



gray

Television • Digital • Mobile

Gray Television, Inc. Investor Presentation NYSE:GTN



Disclaimer



This presentation contains certain forward looking statements that are based largely on Gray’s current expectations and reflect various estimates and assumptions by Gray. These statements may be identified by words such as “expect,” “anticipate,” “will,” “implied,” “assume” and similar expressions. Forward looking statements are subject to certain risks, trends and uncertainties that could cause actual results and achievements to differ materially from those expressed in such forward looking statements. Such risks, trends and uncertainties, which in some instances are beyond Gray’s control, include Gray’s ability to maintain relationships with cable operators, satellite providers and other key commercial partners of any acquired business, the ability to retain key employees of any acquired business, the ability to successfully integrate the acquired business into its operations, and the ability to realize the expected benefits and synergies from the acquisition, including the expected accretion in earnings. Gray is subject to additional risks and uncertainties described in Gray’s quarterly and annual reports filed with the Securities and Exchange Commission from time to time, including in the “Risk Factors,” financial statements, and management’s discussion and analysis of financial condition and results of operations sections contained therein, which reports are made publicly available via its website, www.Gray.tv. Any forward-looking statements in this presentation should be evaluated in light of these important risk factors. This presentation reflects management’s views as of the date hereof. Except to the extent required by applicable law, Gray undertakes no obligation to update or revise any information contained in this presentation beyond the published date, or for changes made to this presentation by wire services, internet service providers or other media, whether as a result of new information, future events or otherwise.

See the appendix to this presentation for the definition of certain capitalized terms used herein. Reconciliations of the Company’s non-GAAP measures of broadcast cash flow, broadcast cash flow less cash corporate expenses, operating cash flow as defined in Gray’s senior credit agreement, and free cash flow are contained in the appendix.

Company Overview

An Industry Leading Power



gray

Television • Digital • Mobile

HONORED
BY THE AWARD.
INSPIRED
BY OUR PEOPLE.

2016 Station Group of the Year
TVNewsCheck



Snapshot: High Quality, Diverse Station Group



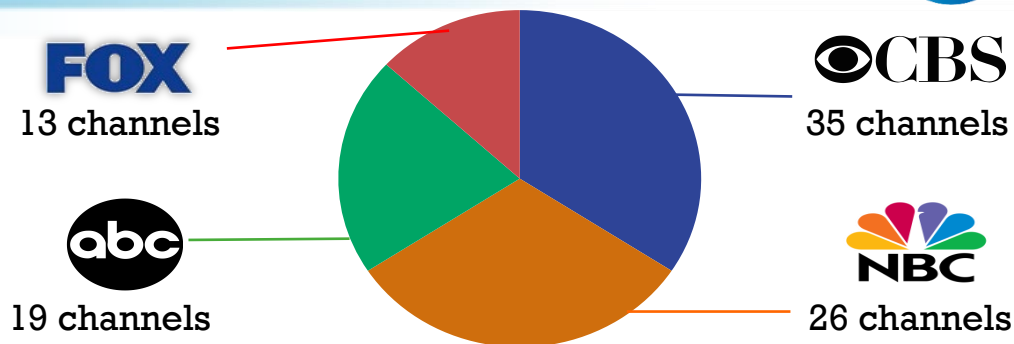
50 markets

179 total program streams across **91** stations

93 “Big 4” network program streams

23 markets with two or more “Big 4” network affiliations

49/50 markets with #1 or #2 ranked television station



| Pro Forma ⁽²⁾⁽³⁾ (in millions except for per share data) | 2014 | 2015 | 2014/2015 Average |
|---|--------|--------|-------------------|
| Revenue: | | | |
| Total | \$746 | \$729 | \$737 |
| Political | \$118 | \$19 | \$69 |
| Cash Flow: | | | |
| Broadcast Cash Flow | \$337 | \$285 | \$311 |
| Operating Cash Flow ⁽¹⁾ | \$317 | \$259 | \$288 |
| Free Cash Flow | \$189 | \$138 | \$163 |
| Free Cash Flow Per Share (Basic) | \$3.26 | \$2.01 | \$2.64 |
| Total leverage net of all cash | | | 5.4X |

Standalone metrics fully pro forma for all closed transactions

(1) OCF as defined in the existing Senior Secured Facilities Credit Agreement

(2) Including the KOTA stub period before Schurz acquired KOTA

(3) Including operating synergies and excluding Schurz corporate expense

Combined Historical Basis Results – Pro Forma



| | Combined Historical Basis | | | | | | |
|---|---------------------------------------|-----------|-----------------------------|-----------|-----------------------------|-----------|-----------------------------|
| | Year Ended December 31, | | | | | | |
| | 2015 | 2014 | % Change 2015 to 2014 | 2013 | % Change 2015 to 2013 | 2012 | % Change 2015 to 2012 |
| | (in thousands, except per share data) | | | | | | |
| Revenue (less agency commissions): | | | | | | | |
| Total | \$728,917 | \$745,765 | (2)% | \$609,917 | 20% | \$684,884 | 6% |
| Political | \$ 18,620 | \$118,469 | (84)% | \$ 10,806 | 72% | \$143,067 | (87)% |
| Operating expenses (1): | | | | | | | |
| Broadcast | \$465,837 | \$425,894 | 9% | \$387,745 | 20% | \$367,676 | 27% |
| Corporate and Administrative | \$ 34,343 | \$ 29,203 | 18% | \$ 19,810 | 73% | \$ 15,927 | 116% |
| Net income | \$ 49,952 | \$100,845 | (50)% | \$50,911 | (2)% | \$ 96,027 | (48)% |
| Non-GAAP Cash Flow (2): | | | | | | | |
| Broadcast Cash Flow | \$284,767 | \$336,961 | (15)% | \$247,159 | 15% | \$346,239 | (18)% |
| Broadcast Cash Flow Less Cash Corporate Expenses | \$253,544 | \$311,290 | (19)% | \$229,323 | 11% | \$331,190 | (23)% |
| Operating Cash Flow as defined in the Senior Credit Facility | \$258,818 | \$316,822 | (18)% | \$233,201 | 11% | \$329,662 | (21)% |
| Free Cash Flow | \$137,510 | \$188,704 | (27)% | \$111,756 | 23% | \$201,150 | (32)% |
| Free Cash Flow Per Share: | | | | | | | |
| Basic | \$ 2.01 | \$ 3.26 | | \$ 1.94 | | \$ 3.52 | |
| Diluted | \$ 1.99 | \$ 3.23 | | \$ 1.93 | | \$ 3.51 | |
| Weighted-average shares outstanding: | | | | | | | |
| Basic | 68,330 | 57,862 | | 57,630 | | 57,170 | |
| Diluted | 68,987 | 58,364 | | 57,972 | | 57,262 | |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Combined Historical Basis Results – Pro Forma



| | Combined Historical Basis | | | | |
|--|---|-----------|-----------------------------|-----------|-----------------------------|
| | Three Months Ended March 31, | | | | |
| | 2016 | 2015 | % Change 2016 to 2015 | 2014 | % Change 2016 to 2014 |
| | (dollars in thousands, except per share data) | | | | |
| Revenue (less agency commissions): | | | | | |
| Total | \$187,076 | \$167,421 | 12% | \$153,228 | 22% |
| Political | \$ 9,863 | \$ 1,238 | 697% | \$ 4,881 | 102% |
| Operating expenses (1): | | | | | |
| Broadcast | \$120,730 | \$111,415 | 8% | \$100,204 | 20% |
| Corporate and Administrative | \$ 15,678 | \$ 6,847 | 129% | \$ 6,499 | 141% |
| Net income | \$ 6,406 | \$ 6,679 | (4)% | \$ 10,600 | (40)% |
| Non-GAAP Cash Flow (2): | | | | | |
| Broadcast Cash Flow | \$ 69,292 | \$ 62,399 | 11% | \$ 56,895 | 22% |
| Broadcast Cash Flow Less Cash Corporate Expenses | \$ 54,584 | \$ 56,302 | (3)% | \$ 51,749 | 5% |
| Operating Cash Flow as defined in the Gray senior credit facility | \$ 60,839 | \$ 58,703 | 4% | \$ 52,360 | 16% |
| Free Cash Flow | \$ 30,924 | \$ 28,469 | 9% | \$ 19,626 | 58% |
| Free Cash Flow Per Share Data: | | | | | |
| Basic | \$ 0.43 | \$ 0.49 | | \$ 0.34 | |
| Diluted | \$ 0.43 | \$ 0.48 | | \$ 0.34 | |
| Weighted Average Shares Outstanding: | | | | | |
| Basic | 71,791 | 58,224 | | 57,847 | |
| Diluted | 72,582 | 58,737 | | 58,286 | |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Gray Leads the Industry with the Highest Quality Portfolio of Local Television Stations



The Importance of Being #1

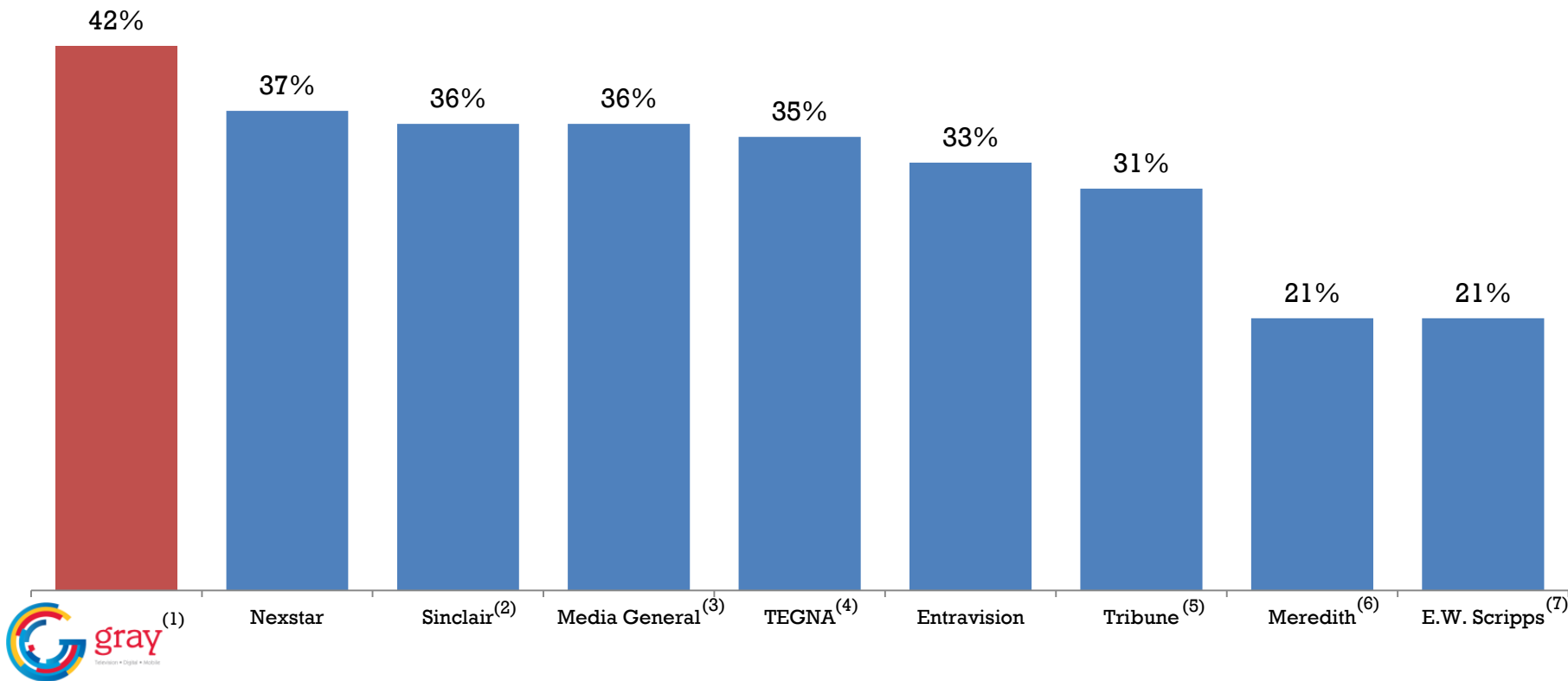


- Dominate local and political revenue with highly-rated news platforms
- #1 Stations can secure more than half of a market's political ad buys
- Greater purchasing power and leverage with MVPDs, programmers, and other vendors
- Deliver higher margins
- Maximize free cash flow
- Exploit best practices
- Attract and retain high quality talent
- Leverage new Washington DC News Bureau

