



gray

Television • Digital • Mobile

NYSE: GTN Investor Presentation

Historical Financial Data as of June 30, 2013

Select Other Data as of September 2013



- **Company Overview**

Gray Television is a Dominant Mid-Market TV Platform with Significant Upside

- **Industry Overview**

Strong Industry Fundamentals and Growing Revenue Streams

- **Financial Overview**

Strong Momentum in the Core Business with Record Political and Retransmission Growth

Highly Experienced Senior Management



Focused on maximizing potential of existing portfolio, while prudently pursuing strategic growth opportunities

Name	Years at Gray TV	Years in Industry	Background and Notable Achievements
Hilton H Howell, Jr. <i>Director, Vice Chairman, President & CEO</i>	20	20	<ul style="list-style-type: none"> CEO since 2008, Vice Chairman since 2002 and director since 1993 Served as President and CEO of Atlantic American Corporation since 1995 Served as EVP and General Counsel of Delta Life Insurance Company and Delta Fire & Casualty Insurance Company since 1991
James C. Ryan <i>SVP & CFO</i>	15	28	<ul style="list-style-type: none"> CFO since 1998 and additionally serves as SVP of Finance Served as SVP since 2002 and as VP from 1998 to 2002 Served as the CFO of Busse Broadcasting Corporation from 1987 to 1998
Kevin P. Latek <i>SVP – Business Affairs</i>	2	16	<ul style="list-style-type: none"> Joined Gray in 2012, after spending 15 years representing television broadcasters in FCC regulatory and transactional matters with law firm Dow Lohnes Member of the CBS Affiliate Association; former member of, and previously counsel to, Fox Affiliate Board of Governors
Nick Waller <i>SVP – Mid-Atlantic & South</i>	13	13	<ul style="list-style-type: none"> Joined Gray in 2000, after spending 20 years with Datasouth Computer Corporation, first as CFO and eventually as President Director of the Florida Association of Broadcasters
Bob Smith <i>SVP – Midwest & West</i>	27	27	<ul style="list-style-type: none"> Started as an account executive at Gray TV in Eau Claire, Wisconsin in 1986 Serves as SVP since July 2013 and served in various roles from 1986 – 2013 at Gray TV Has served on the Boards of Directors of the Wisconsin Broadcaster Association, among others
Jason Effinger <i>SVP – Media & Technology</i>	12	22	<ul style="list-style-type: none"> Joined Gray TV in 2001 as a station manager Serves as SVP since July 2013 and served as Regional VP prior to that Serves as Vice Chair of the Nebraska Broadcasters Association



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Company Overview



Key Investment Highlights



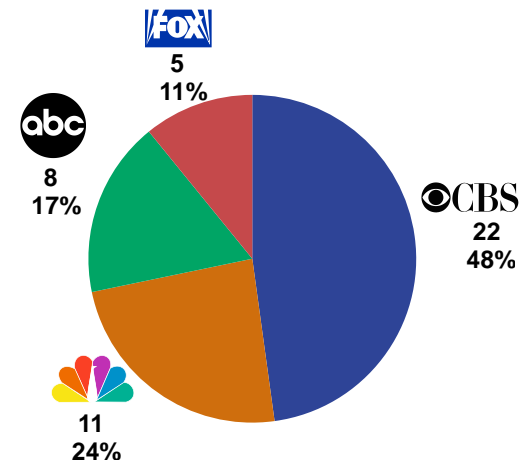
- ✓ A Leading Television Broadcaster in Diverse Mid Markets with Dominant Market Positions
 - ✓ #1 or #2 market share in 29 out of 31 markets
- ✓ Improving Advertising Market and Diversification of Revenue Mix
- ✓ Strategic Acquisition and Duopoly Opportunities
- ✓ Large Political Upside in Election Years with Presence in Key States
- ✓ Strong Growth in Net Retransmission Revenue and Increasing Leverage With Networks
- ✓ Successful New Media Initiatives and Spectrum Upside
- ✓ Robust Free Cash Flow Generation Over a Two Year Cycle
- ✓ Experienced Management Team With Healthy Track Record of Equity Value Creation

Gray Television is a Dominant Mid-Market TV Platform

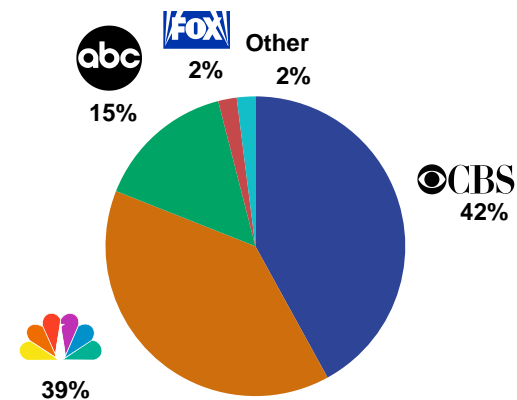


- 88 total channels of programming spread across 31 attractive markets
 - 46 channels affiliated with a “Big 4” network and 42 additional channels¹
- Reaches 6.2% of U.S. TV households, significantly below FCC cap
- #1 news rating in 23 markets and leading franchises
- #1 channel in 22 markets
- Strong market and network diversification
- 17 collegiate markets and 8 state capitals provide stability
- Dominance in political revenue through presence in key states

Primary Channels by Affiliate: 46¹



2012 Revenue by Affiliate: \$405 mm

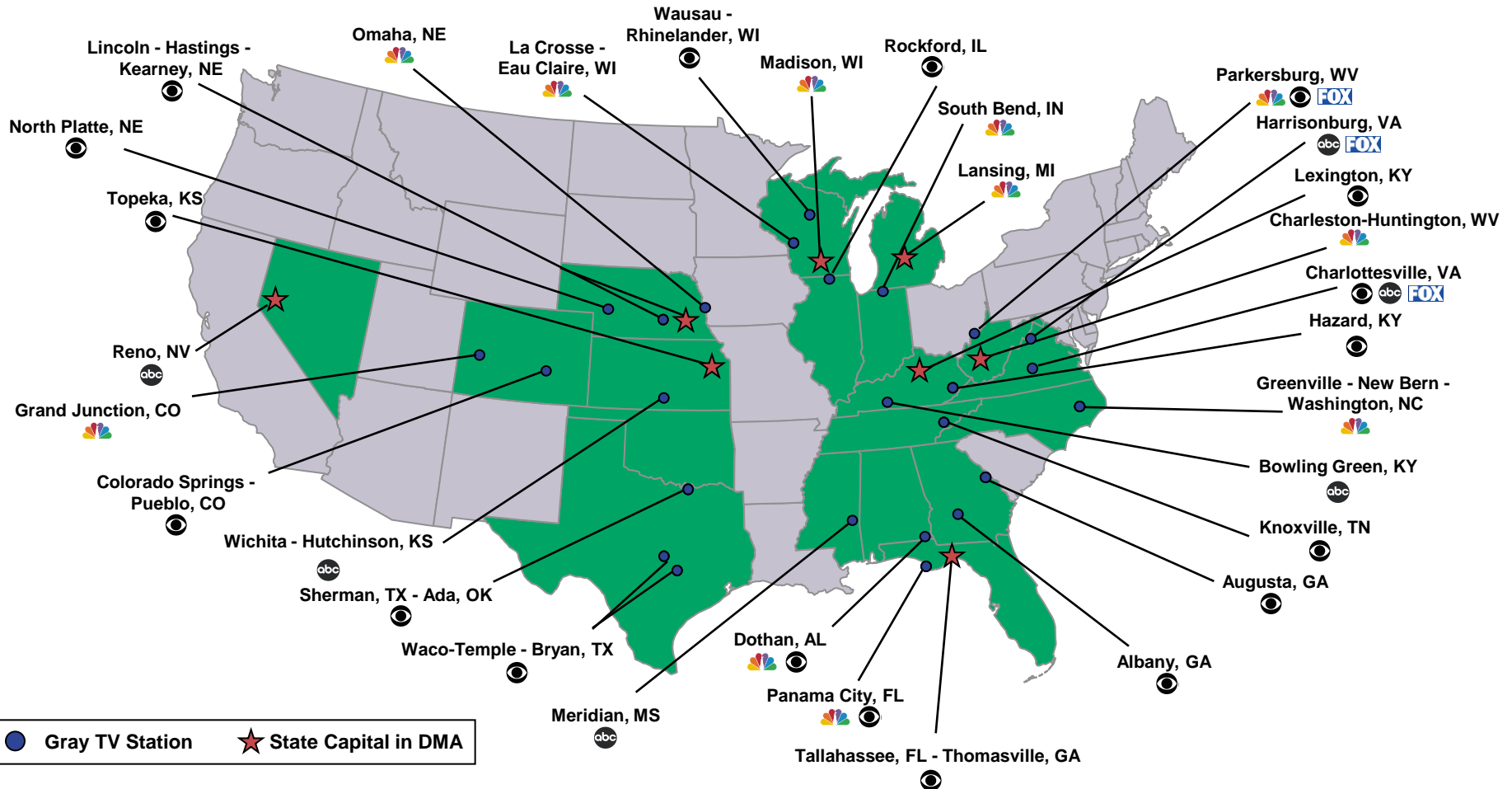


(1) Certain additional channels are affiliated with more than one network simultaneously. As a result, Gray has 42 additional channels with 49 affiliations

