance vs.	
	2011	2010	2010	
			\$	%
Local/Regional	\$187.0	\$183.2	\$3.8	2.1%
National	56.3	57.6	(1.3)	-2.3%
Core Revenue	\$243.3	\$240.8	\$2.5	1.0%
Political Revenue	13.5	57.6	(44.1)	-76.6%
Internet Revenue	20.1	13.4	6.7	50.0%
Retransmission Revenue	20.2	18.8	1.4	7.4%
Other	7.8	8.0	(0.2)	-2.5%
Management Fee	2.2	7.5	(5.3)	-70.7%
Total Revenue	\$307.1	\$346.1	\$(39.0)	\$(0.1)
Operating Expenses	(194.2)	(196.4)	(2.2)	-1.1%
Miscellaneous AJE	(3.3)	(0.8)		
Broadcast Cash Flow	\$109.6	\$148.9	\$(39.3)	-26.4%
% Margin	35.7%	43.0%		
Corporate Overhead	(14.2)	(13.5)	0.7	5.2%
Miscellaneous AJE	0.2	0.3		
Broadcast Cash Flow less Cash Corporate Expenses	\$95.6	\$135.7	\$(40.1)	-29.6%
% Margin	31.1%	39.2%		
Adjustments for OCF	1.4	0.4		
Operating Cash Flow⁽¹⁾	\$97.0	\$136.1	\$(39.1)	-28.7%

⁽¹⁾as defined in Senior Credit Facility

Broadcast Cash Flow less Cash Corporate Expenses to OCF Reconciliation



(\$ in millions)					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Broadcast Cash Flow less Cash Corporate Expenses	\$96.5	\$118.1	\$69.2	\$135.7	\$95.6
Plus: Pension Expense Accruals	3.2	3.2	5.2	4.9	5.1
Less: Pension Fund Payments	(3.1)	(2.9)	(3.5)	(4.4)	(3.1)
Other	1.9	0.5	0.4	(0.1)	(0.6)
Operating Cash Flow as defined in Senior Credit Facility	\$98.5	\$118.9	\$71.3	\$136.1	\$97.0

Capitalization

(\$ in millions)	Maturity	Pricing	12/31/10	12/31/11
Cash and Cash Equivalents			\$5.4	\$5.2
Revolving Credit Facility (\$40mm)	Mar-14	L + 350 bps ⁽²⁾		
Term Loan B	Dec-14	L + 350 bps ⁽²⁾	467.8	472.0
Total First Lien Debt			\$467.8	\$472.0
Senior Secured Second Lien Notes	Jun-15	10.50%	365.0	365.0
Total Debt			\$832.8	\$837.0
Preferred Stock ⁽¹⁾			53.4	39.6
Total Debt + Preferred			\$886.2	\$876.6
Market Value of Common Equity			106.3	91.3
Total Capitalization			\$992.5	\$967.9
		<u>Covenant</u>		
First Lien Leverage Ratio as defined in the Senior Credit Facility ⁽³⁾		6.50	"L8QA" → 4.46	4.00
Total Leverage, net cash (Calculated using OCF for last 4 quarters)			"T-12" → 6.08	8.58
Total Leverage, Net Cash (calculated using OCF for average of last 8 quarters)			"L8QA" → 7.98	7.14

(1) Includes Accrued dividends.

(2) Pricing based on 1st Lien Leverage Ratio

(3) Calculated using OCF of last 8 quarters averaged

Certain statements in this presentation constitute “forward-looking statements” within the meaning of and subject to the protections the Private Securities Litigation Reform Act of 1995 and other federal and state securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such “forward-looking statements.”

See the Company’s website www.gray.tv for reconciliations of GAAP to non-GAAP data. Reconciliations of broadcast cash flow, broadcast cash flow less cash corporate expenses and free cash flow to GAAP data is included in the financial reports section of the www.gray.tv website.

Questions & Answers

GRAY
TELEVISION, INC.



Investor Presentation

Financial Information as of December 31, 2011

GRAY

TELEVISION, INC.