Gray Leads Industry In Operating Margins



2014 EBITDA Margins



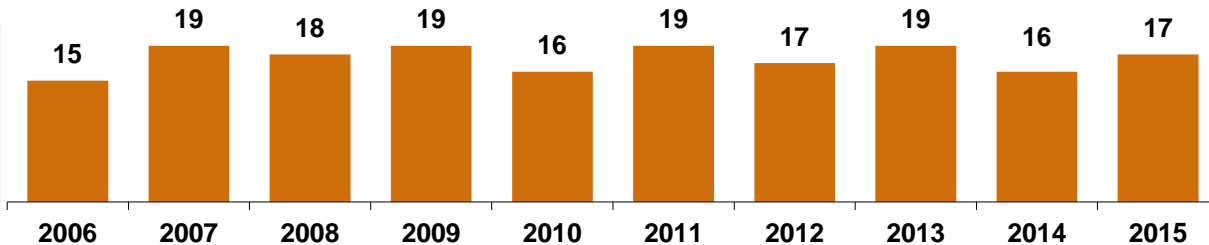
•Source: Company filings, Company investor presentations and Company earnings calls
 •Note: Based on net operating revenue and “as-reported” financials for all companies unless otherwise noted

(1) Based on operating cash flow as defined in the existing Senior Secured Facilities Credit Agreement; pro forma for all completed transactions
 (2) Based on Non-GAAP reconciliation available on Sinclair’s website
 (3) Media General 2014 financials pro forma for LIN, including \$16 million in Young synergies and \$40 million in LIN run-rate synergies achieved in 2015 as reported in its Investor Presentation dated 3/12/2015
 (4) TEGNA 2014 financials based on broadcasting segment numbers as reported in its Q4 2015 8-K
 (5) Tribune 2014 financials based on broadcasting segment numbers as reported in its Q4 2015 8-K; EBITDA excludes cash contribution from equity investments
 (6) Meredith 2014 financials pro forma for impact of historical acquisitions as reported in its Investor Presentation dated 9/8/2015; financials based on consolidated, calendarized numbers; Fiscal year ends 6/30
 (7) E.W. Scripps 2014 financials based on “adjusted combined” numbers as reported in its Investor Presentation dated 5/12/2015

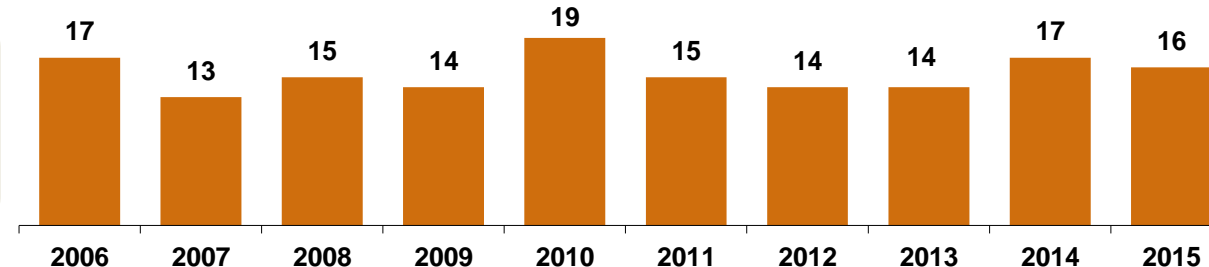
The Importance of Being #1



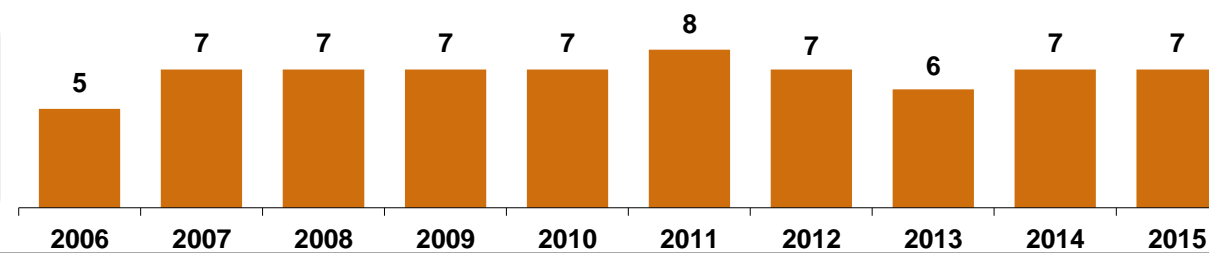
Long History of Being #1 in the Market⁽¹⁾



| CBS National Ranking | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|------|------|------|------|------|------|------|------|------|------|
| | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |



| NBC National Ranking | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|------|------|------|------|------|------|------|------|------|------|
| | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 2 | 2 |



| ABC National Ranking | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|------|------|------|------|------|------|------|------|------|------|
| | 2 | 2 | 2 | 3 | 2 | 2 | 2 | 2 | 3 | 3 |

Source: Nielsen Media Research

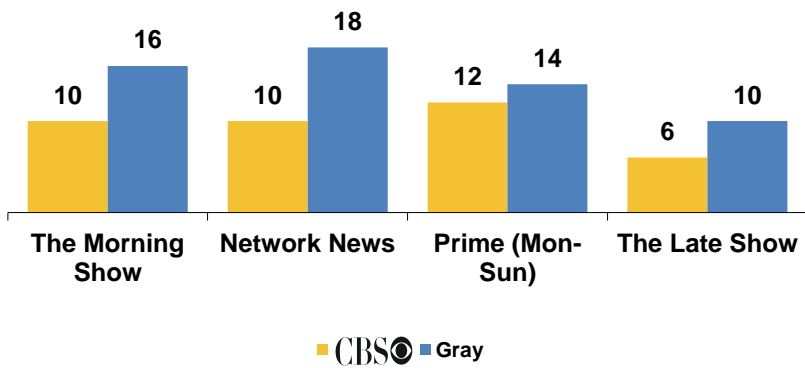
(1) Pro Forma – All completed transactions

Gray's Stations Over-Index Every Major Network⁽¹⁾

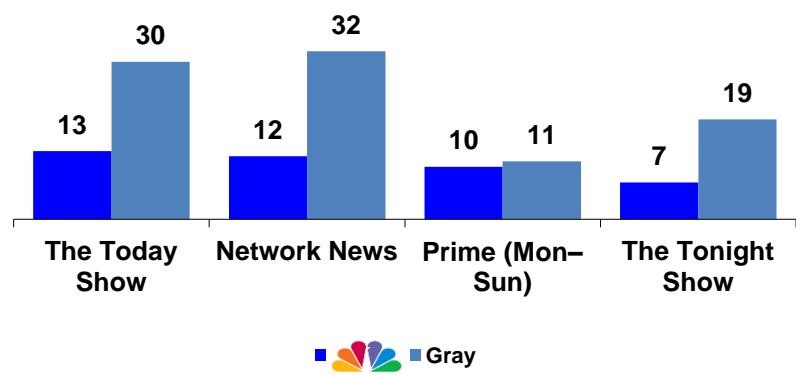


CBS, NBC, and ABC perform far better on Gray's stations than national averages across all key day-parts

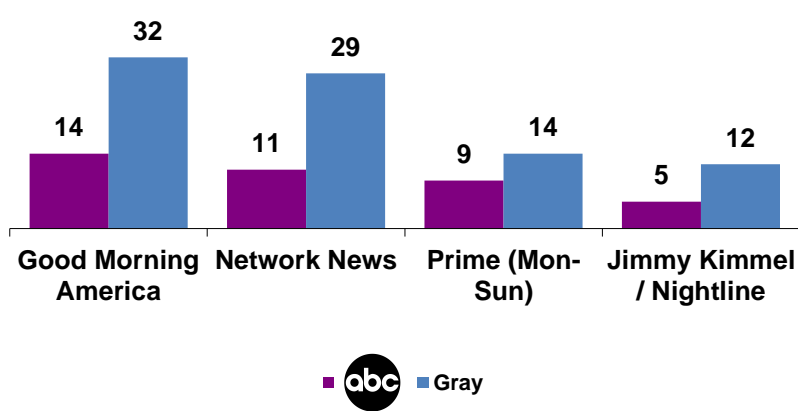
CBS vs. Gray
November '15 Household Share



NBC vs. Gray
November '15 Household Share



ABC vs. Gray
November '15 Household Share



Source: Nielsen Media Research, November 2015

(1) Pro Forma – All completed transactions

Gray Dominates Local News and Information⁽¹⁾



+93%

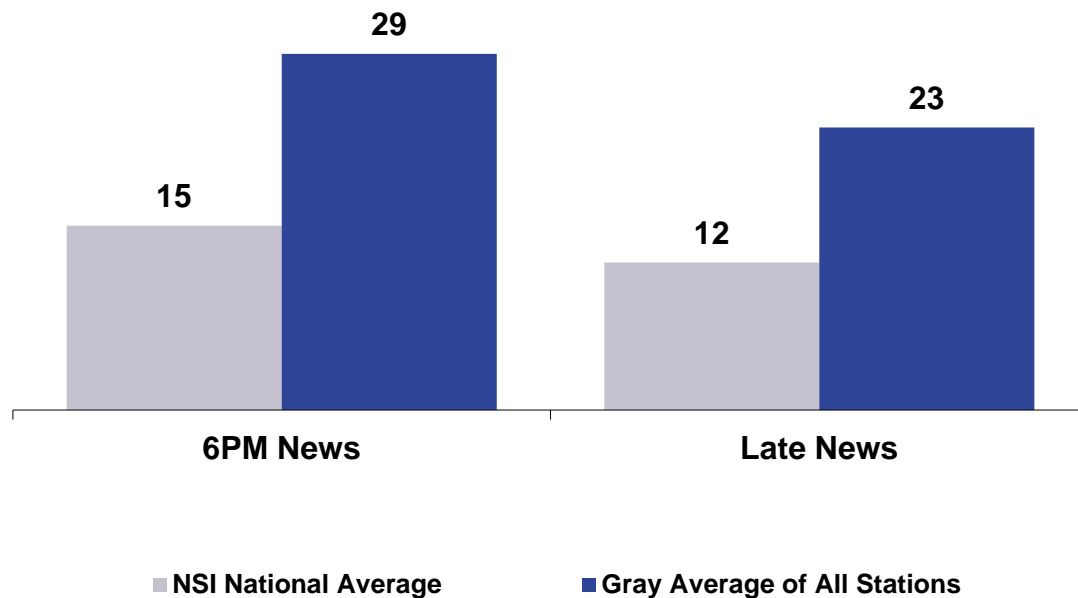
Amount by which Gray's 6PM newscasts **outperform** the national average...

+92%

Amount by which Gray's late local newscasts **outperform** the national average...