Gray Has a Diverse and National Footprint



31 markets reaching approximately 6.2% of US TV households



Key Recent Developments and Strategic Initiatives



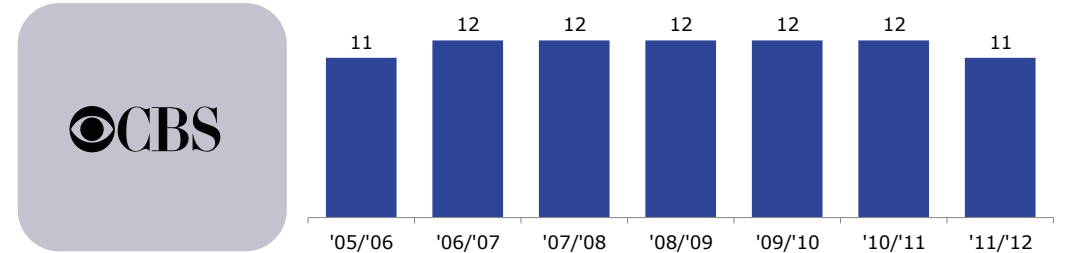
- Appointed new management structure in July 2013, with significant industry experience, to increase focus on:
 - Strategic growth: Kevin Latek
 - Station operations and performance: Nick Waller and Bob Smith
 - Digital media strategy: Jason Effinger
- Launched “Big Four” affiliated channels on the Sincbak Internet Platform on September 4, 2013
- Constructed and launched seven entirely new television stations since September 2012
- Back office services agreement with Excalibur with anticipated closing of October 31, 2013
- Acquisition of KSNB (MyTV) from Colins Broadcasting Corporation on February 25, 2013
- Launched new and modern looking logo and website in September 2013, emphasizing Gray TV’s focus on local market dominance

The Importance of Being #1

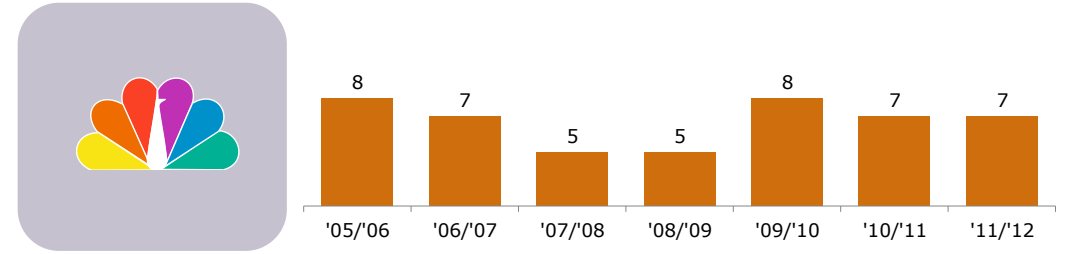


- Dominate local and political revenue with highly-rated news platforms
- Greater purchasing power and leverage with MVPDs, networks and programmers
- Partner of choice – duopoly opportunities
- Deliver high margins
- Maximize free cash flow
- Attract and retain high quality talent

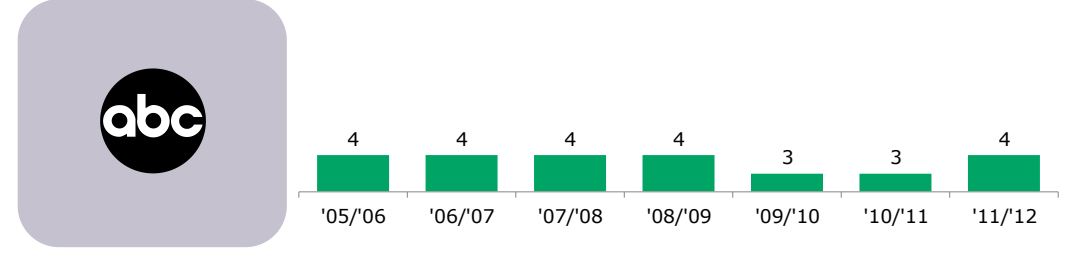
Long History of Being #1 in the Market ¹



CBS National Ranking	1	1	2	1	1	1	1
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NBC National Ranking	3	4	4	4	4	4	3
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ABC National Ranking	2	2	3	2	2	2	2
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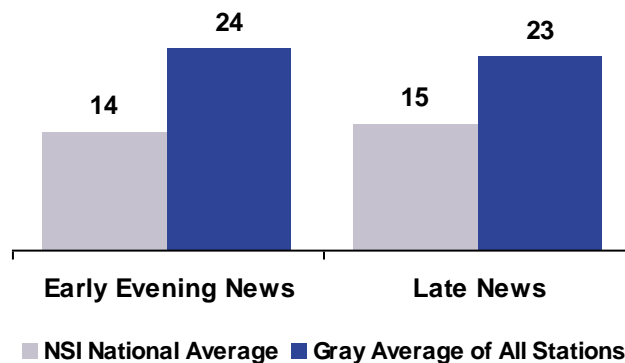
(1) Number of Gray stations ranked #1

Gray's Stations Dominate Local News and Information

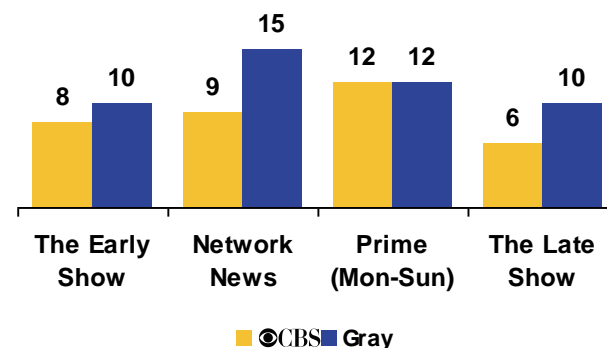


- Gray's Early Evening newscasts outperform the national average by 71%
- Gray's late local news outperforms the national average by 53%
- Better than national average for all major affiliate news programs

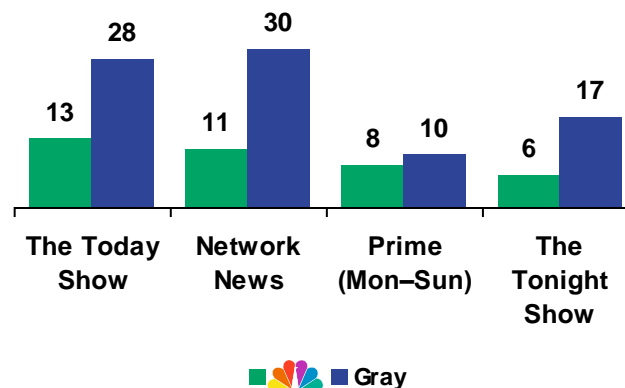
National Average vs. Gray November '12 Household Share



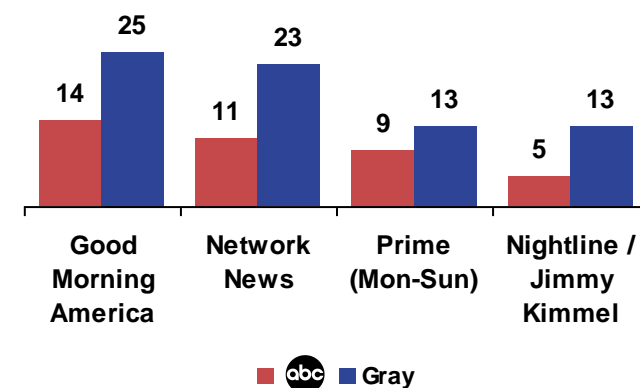
CBS vs. Gray November '12 Household Share



NBC vs. Gray November '12 Household Share








ABC vs. Gray November '12 Household Share



Stable Markets – Concentration on DMAs 61-208 With Focus on State Capitals / Collegiate Presence



Market	College(s)	Approximate Enrollment
Waco, TX		62
Topeka, KS		53
Lansing, MI		49
Tallahassee, FL		44
Madison, WI		43
Knoxville, TN		30
Lexington, KY		29
Greenville, NC		28

Market	College(s)	Approximate Enrollment
Lincoln, NE		24
Bowling Green, KY		21
Charlottesville, VA		21
Harrisonburg, VA		20
Reno, NV		18
Charleston-Huntington, WV		14
South Bend, IN		12
Colorado Springs, CO		4
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 474,000 students

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

Operational Strategy Focused on Market Leadership and Growth



- Maintain and grow our market leadership position
- Continue to prudently invest in local content and news, syndicated programs, top talent and community relationships
- Seek new media opportunities – currently operates web, mobile and desktop applications in all of our markets
- Monetize digital spectrum through growth in spectrum channels
- Pursue selective strategic transactions
- Drive free cash flow generation