Gray's national Household Share average exceeds all major affiliate news programs

National Average vs. Gray November '15 Household Share



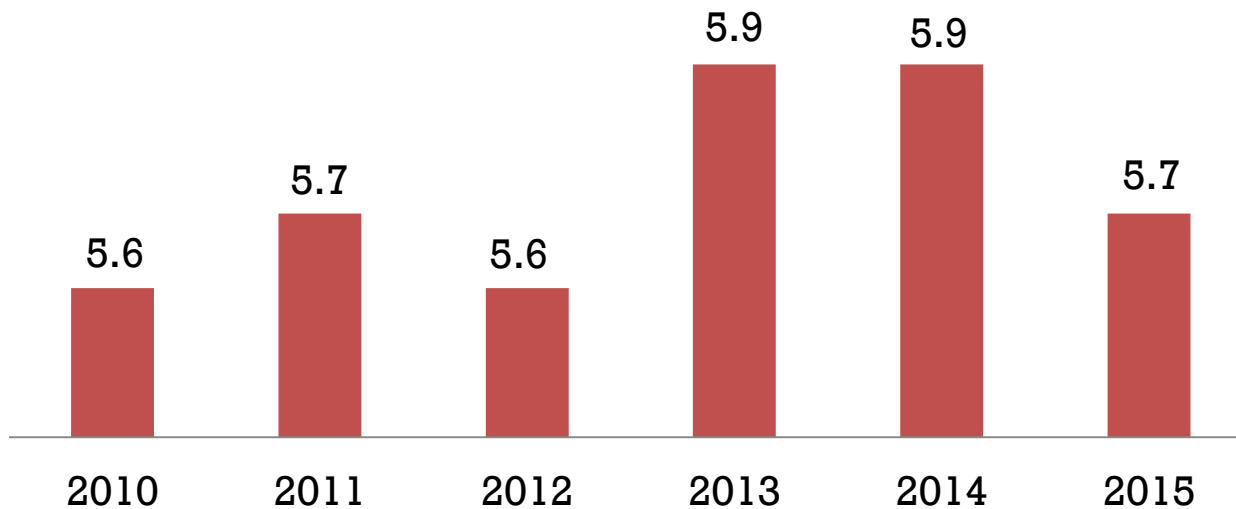
Source: Nielsen Media Research, November 2015
Note: Pro Forma – All completed transactions

Gray Has Long-Term Ratings STABILITY



November DMA Rating – All Viewing⁽¹⁾

Ratings Stable Since 2010 – Averaging 5.7

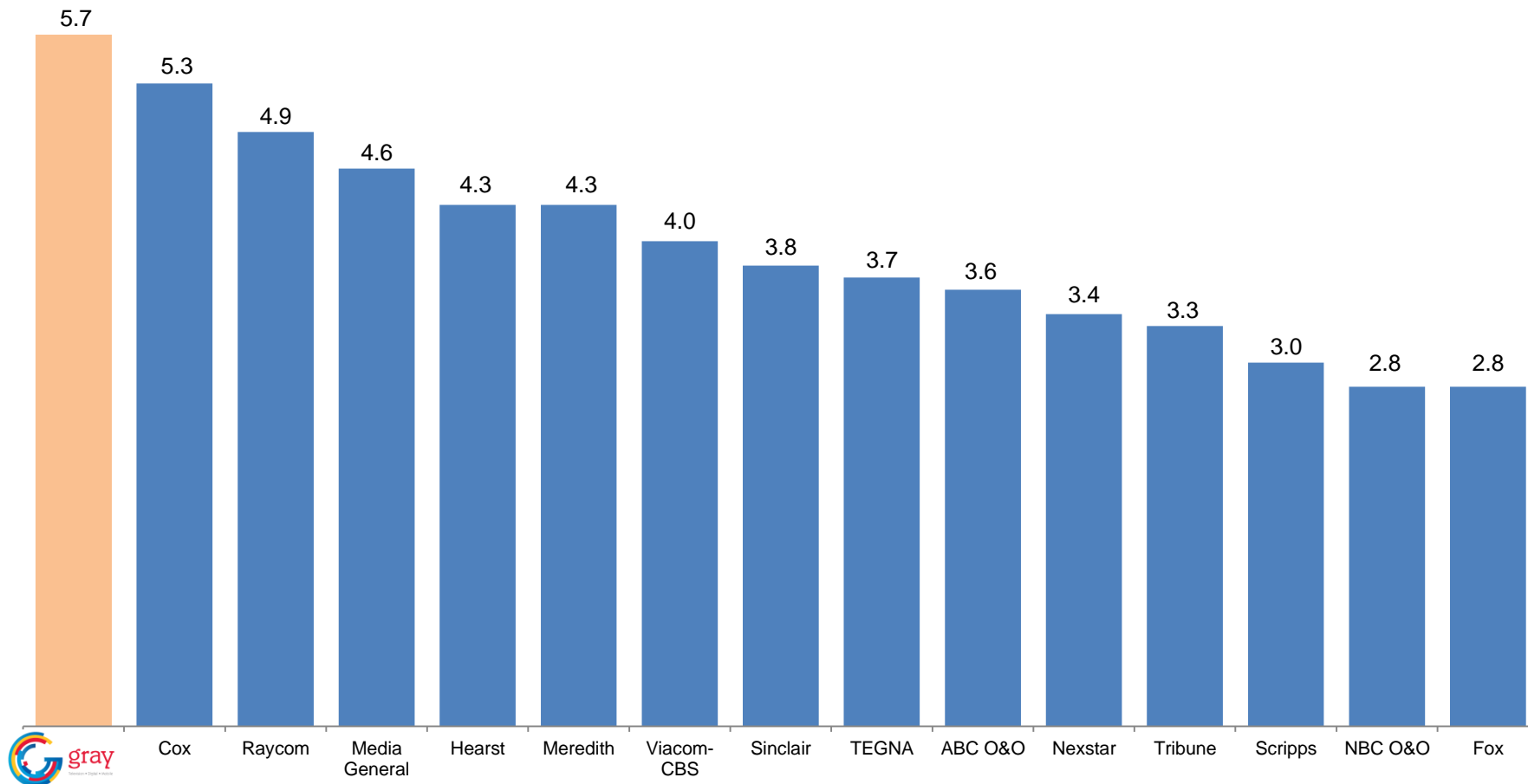


(1) Nielsen November DMA Average Rating in DMA TV HH Monday-Sunday 6:00am to 2:00am
Note: Pro forma for all completed transactions

Gray Leads the Industry in Household Ratings



Household Rating Analysis – November 2015⁽¹⁾



(1) Nielsen November DMA Average Rating in DMA TV HH Monday-Sunday 6:00am to 2:00am
Note: Pro forma for all completed transactions

Recognized Industry Leader



TVNewscheck's 2016 Station Group of the Year

EVERY EMPLOYEE.
EVERY MARKET.
EVERY COMMUNITY.
EVERY DAY.

2016 Station Group of the Year TVNewsCheck

Earning the distinction of being the 2016 Station Group of the Year was made possible by our Gray employees, over 3,000 strong, and their unparalleled dedication to the communities they serve. Thank you to each of them and to TVNewsCheck for recognizing their achievements.



2016 NAB's National Winner: Service to America Award



KWTX/CBS,
Waco, Texas

2016 NAB's National Winner: Service to Community Award

KOLO/ABC, 
Reno, Nevada

2016 Strategic Investment in Technology Company Syncbak

“Gray’s forward-thinking approach was instrumental in helping us create a solution that is as simple to deploy in New York as it is in Glendive, Montana. And we are therefore honored to have Gray, a clear market leader and innovator, as an investor in our company.”

- Syncbak CEO and Founder Jack Perry

Gray's National Sales: Now Direct



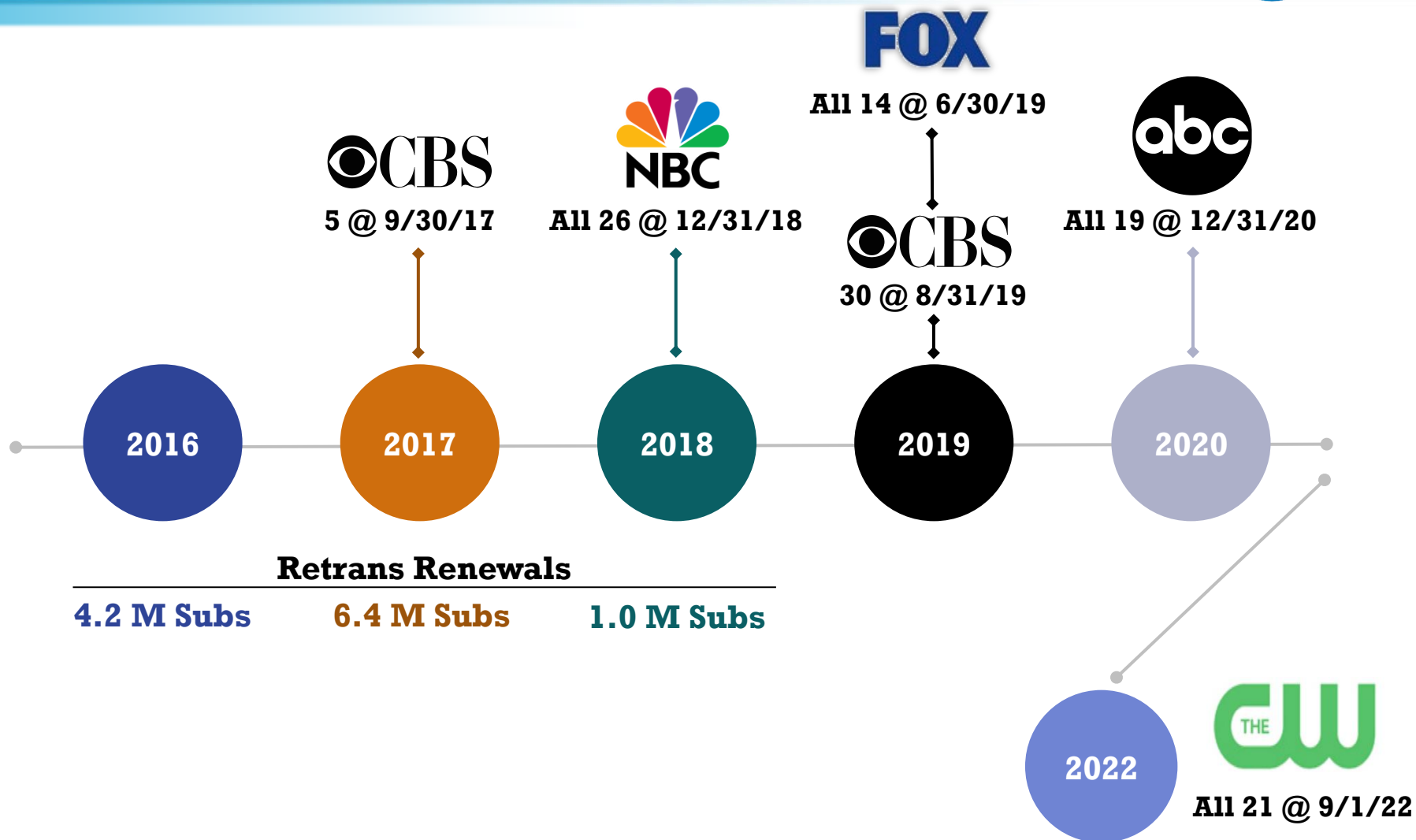
Effective January 1, 2016: Gray terminated all contracts with National Advertising Representation firms except one DMA. The first and only broadcast group to take this innovative step to streamline our process and reduce our costs.

| BEFORE | NOW⁽³⁾ |
|---|--|
| Stations directly transact with local and regional accounts | Stations directly transact with ALL local, regional, national and political accounts |
| National rep firm transacts with national advertisers and national political agencies | EXPEDITED & STREAMLINED communications, work flow and transaction time |
| National rep firm charges commission/fee on all national and national political sales | NO national rep commission/fee paid |

| | National & Political Revenue Total ⁽¹⁾ | Rep Fee ⁽¹⁾ |
|------|--|-----------------------------------|
| 2014 | \$222.2 | \$12.2 |
| 2015 | \$125.5 | \$13.1 ⁽⁴⁾ |
| 2016 | \$243 “plus” to \$248 “plus” ⁽²⁾ | Less than \$1.5 ⁽²⁾ |

- (1) Pro Forma for all completed transactions
- (2) Company Estimates
- (3) All but one Gray DMA
- (4) Includes \$6.3 million one time only termination fee

Network and Retrans Visibility

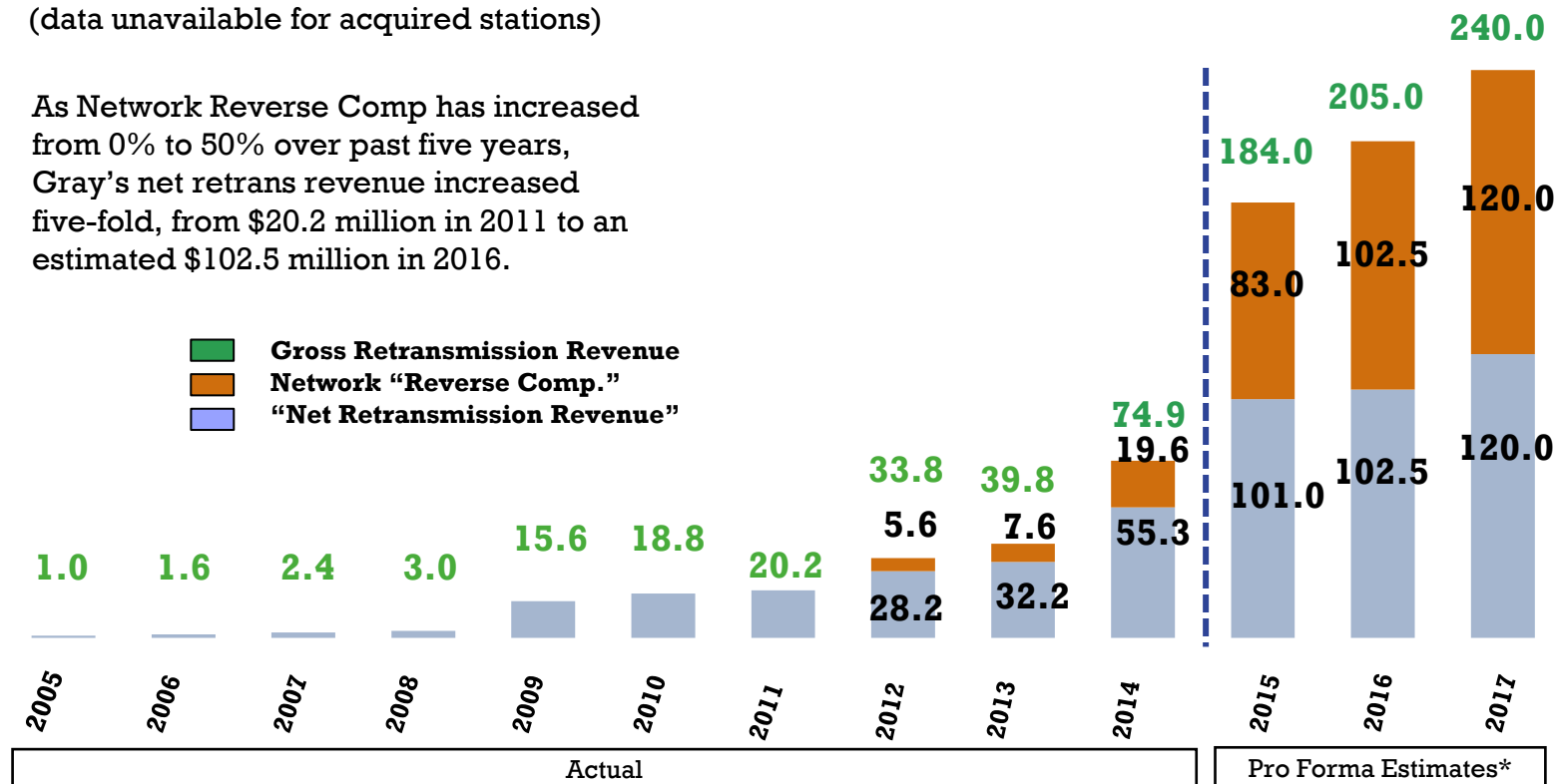


Gray Excels at Retrans



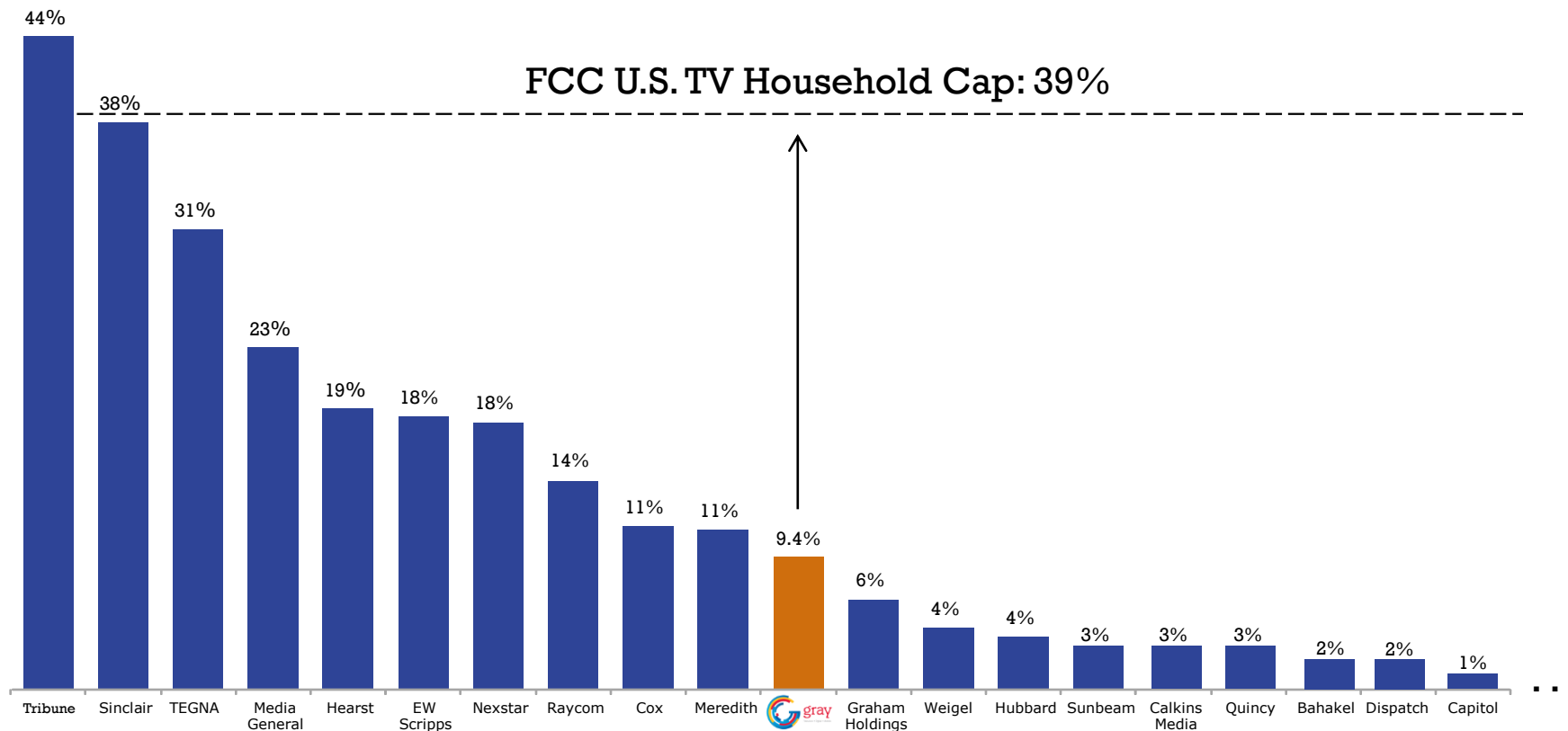
Gray Retransmission Revenue in Millions

- STABLE Sub Count 2012-2015 for continuously owned Big-4 stations (data unavailable for acquired stations)
- As Network Reverse Comp has increased from 0% to 50% over past five years, Gray's net retrans revenue increased five-fold, from \$20.2 million in 2011 to an estimated \$102.5 million in 2016.



* Per current Company estimate. 2016 & 2017 projecting Network Affiliation fees (a.k.a. "Network Reverse Compensation") will equal approximately 50% of Gross Retransmission Revenue. Actual results may vary from current estimates. Pro Forma estimates include KSPR, Springfield, MO owned by Schurz to which Gray provides certain services.

Significant Opportunity for Continued M&A



Source: Company filings, BIA, company websites
 Note: Excludes Big Four networks and Univision



gray

Television • Digital • Mobile

HONORED
BY THE AWARD.
INSPIRED
BY OUR PEOPLE.

2016 Station Group of the Year
TVNewsCheck



Investment Highlights



Key Credit Highlights



A Leading Television Broadcaster in Diverse Mid-Markets with Dominant Market Positions

Stable Advertising Market and Diversification of Revenue Mix

Large Political Upside in Election Years with Presence in Key States. Larger Political Upside in Presidential Election Years

Strong Growth in Net Retransmission Revenue and Increasing Leverage With MVPDS and Networks

Successful New Media Initiatives and Spectrum Upside

Robust Free Cash Flow Generation Over a Two Year Cycle

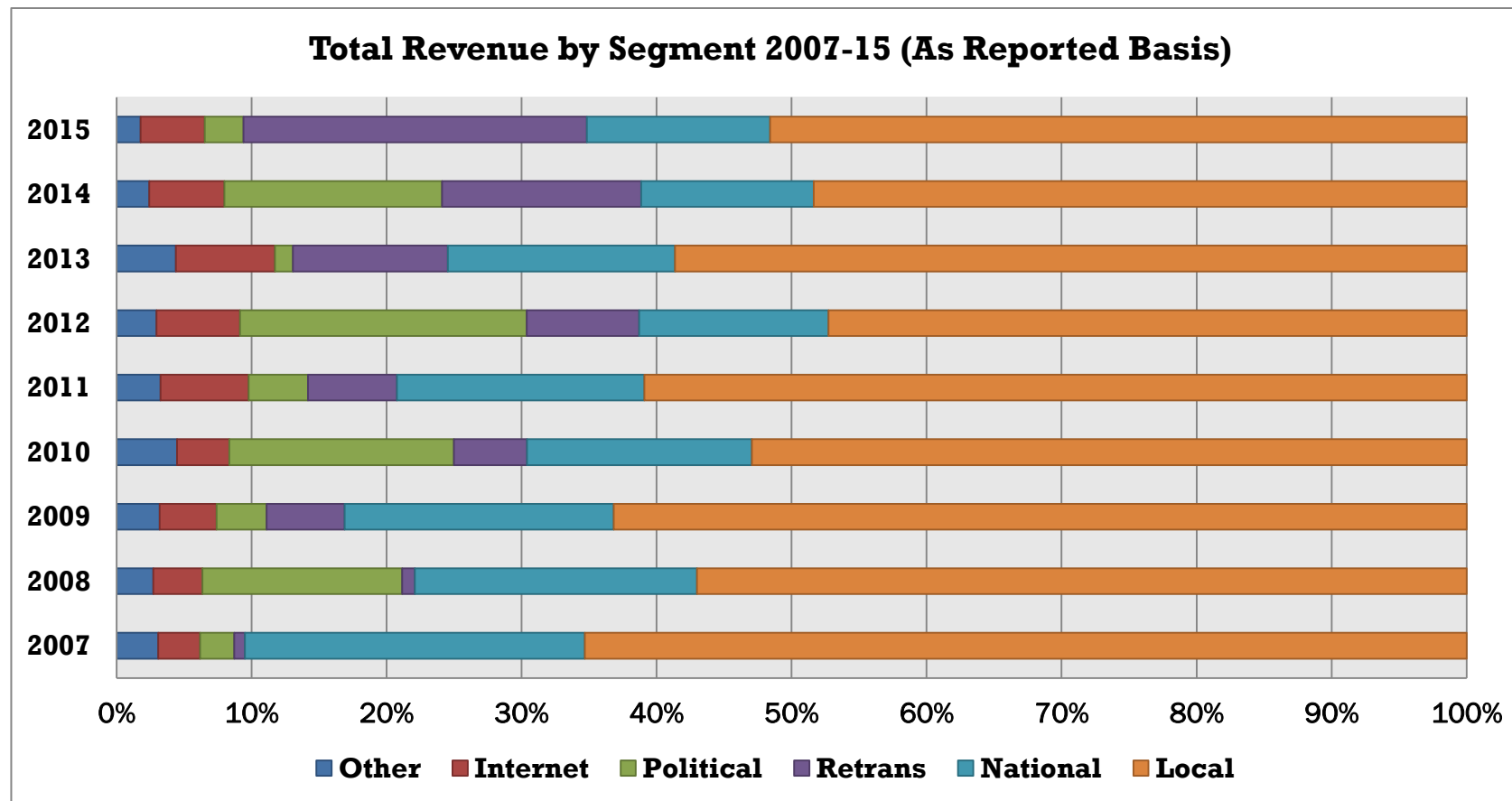
Experienced Management with a Track Record of Accretive Transactions and Successful Integrations

Diverse Revenue Mix



In 2008, 99% of revenue derived from advertising, 1% from subscription/fee income.

By 2015, 75% of revenue derived from advertising, 25% from retransmission fee income.