Maintain
Leadership
and Grow
Free
Cash
Flow

Monetize Spectrum

Accretive Partnerships

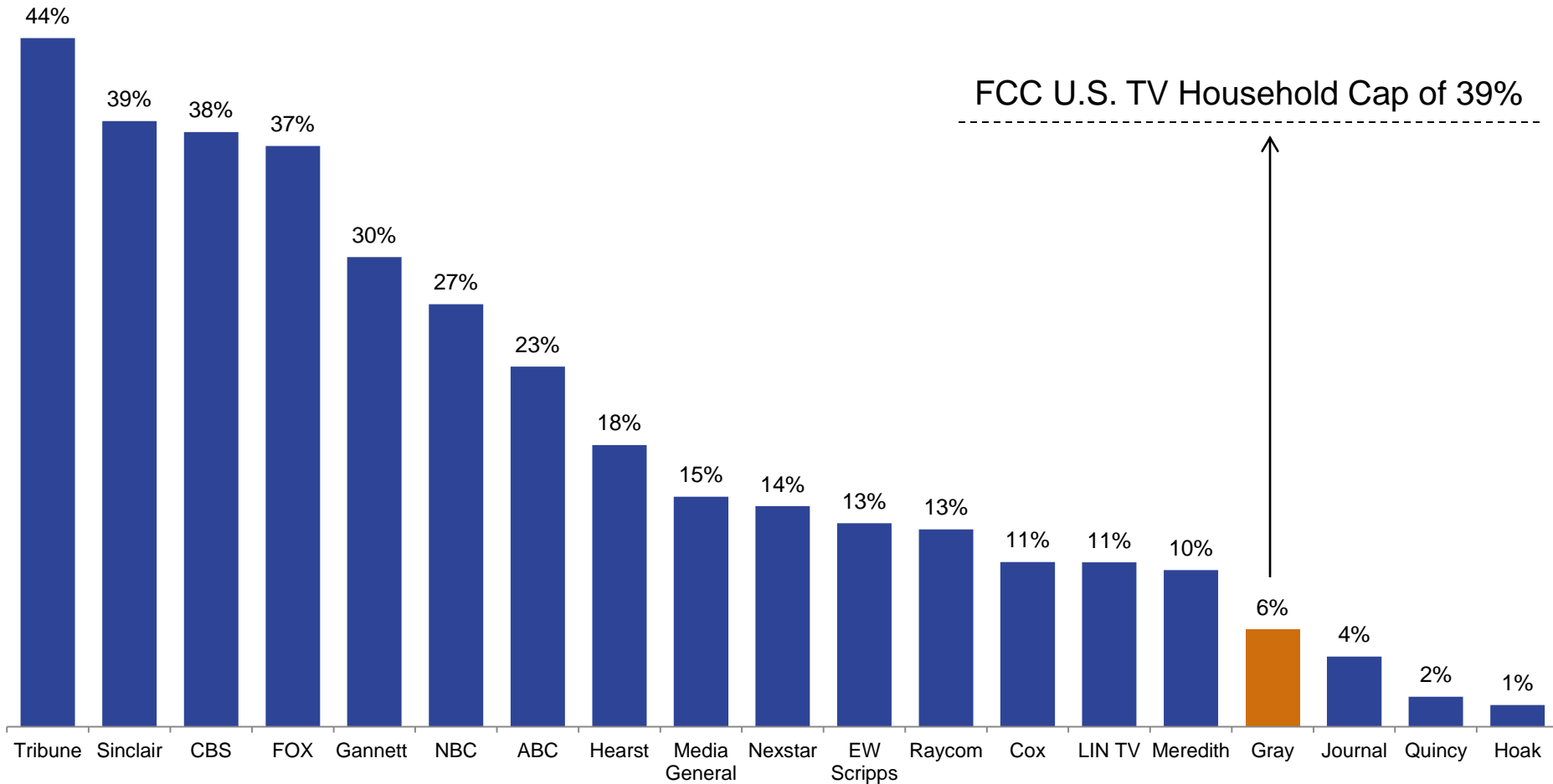
Internet and Socialization

Retransmission Revenue

Political Revenue

Core Advertising Growth

Gray TV has Significant Opportunity to Grow

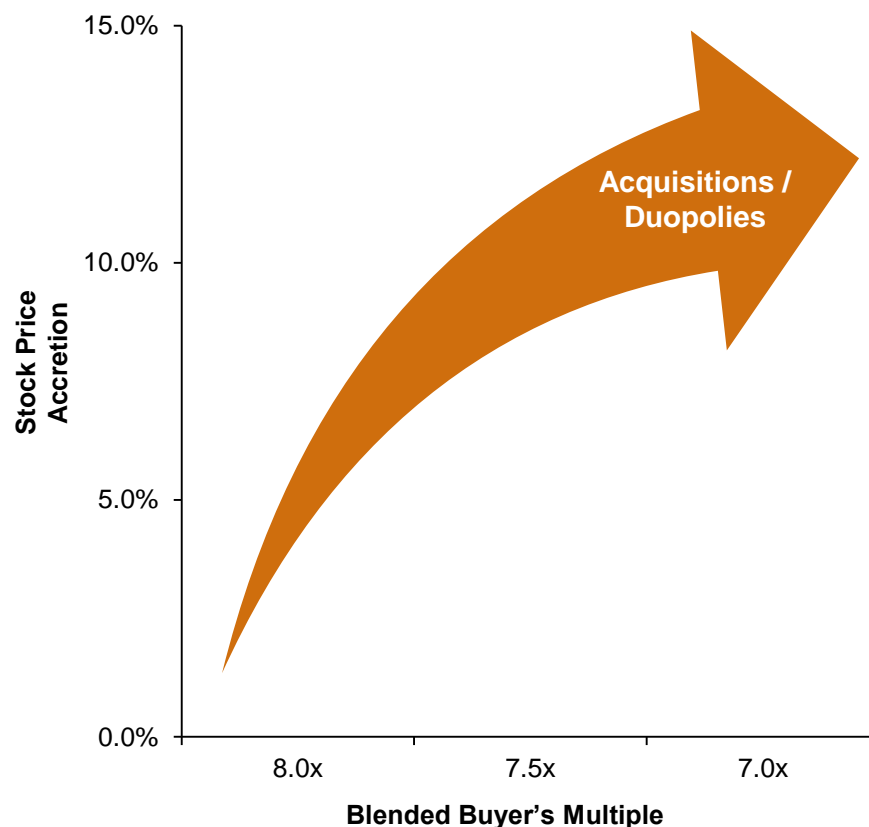


Source: Company filings, BIA Investing in Television 2013 and SNL Kagan

Potential for Equity Value Creation Through Accretive Acquisitions / Duopolies

- Industry continues to consolidate rapidly
- Gray TV's strategic transactions should not be impacted by proposed regulatory thresholds
- Gray TV is focused on prudently increasing its scale through accretive acquisitions and partnerships
- In discussions with several partners across our markets for duopoly, JSA / SSA opportunities
- Increase in scale adds to operating leverage and negotiation power
- Growth in free cash flow generation

Illustrative Stock Price Accretion



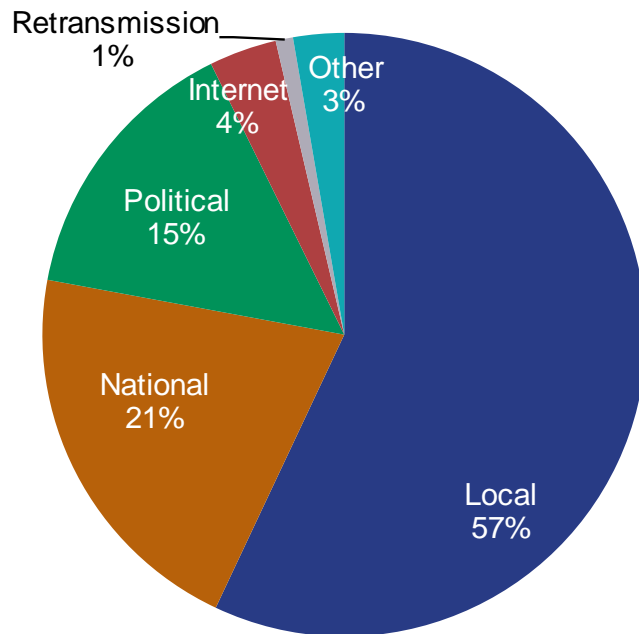
Source: Company filings

Revenue Mix Continues to Diversify

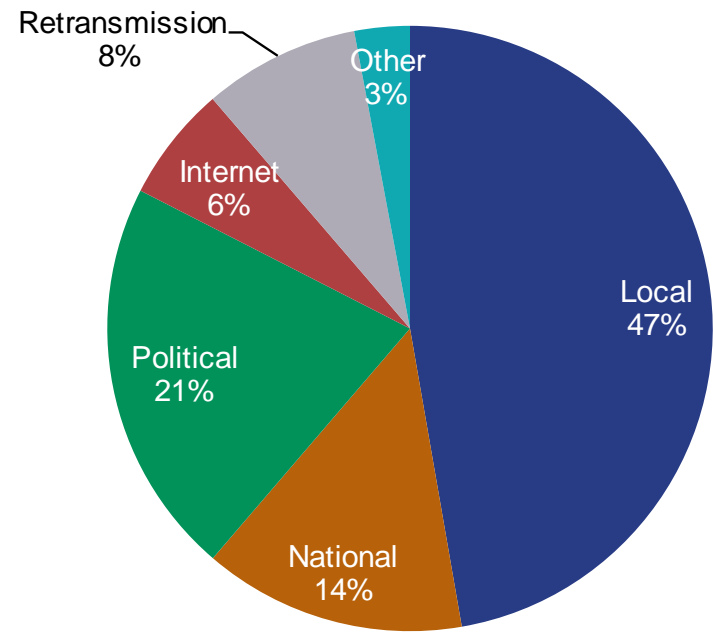


- Growth in Net Revenue, driven by core revenue, political, retransmission and internet
- Revenue mix continues to diversify from traditional ad-based sources to new media ad-based – Internet, and subscriber driven – Retransmission
- Lowers overall revenue volatility

2008 Net Revenue Mix: \$327 mm



2012 Net Revenue Mix: \$405 mm



Diversification Across Networks and Markets



Current Station Mix

88 channels of programming:

46 Big 4 Affiliates:

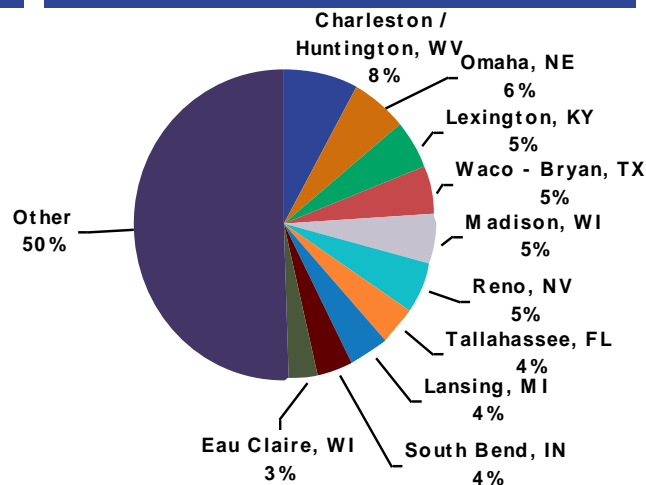
- 22 CBS
- 11 NBC
- 8 ABC
- 5 FOX

42 Additional Channels⁽²⁾ with 49

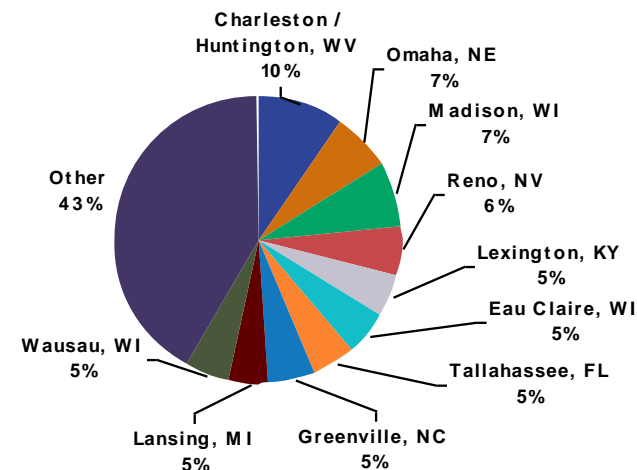
Affiliations:

- 8 CW
- 17 MyNetwork TV
- 7 ME TV
- 5 Antenna TV
- 3 This TV Network
- 1 Live Well Network
- 8 Local News/Weather

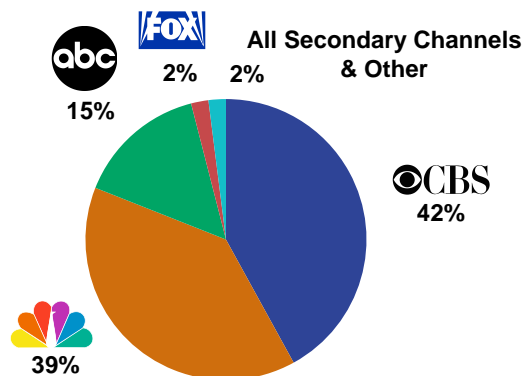
2012¹ Revenue: Top 10 Markets



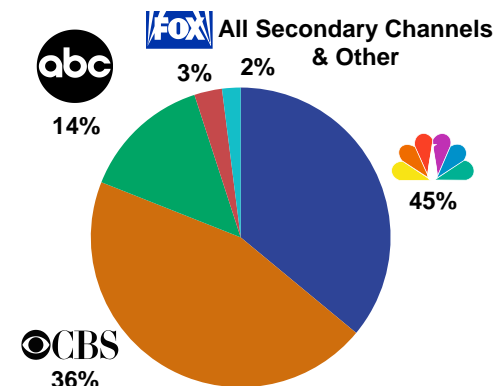
2012¹ BCF: Top 10 Markets



2012¹ Revenue by Affiliate: \$405 mm



2012¹ BCF by Affiliate: \$192.5 mm³



(1) LTM 2012 – Last 12 months ended December 31, 2012.

(2) Certain additional channels are affiliated with more than one network simultaneously. As a result, Gray has 42 additional channels with 49 affiliations.

(3) Excludes corporate expenses.

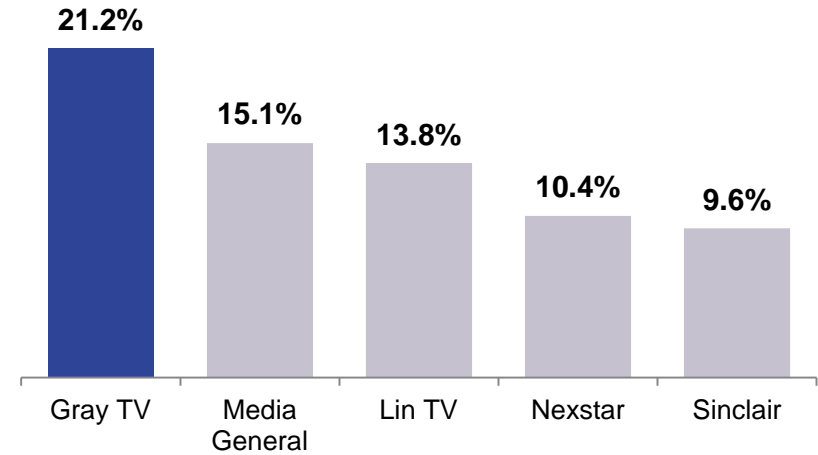
Gray is the Leading Beneficiary of Political Revenue with Large Upside



Gray TV Political Commentary

- \$86 Million in 2012 – New Record
- 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 and union spending on political campaigns helps drive political revenue for Gray
- Revenue from issue-based political advertising expected to further drive growth
- Local news is a key medium for political advertisers to connect with potential voters

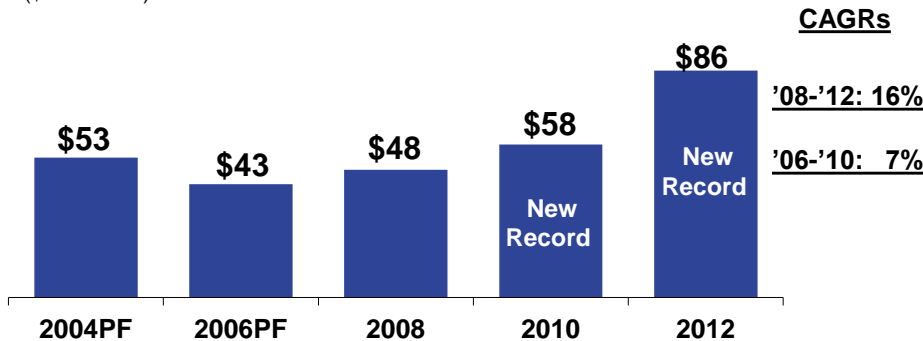
2012 Political as % of Total Net Revenue



Note: Based on as reported financials per Company filings

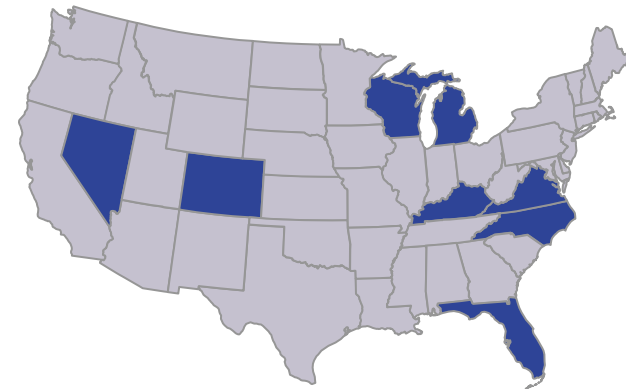
Gray TV Political Revenue

(\$ in millions)



Source: Politico, Electoral-vote.com and University of Virginia Center for Politics
 (1) Represents key swing states for presidential, senate and gubernatorial elections

Strong Presence in Key Election States ¹



■ GTN Overlap with Key Elections

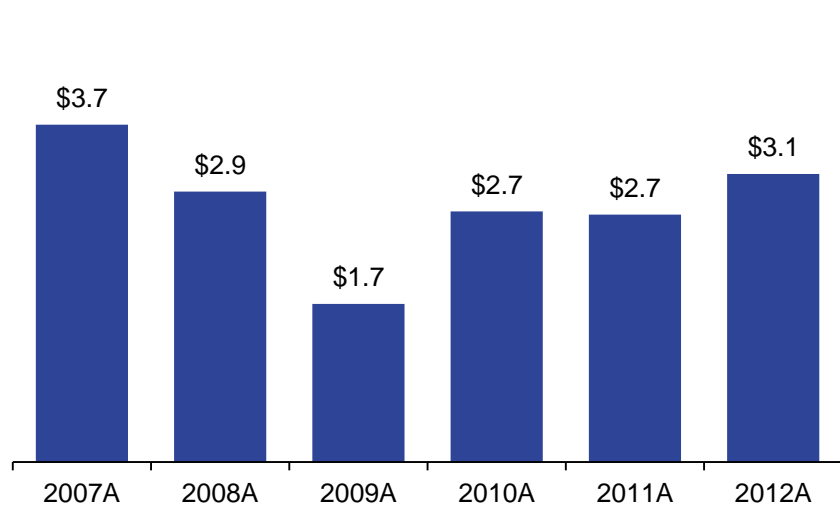
Automotive Ad Spending on TV Continues to Grow and Still Below Peak Levels



- Gray TV continues to benefit from the growth in auto ad spending
 - Auto for the first half of 2013 is up ~10%
- In 2012, ~18% of Gray TV's total broadcast advertising revenue was derived from automotive customers
- TV auto ad spending growth of \$0.4 billion or 16% from 2011 to 2012 but still below peak

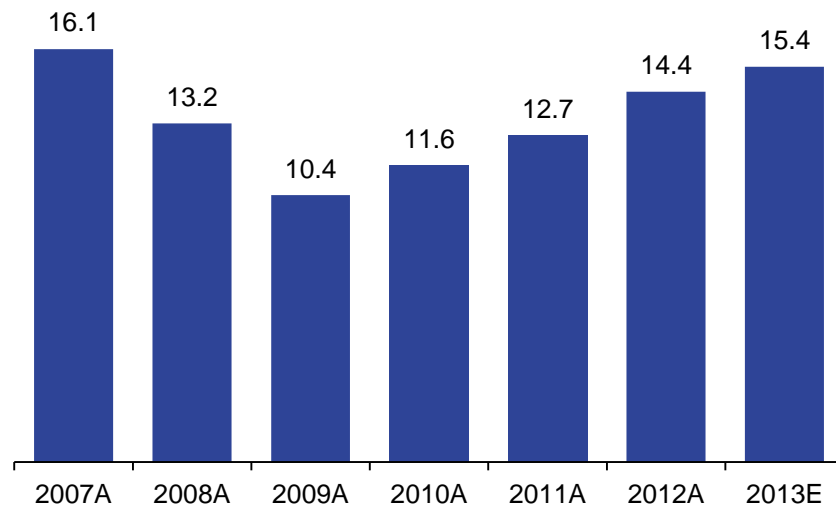
TV Ad Spending in the Automotive Sector

(\$ in billions)



SAAR of U.S. Light Vehicle Sales

(in millions)

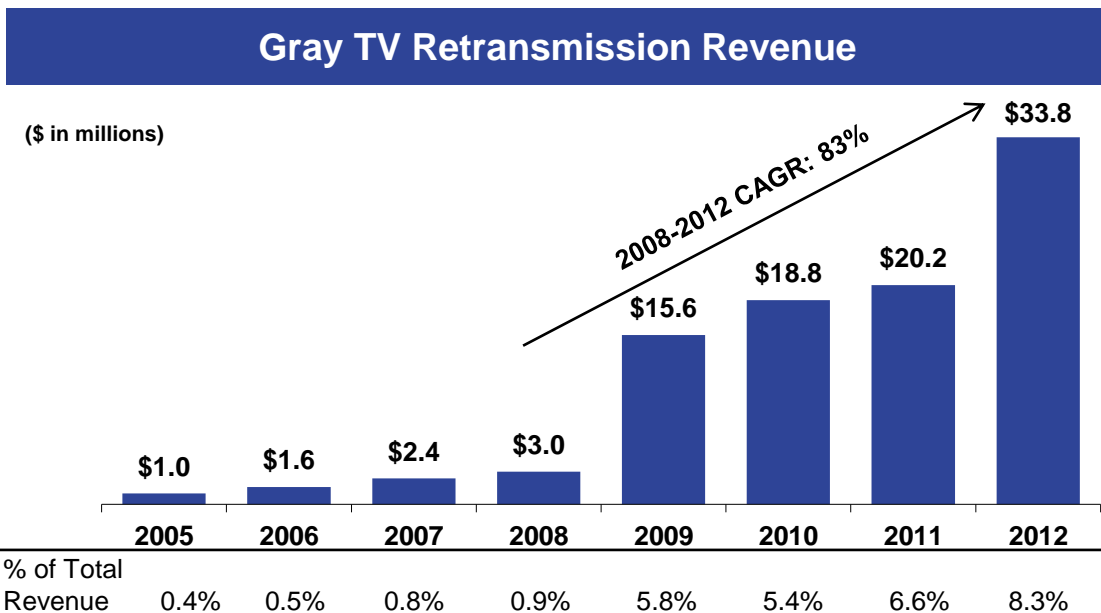


Source: TVB and U.S. Bureau of Economic Analysis (2009A-2012A); National Automobile Dealers Association (2013E)

Strong Growth in Retransmission Revenue



- Over 50% of MVPD subscriber base renewed at year-end 2011 at significant increases
- Approximately 2 million subs re-pricing in two deals in Q4 2013
- Remaining 4.5 million subs re-pricing between 12/31/14 and 3/31/15
- Anticipate significant price increase in each case



Long Term Affiliate Contracts with “Big 4” Networks



# of Channels	Renewal Date
17	12-31-14
3	12-31-16
2	8-31-18
<u>22</u>	



# of Channels	Renewal Date
10	12-31-15
1	1-1-16
<u>11</u>	



# of Channels	Renewal Date
<u>8</u>	12-31-13



# of Channels	Renewal Date
<u>5</u>	6-30-14

Successful Digital Media Initiatives

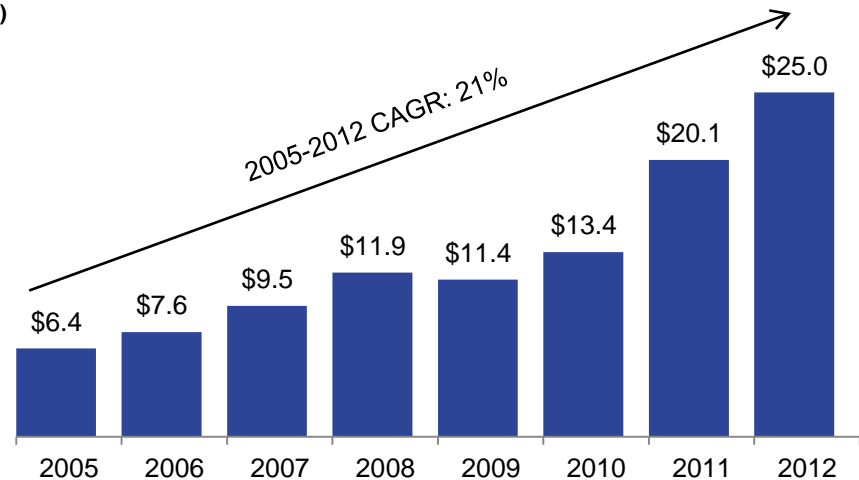


- Operate web and mobile applications in all markets
- Focused on local content: news, weather, sports
- Demonstrated strong growth in page views: '05 to '12: +746% (30.6% CAGR)
- All sites already converted to responsive design
- Launched live video streaming in all markets in September 2013 through Syncbak
- Owns Moms Everyday digital vertical; deployed in each Gray TV market and continues to expand to other markets



Gray TV Digital Media Revenue

(\$ in millions)



Year	2005	2006	2007	2008	2009	2010	2011	2012
% of Total Revenue	2.4%	2.3%	3.1%	3.6%	4.2%	3.9%	6.5%	6.0%



Significant Potential Upside from the Monetization of Spectrum

- **42 additional channels** of programming (including 49 affiliations¹) with key networks including CW, MyNetwork TV, MeTV and Antenna TV
 - \$14.9 million in 2012 Revenue
 - \$8.2 million in BCF² – 55% Margin
- Opportunity to **monetize digital spectrum** through more efficient use of spectrum
 - Converting spectrum to a Content Delivery Network via Broadcast Overlay Technology
 - Leasing it to wireless carriers
- Limited to no near-term interference from potential broadcast spectrum auction and regulatory rulings

(1) Certain additional channels are affiliated with more than one network simultaneously. As a result, Gray has 42 additional channels with 49 affiliations

(2) Excludes corporate expenses



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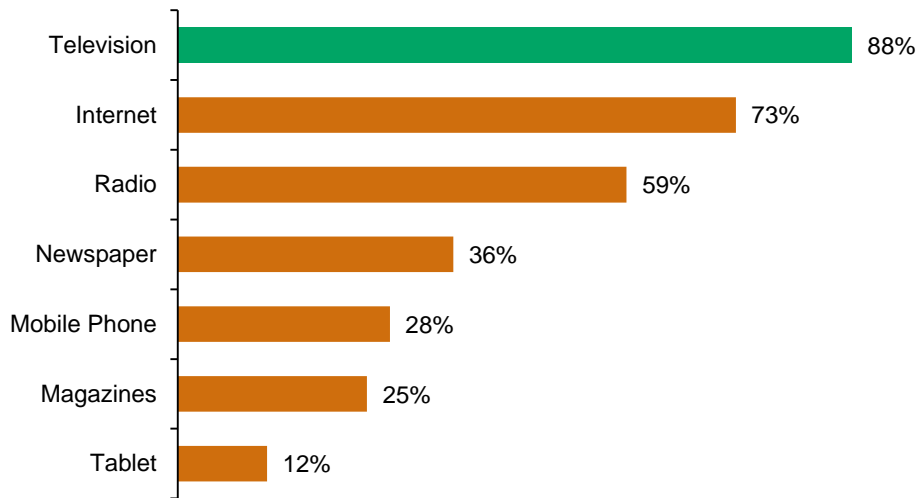
Industry Overview



Television Continues to be the #1 Choice for Critical Mass Reach Among Advertisers



TV Reaches More People than Any Other Medium



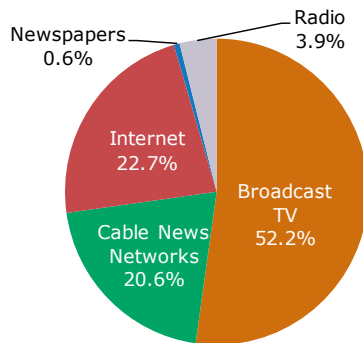
TV is the Most Influential Local Media

96 of the Top 100 Rated Programs are Broadcast Programs (P18-49)