Diversification Across Networks and Markets



Station Mix⁽¹⁾

179 Total Program Streams:

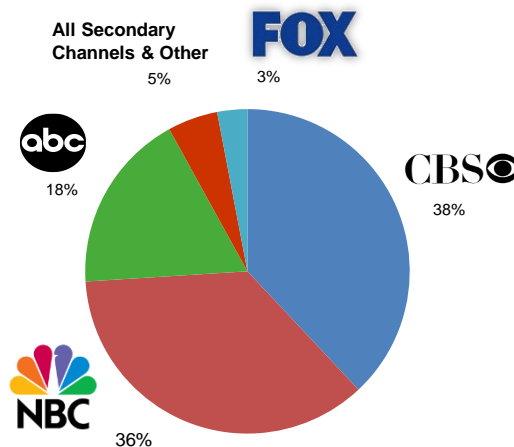
93 Big 4 Affiliates:

- 35 CBS
- 26 NBC
- 19 ABC
- 13 FOX

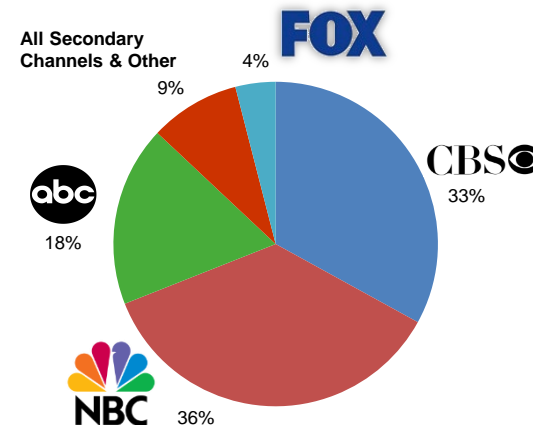
98 Additional Program Streams:⁽²⁾

- 21 CW
- 2 Telemundo
- 22 MyNetwork TV
- 20 MeTV Network
- 9 Antenna TV
- 2 This TV Network
- 3 MOVIES! Network
- 2 Decades
- 10 Local News/Weather
- 7 Other

2015PF Revenue by Affiliate: \$729mm ⁽¹⁾



2015PF BCF by Affiliate: \$285mm ^{(1), (3)}




















**No single market represents >5% of total revenue
or >8% of BCF**

















(1) Pro Forma
 (2) Certain program channels are affiliated with more than one additional network simultaneously
 (3) Excludes corporate expenses

Stable Markets – Concentration on DMAs 62-209 with Focus on State Capitals / Collegiate Presence



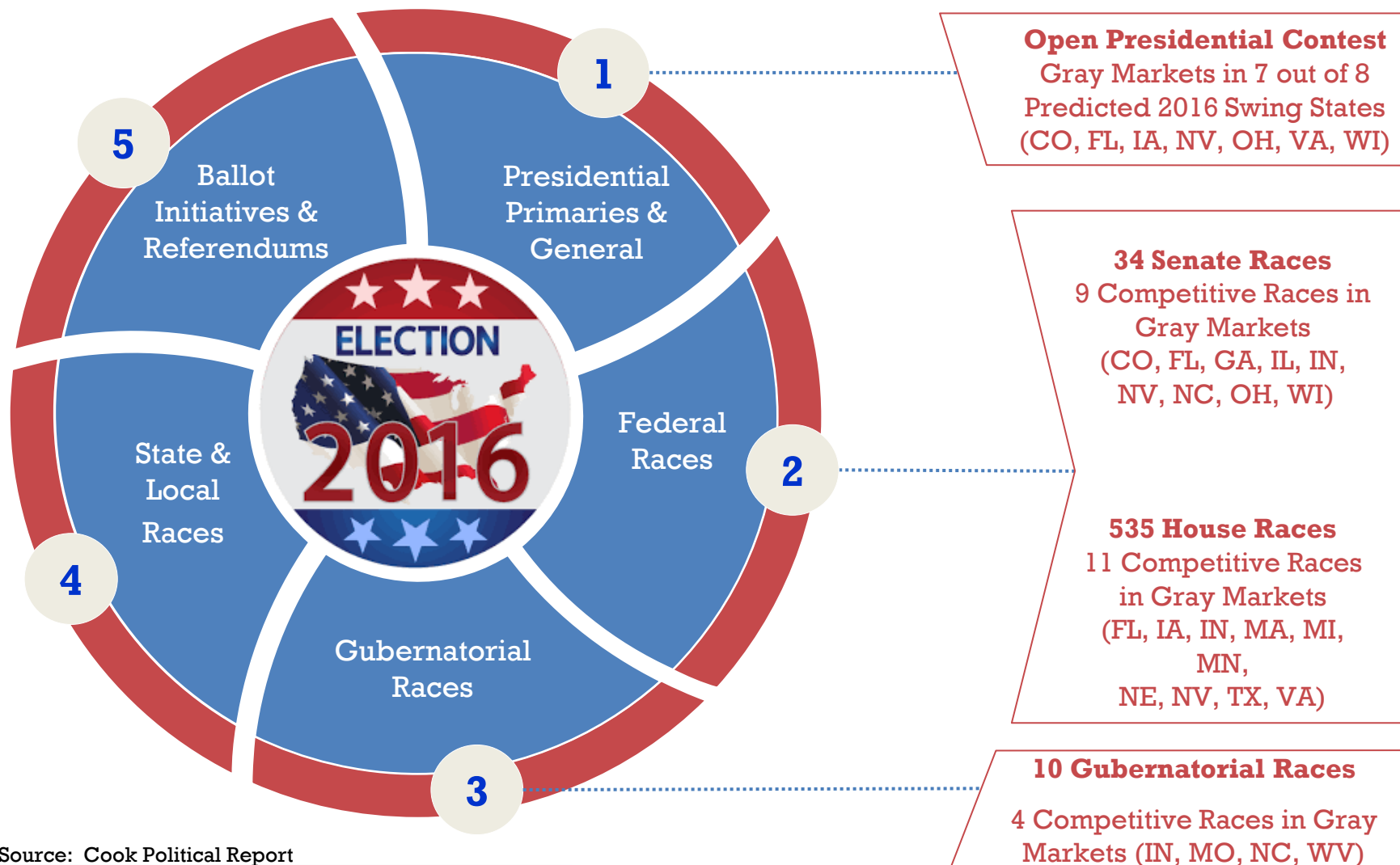
- Gray stations cover 11 state capitals and 27 university towns
- Enrollment of approximately 634,000 students
- Better demographics, more stable economies

| Market | College(s) | Approximate Enrollment |
|---------------------|---|------------------------|
| Waco, TX |   | 75 |
| Topeka, KS |   | 53 |
| Lansing, MI |  | 50 |
| Cedar Rapids, IA |   | 45 |
| Tallahassee, FL |   | 43 |
| Madison, WI |  | 43 |
| Lexington, KY |  | 30 |
| Knoxville, TN |  | 27 |
| Lincoln, NE |  | 25 |
| Greenville, NC |  | 22 |
| Toledo, OH |  | 21 |
| Charlottesville, VA |  | 21 |
| Bowling Green, KY |  | 21 |

| Market | College(s) | Approximate Enrollment |
|---------------------------|---|------------------------|
| Reno, NV |  | 20 |
| Harrisonburg, VA |  | 20 |
| Anchorage, AK |  | 17 |
| Wichita, KS |  | 15 |
| Sioux Falls, SD |  | 13 |
| Cheyenne, WY |  | 11 |
| Charleston-Huntington, WV |  | 10 |
| Monroe, LA |  | 9 |
| Flint, MI |  | 9 |
| Colorado Springs, CO |  | 9 |
| South Bend, IN |  | 8 |
| Twin Falls, ID |   | 8 |
| Odessa, TX |   | 5 |
| Bismarck, ND |  | 4 |

Source: College/University website
Note: Shading indicates DMA includes state capital. Enrollment in thousands.

2016 Campaigns & Elections



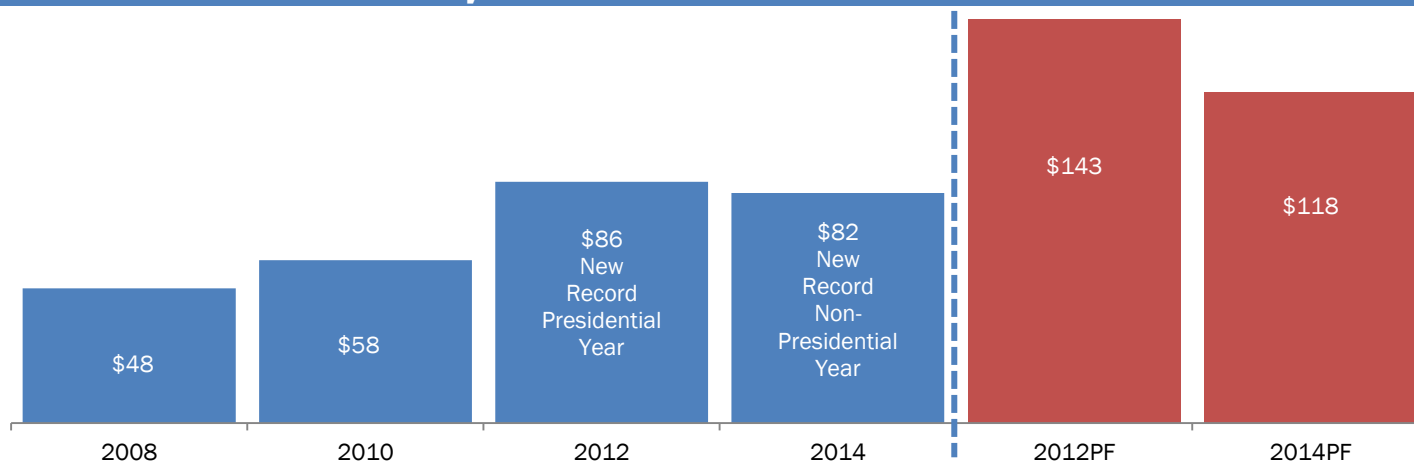
Source: Cook Political Report

Gray Television, Inc.

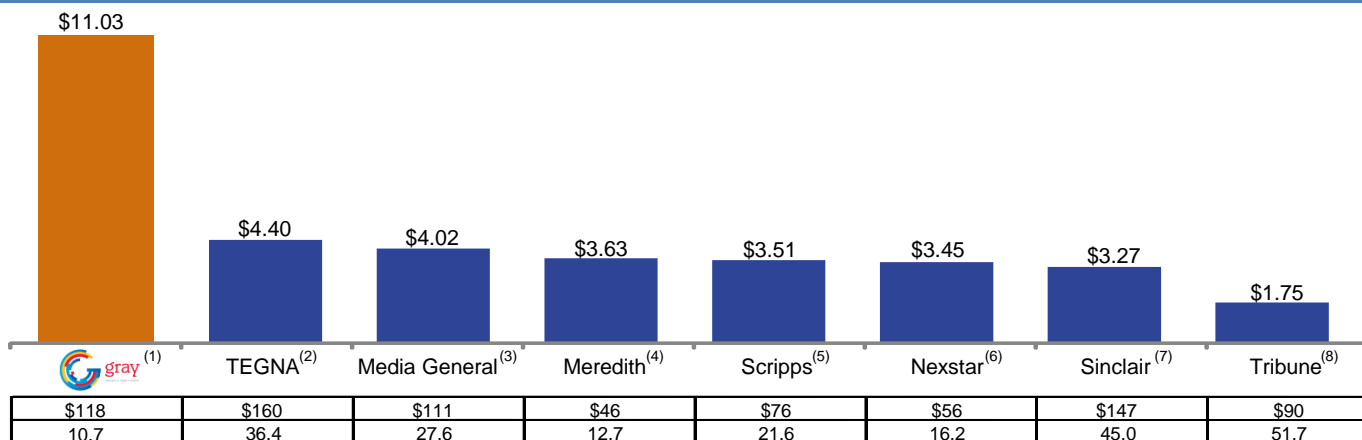
Gray is a Leading Beneficiary of Political Revenue with Large Upside in Presidential Years



Gray Political Revenue in Millions



2014 Political Revenue Per TV Household



2014 Political Revenue (\$mm)
2014 TV Households (mm)

| | | | | | | | |
|-------|-------|-------|------|------|------|-------|------|
| \$118 | \$160 | \$111 | \$46 | \$76 | \$56 | \$147 | \$90 |
| 10.7 | 36.4 | 27.6 | 12.7 | 21.6 | 16.2 | 45.0 | 51.7 |

Source: Company filings, Investor presentations, BIA data

(1) Pro Forma

(2) Pro Forma for Belo and London transactions

(3) Media General pro forma for LIN; Reported in Media General's Investor Presentation dated 3/12/2015

(4) Based on Calendar year ending 12/31/14; Fiscal year ends 6/30

(5) Scripps pro forma for Journal; Reported in Scripps' and Journal's 2014 10-Ks

(6) Political revenue on gross "as reported basis" net of implied % agency commission; TV Households incorporate closed acquisitions only; Reported in Nexstar's 2014 10-K

(7) On a Pro Forma basis; Reported in Sinclair's March 2015 Investor Presentation

(8) As reported in Tribune Media Company's 2014 Earnings Presentation and Earnings Call

Successful Digital Media Initiatives



Gray Digital Media

- Total 2015 Page views – 2.3 billion (Up 26%)
- Mobile makes up 74% of all digital traffic
- Fully responsive websites
- Gray Connect App allows reporters to post news directly from the field
- Fully integrated newsrooms between digital and broadcast. Post once distribute to all screens, mobile, desktop, OTT, and TV

 3.8 million 'Likes' in 2015 (Up 31%)

 875,000 'Followers' in 2015 (Up 73%)

 Gray is live with facebook's 'Instant Articles'



600k iOS Downloads to date



1.2 million Android Downloads to date



195k Roku Downloads to date



7 million minutes watched on CBS All Access



Your Local Digital Marketing Experts.