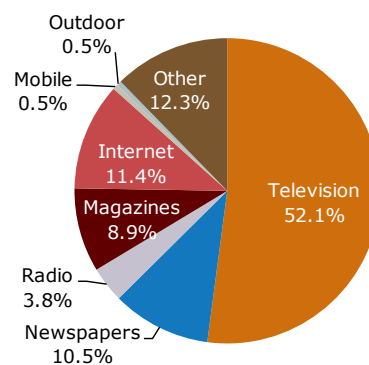
Program Rank	Broadcast Stations	Cable TV	Total
1-25	24	1	25
26-50	24	1	25
51-75	24	1	25
76-100	24	1	25
Total	96	4	100

Note: Based on 2013 season NTI Live + Same Day estimates. Ranked by average audience % (ratings); in the event of a tie, impressions (000's) are used as a tiebreaker. Ad-Supported Subscription television only. Programming under 5 minutes excluded
Source: TVB

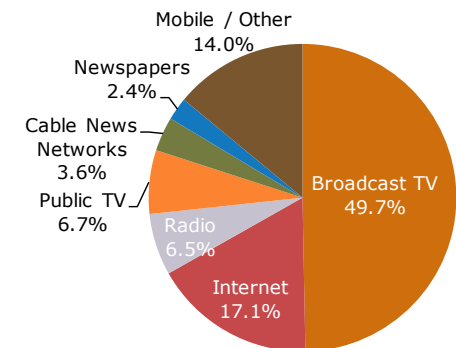
Primary Source of News



Most Influential of All Media



Source of Local Weather, Traffic and Sports



Source: TVB Media Comparison Study 2012

Strong Growth on Other Key Revenue Streams

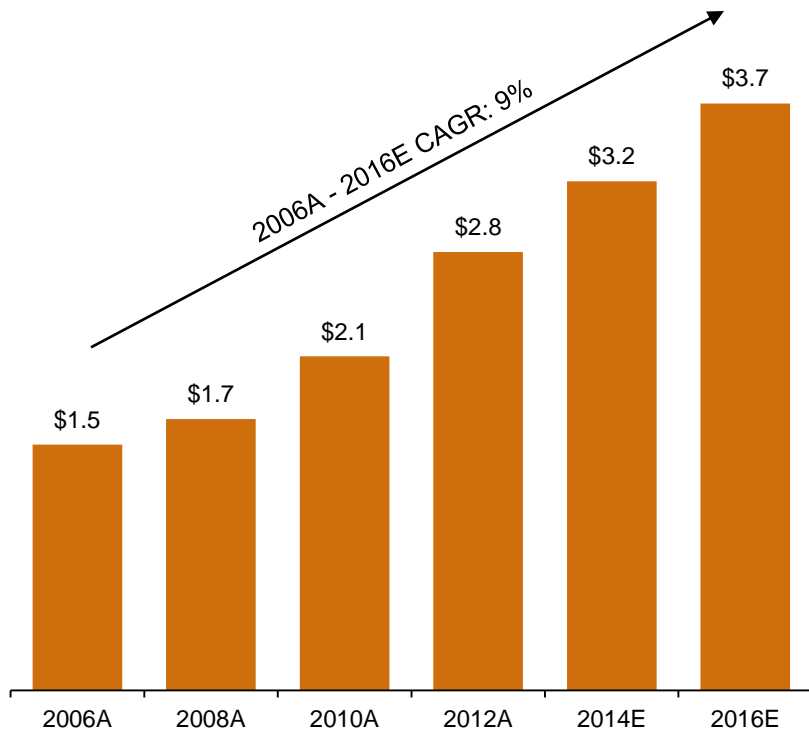


- Record level of political in 2012 and estimates for 2014 and 2016 project continued growth

- TV broadcasting captures 35% of viewers but only 7% of Retransmission Fees

Industry-wide Political Spend on Local TV ¹

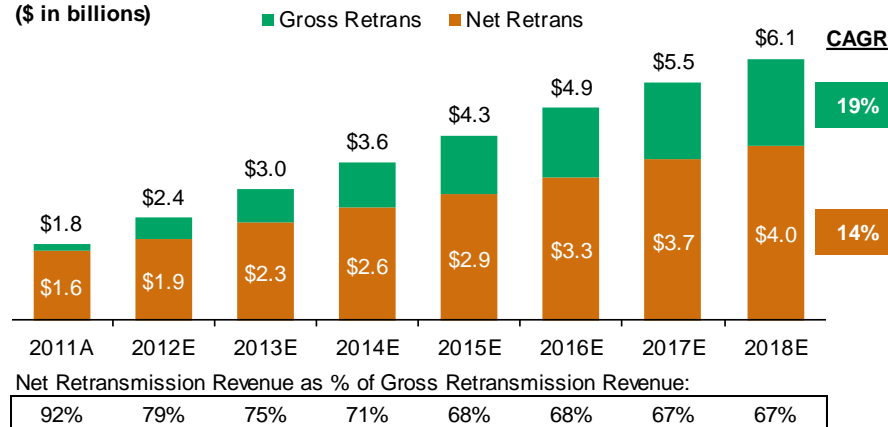
(\$ in billions)



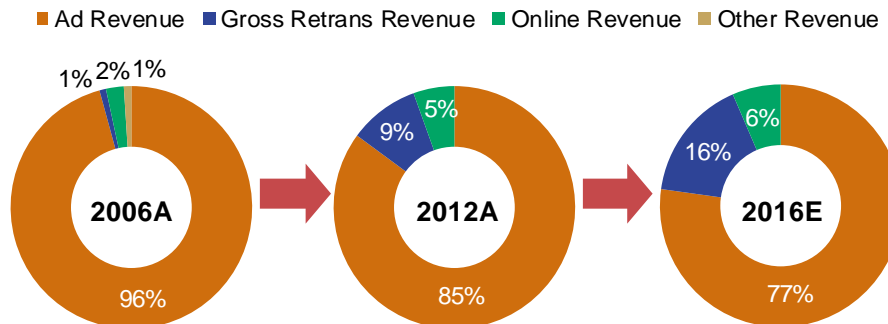
(1) Based on Local Broadcast TV political advertising only (excludes Local Cable TV)
Source: Magna Global and SNL Kagan

Strong Growth in Retransmission Revenue

(\$ in billions)



Changing Composition of Television Revenue



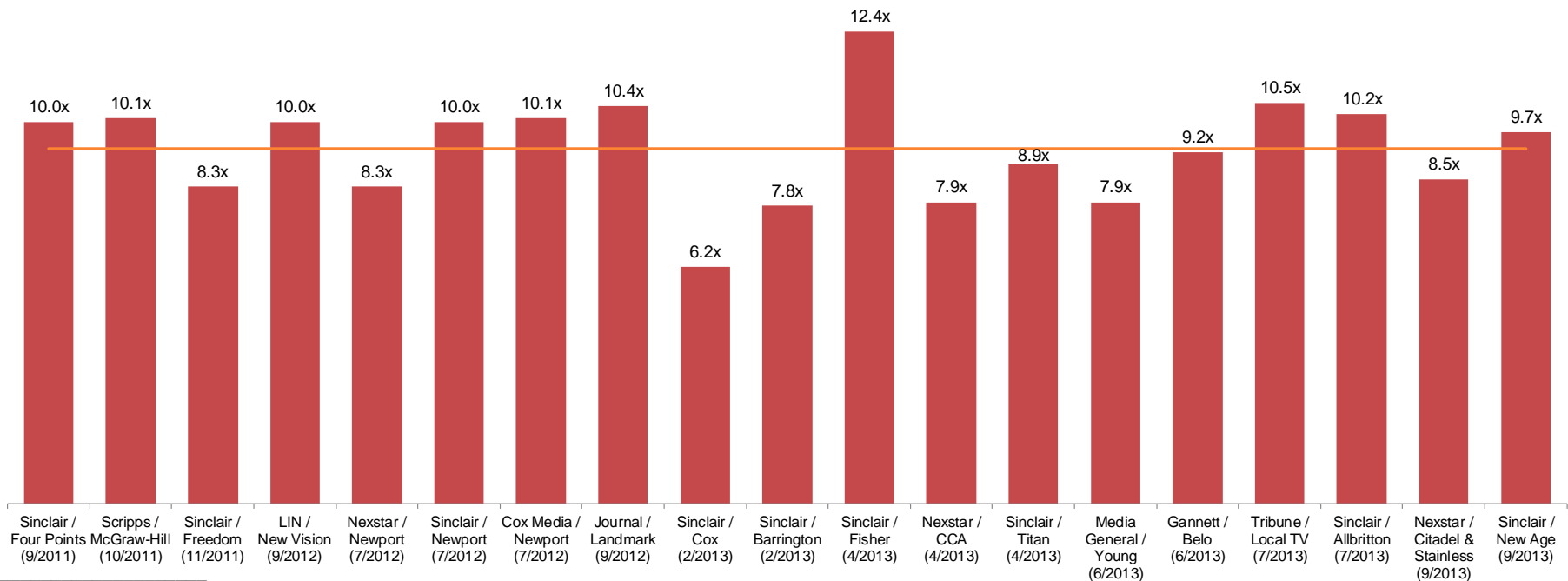
Significant Asset Value and Transaction Synergies for Television Broadcasters



M&A Consolidation Stages

- Stage 1: “Low hanging fruit”
 - Stage 2: “Merger of smaller equals”
 - Stage 3: “Merger of larger equals”
 - Stage 4: “Station Swaps”
- TV broadcasting M&A activity has ramped up considerably
 - Sizeable individual transactions in 2013 at attractive valuations
 - Significant transaction synergies