- Website Development
- SEO/SEM
- Social Intelligence
- eCommerce
- Audience Targeting
- Database Marketing
- Reputation Management

MomsEveryday

MomsEveryday is a sustainable content and revenue solution built by Gray for our stations, as well as stations interested in licensing the product. This market-exclusive program allows local and national businesses to tell their story with a unique marketing plan while surrounded by quality content created for an essential target demographic...Mom.



- Award-Winning Weekly Television Program
- Daily News Content
- Localized Responsive Sites
- Eat@MomsEveryday Mobile App
- Unique Revenue Opportunities
- Social Media and Marketing Solutions
- Deep Station and Client Support Focused on Sustainability



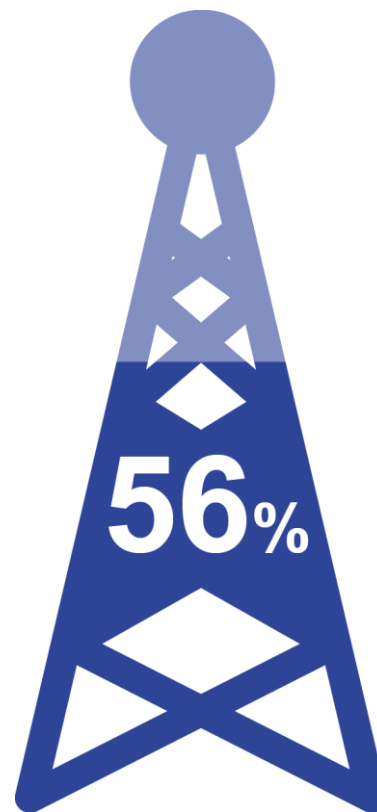
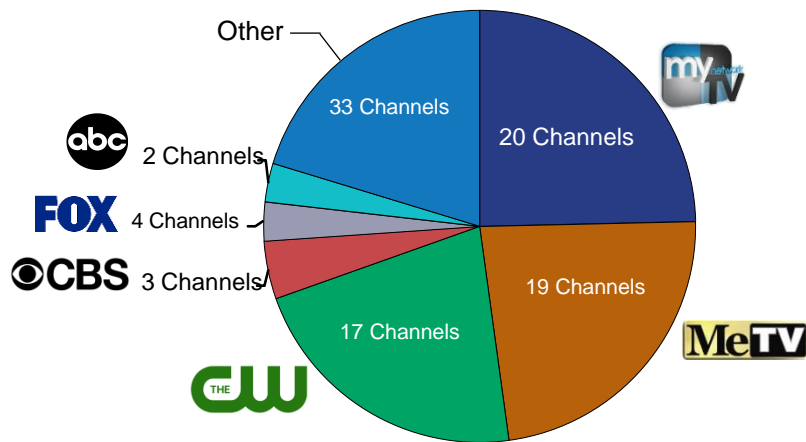
Significant Potential Upside from Spectrum Monetization Opportunities



- One of first to monetize digital spectrum
- Opportunities to benefit from the 2016 FCC Broadcast Incentive Auction
- Potential opportunities from future changes to new broadcast technical standard

Secondary Channel 2015 PF Financials

98 Secondary (D2) Channels ⁽¹⁾



\$98
million in revenue

\$55
million in BCF

56%
margin on digital
secondary
channels

(1) Certain program channels are affiliated with more than one additional network simultaneously



gray

Television • Digital • Mobile

HONORED
BY THE AWARD.
INSPIRED
BY OUR PEOPLE.

2016 Station Group of the Year
TVNewsCheck



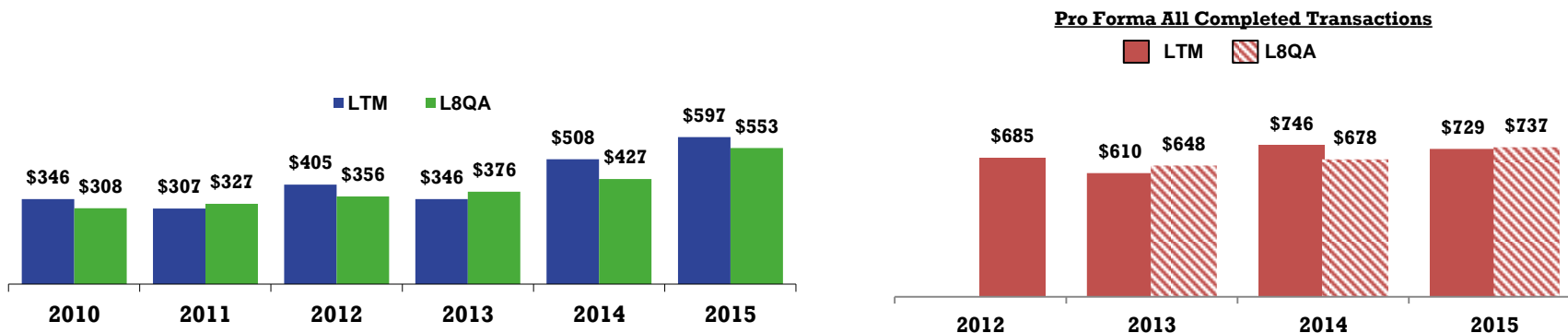
Financial Overview



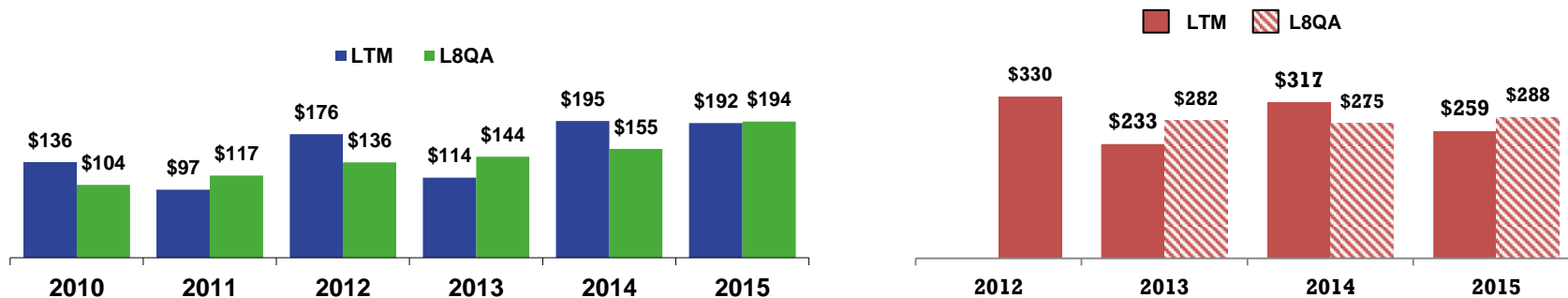
Gray's Financial Scale Continues to Increase



Net Revenue

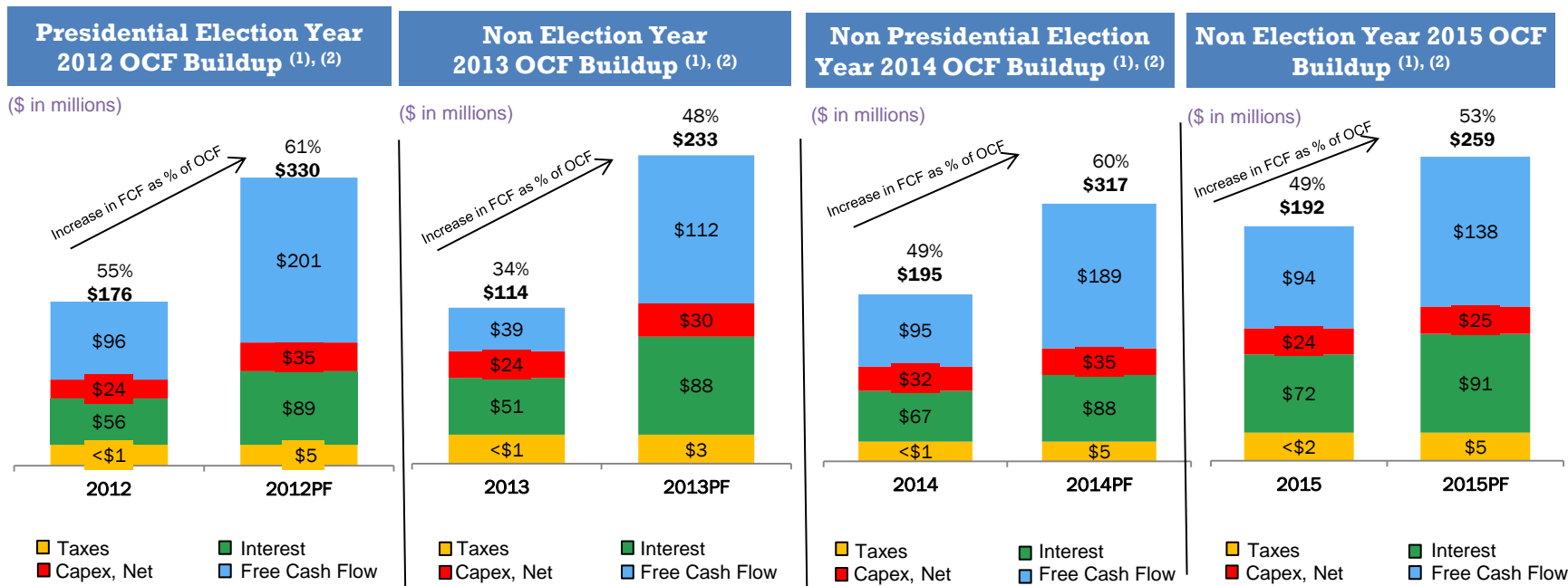


Operating Cash Flow



Source: Nielsen Media Research, November 2015

Robust Free Cash Flow Generation



| 2015 and 2016 FCF Drivers | Local | Presidential Political | Net Retransmission | NOLs | Accretive M&A | Cost Efficiencies |
|---------------------------|-------|------------------------|--------------------|------|---------------|-------------------|
|---------------------------|-------|------------------------|--------------------|------|---------------|-------------------|

(1) Pro Forma interest expense estimated with Pro Forma incremental indebtedness and estimated cash interest
 (2) Gray actual data per Company; 2012PF, 2013PF, 2014PF and 2015PF

Prudent Balance Sheet Management Leads to Deleveraging

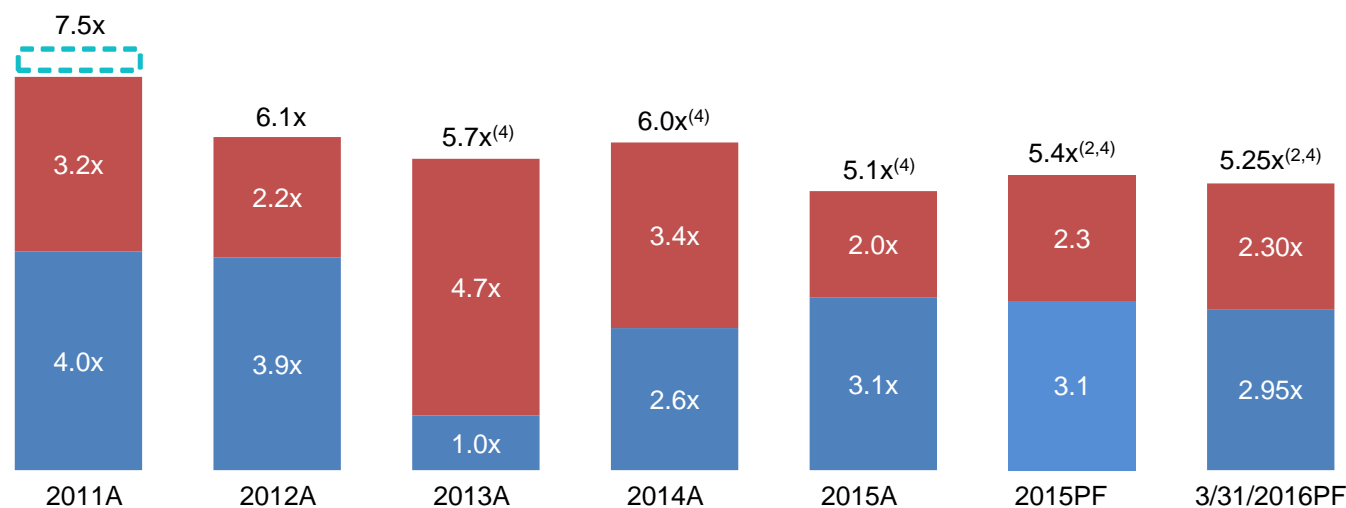


- Gray has significantly reduced secured and total leverage from historical levels
- Gray has diversified its revenue base, allowing for significant free cash flow in both political and non-political years

Net Financial Leverage ⁽¹⁾

(\$ in millions)

■ Secured Net Debt / OCF ⁽²⁾ ■ Net Debt / OCF ⁽²⁾ ■ Preferred Stock / OCF



| | | | | | | | |
|--|-------|-------|-------|---------|---------|---------|---------|
| Net Debt ⁽²⁾ + Preferred Stock ⁽³⁾ | \$872 | \$824 | \$824 | \$1,200 | \$1,201 | \$1,565 | \$1,535 |
|--|-------|-------|-------|---------|---------|---------|---------|

| | | | | | | | |
|----------|-------|-------|-------|-------|-------|-------|-------|
| L8QA OCF | \$117 | \$136 | \$147 | \$200 | \$235 | \$288 | \$292 |
|----------|-------|-------|-------|-------|-------|-------|-------|

(1) Gray actual data per company filings
 (2) Total debt less all cash on hand as of 12/31/2015 and 3/31/2016, respectively
 (3) Liquidation value plus accrued dividends
 (4) Pro forma for all transactions completed as of the respective date as required by our senior credit facility

Current Capitalization

(\$ in millions)

| | Actual 3/31/2016 | Cum. X L8QA OCF ⁽¹⁾ | Cum. X LTM OCF ⁽²⁾ |
|--|---------------------|--------------------------------------|-------------------------------------|
| Cash & Equivalents | \$121 | | |
| Priority Revolver | -- | | |
| Term Loan B due 2021 | 556 | | |
| 2016 Incremental Term Loan due June 2021 | 424 | | |
| Total Secured Debt | \$980 | 3.3x | 3.8x |
| 7.5% Senior Notes | 675 | | |
| Total Debt | \$1,655 | 5.7x | 6.3x |
| Net Debt ⁽⁶⁾ | \$1,625 | 5.6x | 6.2x |
| Net Debt (Net All Cash) | \$1,535 | 5.3x | 5.9x |

\$292

\$261

⁽¹⁾Based on Gray's L8QA 3/31/16 Pro Forma OCF for transactions closed on/before 3/31/16 and Gray's sale of its stations in Montana;

⁽²⁾Based on Gray's LTM 3/31/16 Pro Forma OCF for transactions closed on/before 3/31/16 and Gray's sale of its stations in Montana;

⁽³⁾Total debt less up to \$30 million of cash on hand, based on credit facility definition.

Record Combined Historical Basis Results for Q1 2016



Combined Historical Basis

Three Months Ended March 31,

| | 2016 | 2015 | % Change 2016 to 2015 | 2014 | % Change 2016 to 2014 |
|--|------------|------------|-----------------------------|------------|--------------------------------|
| (dollars in thousands, except per share data) | | | | | |
| Revenue (less agency commissions): | | | | | |
| Total | \$ 187,076 | \$ 167,421 | 12 % | \$ 153,228 | 22 % |
| Political | \$ 9,863 | \$ 1,238 | 697 % | \$ 4,881 | 102 % |
| Operating expenses (1): | | | | | |
| Broadcast | \$ 120,730 | \$ 111,415 | 8 % | \$ 100,204 | 20 % |
| Corporate and administrative | \$ 15,678 | \$ 6,847 | 129 % | \$ 6,499 | 141 % |
| Net income | \$ 6,406 | \$ 6,679 | (4) % | \$ 10,600 | (40) % |
| Non-GAAP Cash Flow (2): | | | | | |
| Broadcast Cash Flow | \$ 69,292 | \$ 62,399 | 11 % | \$ 56,895 | 22 % |
| Broadcast Cash Flow Less Cash Corporate Expenses | \$ 54,584 | \$ 56,302 | (3) % | \$ 51,749 | 5 % |
| Operating Cash Flow as defined in the Gray senior credit facility | \$ 60,839 | \$ 58,703 | 4 % | \$ 52,360 | 16 % |
| Free Cash Flow | \$ 30,924 | \$ 28,469 | 9 % | \$ 19,626 | 58 % |
| Free Cash Flow Per Share: | | | | | |
| Basic | \$ 0.43 | \$ 0.49 | | \$ 0.34 | |
| Diluted | \$ 0.43 | \$ 0.48 | | \$ 0.34 | |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Combined Historical Basis Results – Pro Forma



| | Combined Historical Basis | | | | | | |
|---|---------------------------------------|-----------|-----------------------------|-----------|-----------------------------|-----------|-----------------------------|
| | Year Ended December 31, | | | | | | |
| | 2015 | 2014 | % Change 2015 to 2014 | 2013 | % Change 2015 to 2013 | 2012 | % Change 2015 to 2012 |
| | (in thousands, except per share data) | | | | | | |
| Revenue (less agency commissions): | | | | | | | |
| Total | \$728,917 | \$745,765 | (2)% | \$609,917 | 20% | \$684,884 | 6% |
| Political | \$ 18,620 | \$118,469 | (84)% | \$ 10,806 | 72% | \$143,067 | (87)% |
| Operating expenses (1): | | | | | | | |
| Broadcast | \$465,837 | \$425,894 | 9% | \$387,745 | 20% | \$367,676 | 27% |
| Corporate and Administrative | \$ 34,343 | \$ 29,203 | 18% | \$ 19,810 | 73% | \$ 15,927 | 116% |
| Net income | \$ 49,952 | \$100,845 | (50)% | \$50,911 | (2)% | \$ 96,027 | (48)% |
| Non-GAAP Cash Flow (2): | | | | | | | |
| Broadcast Cash Flow | \$284,767 | \$336,961 | (15)% | \$247,159 | 15% | \$346,239 | (18)% |
| Broadcast Cash Flow Less Cash Corporate Expenses | \$253,544 | \$311,290 | (19)% | \$229,323 | 11% | \$331,190 | (23)% |
| Operating Cash Flow as defined in the Senior Credit Facility | \$258,818 | \$316,822 | (18)% | \$233,201 | 11% | \$329,662 | (21)% |
| Free Cash Flow | \$137,510 | \$188,704 | (27)% | \$111,756 | 23% | \$201,150 | (32)% |
| Free Cash Flow Per Share: | | | | | | | |
| Basic | \$ 2.01 | \$ 3.26 | | \$ 1.94 | | \$ 3.52 | |
| Diluted | \$ 1.99 | \$ 3.23 | | \$ 1.93 | | \$ 3.51 | |
| Weighted-average shares outstanding: | | | | | | | |
| Basic | 68,330 | 57,862 | | 57,630 | | 57,170 | |
| Diluted | 68,987 | 58,364 | | 57,972 | | 57,262 | |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Record As Reported Basis Results for Q1 2016



As-Reported Basis

| | Three Months Ended March 31, | | | | % Change 2016 to 2014 |
|---|------------------------------|------------|-----------------------------|-----------|-----------------------------|
| | 2016 | 2015 | % Change 2016 to 2015 | 2014 | |
| (dollars in thousands, except per share data) | | | | | |
| Revenue (less agency commissions): | | | | | |
| Total | \$ 173,723 | \$ 133,303 | 30 % | \$ 91,297 | 90 % |
| Political | \$ 9,655 | \$ 1,159 | 733 % | \$ 2,792 | 246 % |
| Operating expenses (1): | | | | | |
| Broadcast | \$ 108,568 | \$ 86,847 | 25 % | \$ 60,384 | 80 % |
| Corporate and administrative | \$ 15,678 | \$ 6,847 | 129 % | \$ 6,499 | 141 % |
| Net income | \$ 8,990 | \$ 5,595 | 61 % | \$ 1,277 | 604 % |
| Non-GAAP Cash Flow (2): | | | | | |
| Broadcast Cash Flow | \$ 65,894 | \$ 46,724 | 41 % | \$ 30,619 | 115 % |
| Broadcast Cash Flow Less | | | | | |
| Cash Corporate Expenses | \$ 51,186 | \$ 40,627 | 26 % | \$ 25,473 | 101 % |
| Free Cash Flow | \$ 24,215 | \$ 21,991 | 10 % | \$ 7,453 | 225 % |
| Free Cash Flow Per Share: | | | | | |
| Basic | \$ 0.34 | \$ 0.38 | | \$ 0.13 | |
| Diluted | \$ 0.33 | \$ 0.37 | | \$ 0.13 | |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Record As Reported Basis Results for 2015



As-Reported Results

| | Year Ended December 31, | | | | % Change 2015 to 2013 |
|---|-------------------------|------------|-----------------------------|------------|-----------------------------|
| | 2015 | 2014 | % Change 2015 to 2014 | 2013 | |
| (dollars in thousands, except per share data) | | | | | |
| Revenue (less agency commissions): | | | | | |
| Total | \$ 597,356 | \$ 508,134 | 18 % | \$ 346,298 | 73 % |
| Political | \$ 17,163 | \$ 81,975 | (79) % | \$ 4,598 | 273 % |
| Operating expenses (1): | | | | | |
| Broadcast | \$ 374,182 | \$ 285,990 | 31 % | \$ 217,411 | 72 % |
| Corporate and administrative | \$ 34,343 | \$ 29,203 | 18 % | \$ 19,810 | 73 % |
| Net income | \$ 39,301 | \$ 48,061 | (18) % | \$ 18,288 | 115 % |
| Non-GAAP Cash Flow (2): | | | | | |
| Broadcast Cash Flow | \$ 224,484 | \$ 220,977 | 2 % | \$ 128,234 | 75 % |
| Broadcast Cash Flow Less | | | | | |
| Cash Corporate Expenses | \$ 193,261 | \$ 195,306 | (1) % | \$ 110,398 | 75 % |
| Free Cash Flow | \$ 93,984 | \$ 95,240 | (1) % | \$ 39,153 | 140 % |
| Free Cash Flow Per Share: | | | | | |
| Basic | \$ 1.38 | \$ 1.65 | | \$ 0.68 | |
| Diluted | \$ 1.36 | \$ 1.63 | | \$ 0.68 | |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.



gray

Television • Digital • Mobile

HONORED
BY THE AWARD.
INSPIRED
BY OUR PEOPLE.