Average Blended Seller EBITDA Multiple of ~9.3x



Source: Company filings, SNL Kagan and Wall Street research



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Financial Overview

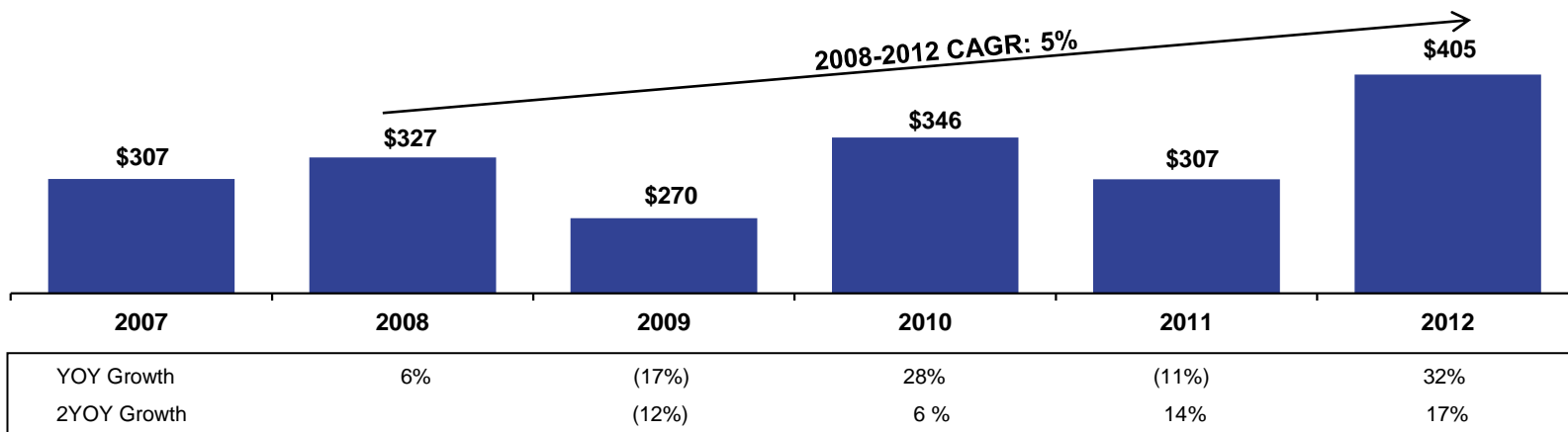


Historical Financial Overview – Continued Growth



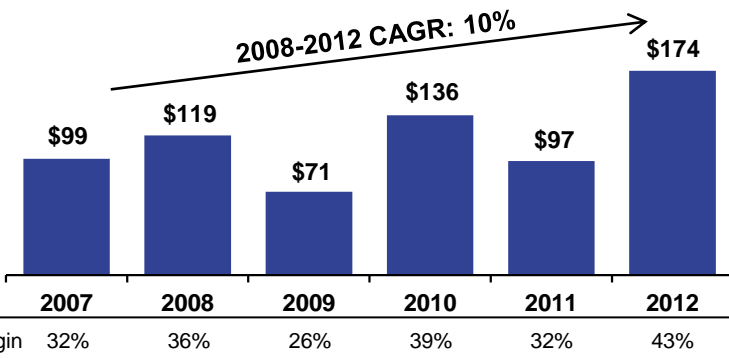
Net Revenue

(\$ in millions)



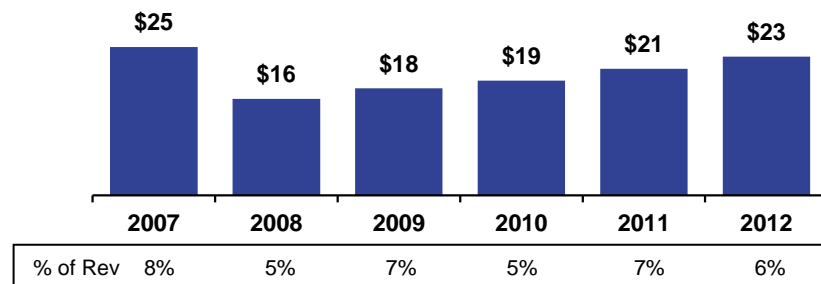
Operating Cash Flow ¹

(\$ in millions)



Capital Expenditures ²

(\$ in millions)



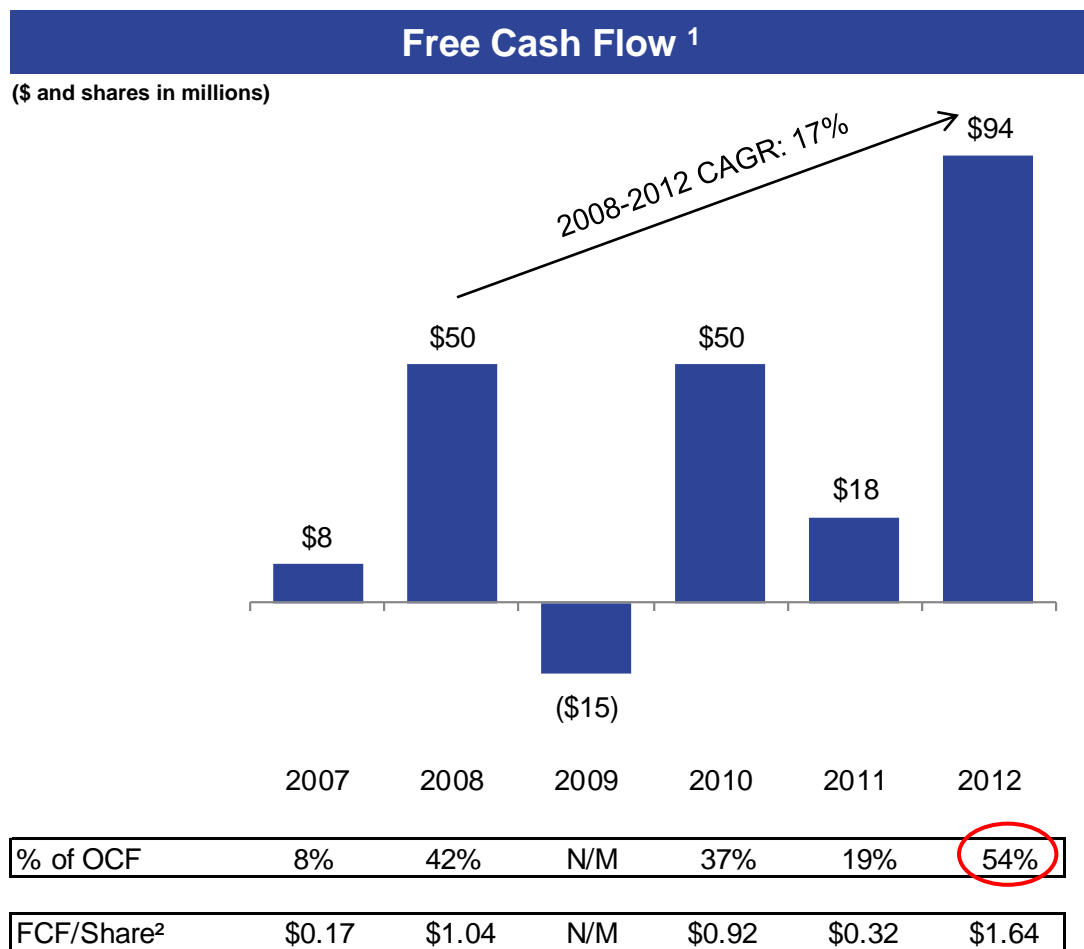
(1) Operating Cash Flow as defined in Senior Credit Facility

(2) Net of proceeds from asset sales or dispositions and insurance proceeds

Record Free Cash Flow in 2012



- Record free cash flow of \$94 million in 2012
- 2012 OCF conversion rate into FCF: 54%
- Equity value creation through strong free cash flow generation
- Significant NOLs expected to shield cash taxes in the near-term
- Trades at a discount to peers on a free cash flow basis with significant potential upside



(1) Free Cash Flow defined as Operating Cash Flow less cash interest, cash taxes and capital expenditures

(2) Based on weighted average basic shares outstanding

Financial Leverage at Five Year Low

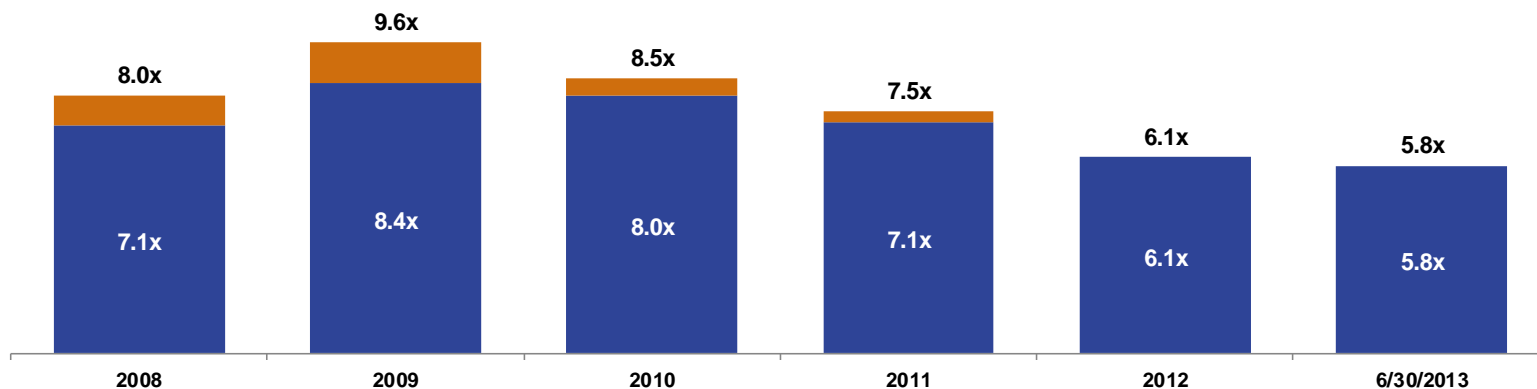


- De-levered by over \$100 million (~3.8x) between December 2009 and June 2013
- Consistently reduced weighted average cost of debt
- Gray now generates significant free cash flow in both political and non-political years

Net Financial Leverage ¹

(\$ in millions)

■ Net Debt / OCF ■ Net Debt + Preferred / OCF



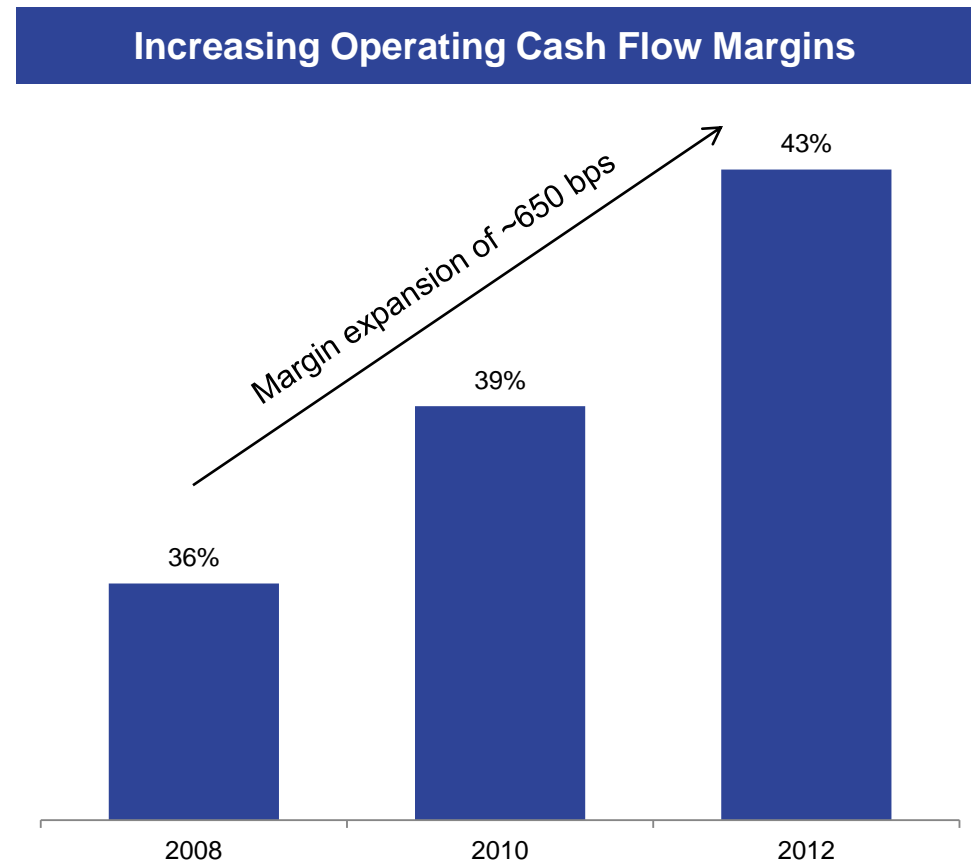
Net Debt	\$770	\$794	\$828	\$832	\$824	\$812
Net Debt + Preferred	\$870	\$913	\$881	\$872	\$824	\$812
L8QA OCF	\$109	\$95	\$104	\$117	\$136	\$139

(1) Leverage shown on a two year blended basis to account for biennial shifts in political revenues

Prudent Cost Management and Increasing Margins



- Gray TV continues to grow operating margins through identified operational efficiencies
- As of December 31, 2012, reduced total number of employees by 367, or 15%, since December 31, 2007
- Decreased operating costs by converting to digital
- 1.23% TV Expense CAGR from 2007 – 2012



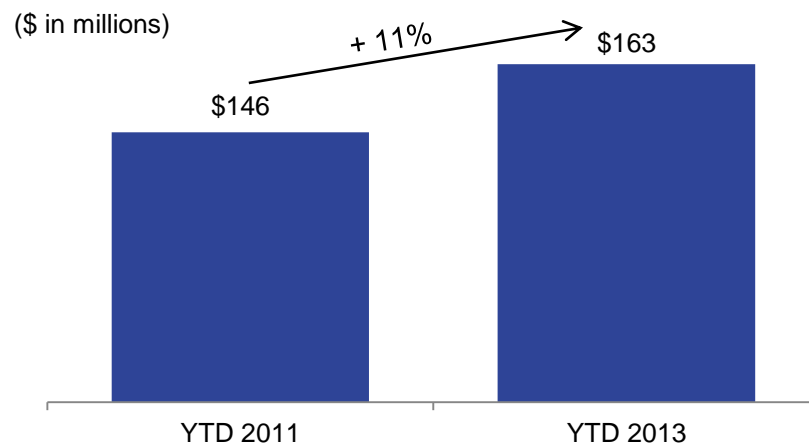
YTD 6/30/2013 Operating Performance Update



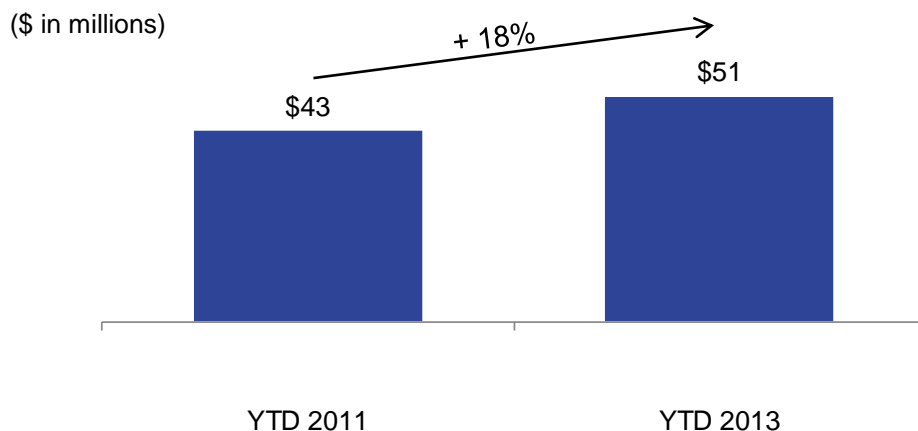
YTD 2013 Highlights

- Strength in revenue driven by automotive and retransmission, etc.
- Local revenue +3% vs. 2012 and +6% vs. 2011
- National Revenue +4% vs. 2012 and +8% vs. 2011
- OCF +28% from 2010 to 2012 and +18% from YTD 2011 to YTD 2013

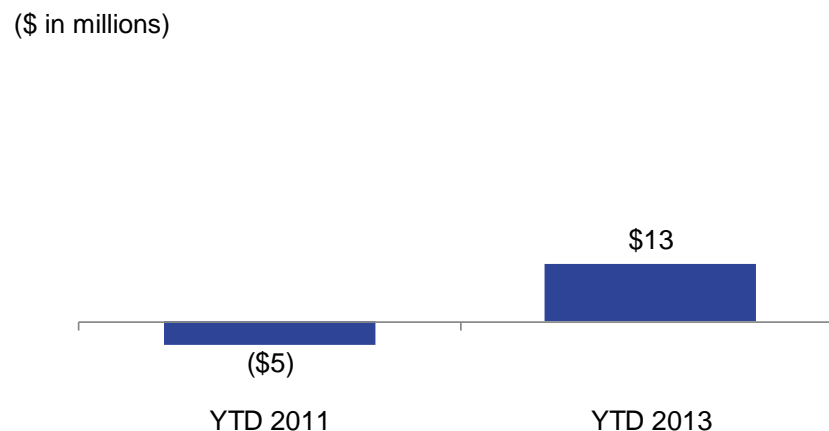
Net Revenue



Operating Cash Flow



Free Cash Flow



(1) YTD signifies year to date June 30th

Capitalization Overview



Current and Pro Forma Capitalization

(\$ in Millions)	Actual 6/30/2013	Pro Forma ¹ 6/30/2013
Cash and Cash Equivalents	\$23.4	\$23.4
\$40MM Revolver due 2017	\$0.0	\$0.0
Term Loan B due 2019 (L+350 ² / 1.0% LIBOR Floor)	535.0	159.0
Total First Lien Debt	\$535.0	\$159.0
7.500% Senior Unsecured Notes due 2020	300.0	675.0
Total Debt	\$835.0	\$834.0
Net Debt	\$811.6	\$810.6
Market Capitalization ³	\$484.1	\$484.1
Total Capitalization	\$1,319.1	\$1,318.1
6/30/2013 L8QA OCF ⁴	\$139.5	\$139.5
6/30/2013 LTM OCF ⁵	\$158.9	\$158.9
Total First Lien Debt, Net Cash / L8QA OCF	3.7x	1.0x
Total Debt, Net Cash / L8QA OCF	5.8x	5.8x
Total First Lien Debt, Net Cash / LTM OCF	3.2x	0.9x
Total Debt, Net Cash / LTM OCF	5.1x	5.1x

(1) Pro forma for October 2013 \$375 million add-on to the 7.500% Senior Notes

(2) Step down from L+375 at 6/30/13A due to paydown of Term Loan B

(3) Based on 10/11/2013 GTN share price of \$8.33 and 58.1 million shares outstanding (combines GTN and GTN.A)

(4) OCF as defined in the existing Credit Agreement for the last eight quarters on an annualized basis

(5) OCF as defined in the existing Credit Agreement for the last twelve months

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.