2016 Station Group of the Year
TVNewsCheck



Questions





gray

Television • Digital • Mobile

Appendix: Non-GAAP Reconciliation and Glossary



As Reported Basis Non-GAAP Reconciliation



| | As Reported Basis | | |
|---|---------------------------|------------------------|-----------------------|
| | Three Months Ended | | |
| | March 31, | | |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Net income | \$ 8,990 | \$ 5,595 | \$1,277 |
| Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses: | | | |
| Depreciation | 11,126 | 8,798 | 6,384 |
| Amortization of intangible assets | 3,888 | 2,771 | 289 |
| Non-cash stock-based compensation | 1,284 | 993 | 2,071 |
| Gain on disposal of assets, net | (1,648) | (18) | 331 |
| Miscellaneous income, net | (569) | (7) | - |
| Interest expense | 21,275 | 18,530 | 15,274 |
| Income tax expense | 6,415 | 3,940 | 859 |
| Amortization of program broadcast rights | 4,396 | 3,607 | 2,913 |
| Common stock contributed to 401(k) plan excluding corporate 401(k) contributions | 6 | 6 | 6 |
| Network compensation revenue recognized | - | - | (108) |
| Payments for program broadcast rights | (3,977) | (3,588) | (3,823) |
| Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation | <u>14,708</u> | <u>6,097</u> | <u>5,146</u> |
| Broadcast Cash Flow | <u>65,894</u> | <u>46,724</u> | <u>30,619</u> |
| Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation | <u>(14,708)</u> | <u>(6,097)</u> | <u>(5,146)</u> |
| Broadcast Cash Flow Less Cash Corporate Expenses | <u>51,186</u> | <u>40,627</u> | <u>25,473</u> |
| Pension expense | 40 | 2,401 | 1,573 |
| Contributions to pension plans | (520) | - | (962) |
| Interest expense | (21,275) | (18,530) | (15,274) |
| Amortization of deferred financing costs | 1,071 | 799 | 692 |
| Amortization of net original issue discount premium on 7 ½% senior notes due 2020 | (216) | (216) | (216) |
| Purchase of property and equipment | (5,931) | (2,849) | (3,802) |
| Income taxes paid, net of refunds | <u>(140)</u> | <u>(241)</u> | <u>(31)</u> |
| Free Cash Flow | <u>\$24,215</u> | <u>\$21,991</u> | <u>\$7,453</u> |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Combined Historical Basis Non-GAAP Reconciliation



Combined Historical Basis

Three Months Ended

March 31,

| | 2016 | 2015 | 2014 |
|---|------------------------|------------------------|------------------------|
| Net income | \$ 6,406 | \$ 6,679 | \$10,600 |
| Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses: | | | |
| Depreciation | 11,772 | 11,289 | 10,724 |
| Amortization of intangible assets | 4,707 | 4,482 | 1,910 |
| Non-cash stock-based compensation | 1,284 | 993 | 2,071 |
| (Gain) loss on disposal of assets, net | (1,432) | 35 | (13) |
| Miscellaneous income, net | (587) | (21) | 37 |
| Interest expense | 23,589 | 23,317 | 23,210 |
| Income tax expense | 6,211 | 3,380 | 58 |
| Amortization of program broadcast rights | 4,396 | 3,607 | 2,913 |
| Common stock contributed to 401(k) plan excluding corporate 401(k) contributions | 6 | 6 | 6 |
| Network compensation revenue recognized | - | - | - |
| Payments for program broadcast rights | (3,977) | (3,588) | (3,823) |
| Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation | 14,708 | 6,097 | 5,146 |
| Other | 2,209 | 6,123 | 4,056 |
| Broadcast Cash Flow | <u>69,292</u> | <u>62,399</u> | <u>56,895</u> |
| Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation | (14,708) | (6,097) | (5,146) |
| Broadcast Cash Flow Less Cash Corporate Expenses | <u>54,584</u> | <u>56,302</u> | <u>51,749</u> |
| Pension expense | 40 | 2,401 | 1,573 |
| Contributions to pension plans | (520) | - | (962) |
| Other | 6,735 | - | - |
| Operating Cash Flow as defined in Senior Credit Agreement | <u>\$60,839</u> | <u>\$58,703</u> | <u>\$52,360</u> |
| Interest expense | (23,589) | (23,317) | (23,210) |
| Amortization of deferred financing costs | 1,071 | 799 | 692 |
| Amortization of net original issue premium on 7 ½% senior notes due 2020 | (216) | (216) | (216) |
| Purchase of property and equipment | (5,931) | (6,250) | (8,750) |
| Income taxes paid, net of refunds | (1,250) | (1,250) | (1,250) |
| Free Cash Flow | <u>\$30,924</u> | <u>\$28,469</u> | <u>\$19,626</u> |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Combined Historical Basis Non-GAAP Reconciliation



| | Combined Historical Basis | | | | |
|---|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Year Ended December 31, | | | | |
| | 2012 | 2013 | 2014 | 2015 | L8QA 2015 |
| Net income | \$ 96,027 | \$ 50,911 | \$100,845 | \$ 49,952 | \$ 75,398 |
| Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses: | | | | | |
| Depreciation | 40,643 | 42,910 | 42,907 | 46,093 | 44,500 |
| Amortization of intangible assets | 2,773 | 1,940 | 15,207 | 18,772 | 16,989 |
| Non-cash stock-based compensation | 878 | 1,974 | 5,012 | 4,020 | 4,516 |
| Loss (gain) on disposal of assets, net | 91 | 1,072 | 876 | 757 | 817 |
| Miscellaneous expense (income), net | 1,360 | 449 | (226) | 14 | (106) |
| Interest expense | 92,362 | 90,339 | 90,225 | 93,639 | 91,932 |
| Loss from early extinguishment of debt | 46,683 | - | 5,086 | - | 2,543 |
| Income tax expense | 23,754 | 13,313 | 33,913 | 19,818 | 26,866 |
| Amortization of program broadcast rights | 13,053 | 13,179 | 13,004 | 14,960 | 13,982 |
| Common stock contributed to 401(k) plan excluding corporate 401(k) contributions | 26 | 28 | 25 | 26 | 26 |
| Network compensation revenue recognized | (687) | (615) | (456) | - | (228) |
| Payments for program broadcast rights | (13,818) | (13,252) | (15,153) | (14,576) | (14,865) |
| Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation | 15,049 | 17,836 | 25,671 | 31,223 | 28,447 |
| Other | 28,044 | 27,075 | 20,025 | 20,069 | 20,047 |
| Broadcast Cash Flow | <u>346,239</u> | <u>247,159</u> | <u>336,961</u> | <u>284,767</u> | <u>310,864</u> |
| Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation | (15,049) | (17,836) | (25,671) | (31,223) | (28,447) |
| Broadcast Cash Flow Less Cash Corporate Expenses | <u>331,190</u> | <u>229,323</u> | <u>311,290</u> | <u>253,544</u> | <u>282,417</u> |
| Pension expense | 7,874 | 8,626 | 6,126 | 4,207 | 5,167 |
| Contributions to pension plans | (9,402) | (4,748) | (6,770) | (5,421) | (6,096) |
| Other | - | - | 6,176 | 6,488 | 6,332 |
| Operating Cash Flow as defined in Senior Credit Agreement | <u>329,662</u> | <u>233,201</u> | <u>316,822</u> | <u>258,818</u> | <u>287,820</u> |
| Interest expense | (92,362) | (90,339) | (90,225) | (93,639) | (91,932) |
| Amortization of deferred financing costs | 2,723 | 1,903 | 2,970 | 3,194 | 3,082 |
| Amortization of net original issue discount (premium) on 7 ½% senior notes due 2020 | 1,127 | (9) | (863) | (863) | (863) |
| Purchase of property and equipment | (35,000) | (30,000) | (35,000) | (25,000) | (30,000) |
| Income taxes paid, net of refunds | (5,000) | (3,000) | (5,000) | (5,000) | (5,000) |
| Free Cash Flow | <u>\$201,150</u> | <u>\$111,756</u> | <u>\$188,704</u> | <u>\$137,510</u> | <u>\$163,107</u> |

(1) Excludes depreciation, amortization, and loss on disposal of assets.

(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

| | |
|---|--|
| “Combined Historical Basis”: | Combined Historical Basis reflects financial results, position or statistics that have been prepared by adding Gray’s historical financial results, position or statistics with the historical financial results, position or statistics of the Completed Acquisitions and Completed Dispositions. It does not include any adjustments for other events attributable to the Completed Acquisitions and Completed Dispositions except “Broadcast Cash Flow,” “Broadcast Cash Flow Less Cash Corporate Expenses” and “Operating Cash Flow” gives effect to expected synergies and “Combined Historical Free Cash Flow” gives effect to the financings and certain expected operating synergies related to the Completed Acquisitions and Completed Dispositions |
| “Completed Acquisitions”: | All previously disclosed acquisitions completed since November 2013 through March 31, 2016, unless otherwise specified |
| “Completed Dispositions”: | The disposition on November 1, 2015 of NBC stations in Montana: KGBF-LP, Great Falls and KMTF, Helena for an aggregate price of \$3.0 million |
| “Gray” (Gray Television, Inc.): | A television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States |
| “Operating Cash Flow” or “OCF”: | Operating cash flow as defined in Gray’s existing senior credit facility; includes Pro Forma adjustments and synergies for Completed Acquisitions and Completed Dispositions. See appendix herein for definition and reconciliations of non-GAAP terms |
| “Schurz and Related Transactions”: | On September 14, 2015, we announced that we agreed to acquire all of the television and radio stations of Schurz Communications, Inc. (“Schurz”) for approximately \$442.5 million (the “Schurz Acquisition”). On October 1, 2015, we announced agreements to sell Gray’s KAKE-TV in Wichita, Kansas and Schurz’s WSBT-TV in South Bend, Indiana, as well as certain assets of Schurz’s KOTA-TV in Rapid City, South Dakota to facilitate regulatory approvals for the Schurz Acquisition, and we simultaneously announced the acquisition of WBXX-TV in Knoxville, Tennessee, and WLUC-TV in Marquette, Michigan. On November 2, 2015, we announced that we reached agreements to divest the Schurz radio stations to other radio broadcasters upon the closing of the Schurz Acquisition for an aggregate sales price of \$16 million. The net purchase price for the foregoing transactions is \$416.2 million before related fees and expenses. These transactions were closed in Q1 2016. |
| “Pro Forma” or “PF”: | Reflects Combined Historical Basis Results, position, or statistics of (i) Gray, (ii) the Completed Acquisitions (including the Schurz and Related Transactions), (iii) the Completed Dispositions, and (iv) the pending acquisition of KYES, Anchorage, AK unless explicitly stated otherwise. Pro Forma financial results give effect to the specified acquisitions and/or dispositions as if they had occurred at the beginning of the relevant period. Pro forma financial information for Schurz and Related Transactions is based on previously disclosed amounts and does not reflect all purchase accounting and other adjustments required for Regulation S-X pro formas. Such preliminary purchase accounting and other adjustments will be reflected in the pro formas to be filed with the Securities and Exchange Commission on Form 8-K/A. |

Non-GAAP Terms



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, Broadcast Cash Flow Less Cash Corporate Expenses, Free Cash Flow and operating cash flow as defined in Gray’s 2014 senior credit facility (“Operating Cash Flow”). 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. These non-GAAP amounts may also be provided on an As-Reported Basis as well as a Combined Historical Basis.

| | |
|--|--|
| “Broadcast Cash Flow”: | Net income plus loss on early extinguishment of debt, corporate and administrative expenses, broadcast non-cash stock based compensation, 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, non-cash 401(k) expense, less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations and network compensation revenue |
| “Broadcast Cash Flow Less Cash Corporate Expenses”: | Net income plus loss from early extinguishment of debt, non-cash stock based compensation, 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, non-cash 401(k) expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations and network compensation revenue |
| “Free Cash Flow”: | Net income plus loss on early extinguishment of debt, non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, amortization of deferred financing costs, any income tax expense, non-cash 401(k) expense, pension expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations, network compensation revenue, contributions to pension plans, amortization of original issue discount on our debt, capital expenditures (net of any insurance proceeds) and the payment of income taxes (net of any refunds received) |
| “Operating Cash Flow”: | Defined in Gray’s 2014 senior credit facility as net income plus loss from early extinguishment of debt, non-cash stock based compensation, 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, non-cash 401(k) expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations, network compensation revenue, plus pension expense but less cash contributions to pension plans |

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.



gray

Television • Digital • Mobile

Investor Presentation

