



gray

Television • Digital • Mobile

Gray Television's Pending Transactions



November, 2015

Includes All Announced Transactions

Disclaimer



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Acquisition Snapshot



(\$ in Millions)	Gray TV ⁽³⁾	Schurz	Pro Forma – All announced transactions ⁽⁹⁾
Financial Profile			
2014 Net Revenue	\$621	\$153	\$744
2014 Broadcast Cash Flow	\$285	\$64 ⁽⁴⁾	\$340
2014 Operating Cash Flow ⁽¹⁾	\$257	\$64 ⁽⁴⁾	\$318
Scale ⁽²⁾			
Stations	77	11	88
Markets	46	7	50
TV Household Reach	9.6 million (8.5%)	2.1 million (1.9%)	10.7 million (9.4%)
Asset Quality			
#1 / #2 Markets ⁽²⁾	43	6	49
2012 Net Political Revenue	\$120	\$21 ⁽⁵⁾	\$144 ⁽⁵⁾
2014 Net Political Revenue	\$94	\$26	\$118
2014 Gross Retransmission Revenue	\$91	\$18 ⁽⁶⁾	\$106
Big 4 Network Affiliated Channels ⁽²⁾			

Source: Company management and filings and BIA Investing in Television Market Report
 Note: Standalone metrics fully pro forma for all acquisitions previously announced and closed, excluding Schurz

- (1) OCF as defined in the existing Senior Secured Facilities Credit Agreement
- (2) Pro forma column pro forma for all announced transactions
- (3) Pro forma for all transactions announced prior to Schurz, including operating synergies

- (4) Including operating synergies
- (5) Excludes KOTA, which was acquired by Schurz in May 2014
- (6) Based on status quo Schurz retransmission rates
- (7) Includes WSBT-TV and three KWCH-TV satellite stations
- (8) Includes three KOTA-TV satellite stations
- (9) Includes all announced transactions

Transaction Overview and Acquisition Rationale



- On September 14, 2015, Gray TV (“Gray”) announced that it had reached an agreement to acquire all of the television and radio assets of Schurz Communications, Inc. (“Schurz”) for \$442.5 million, inclusive of working capital
 - The purchase price represents a multiple of ~7.1x blended ’15E/’16E pro forma BCF
 - The transaction is expected to be immediately accretive to free cash flow

- Demonstrates Gray’s continued commitment to acquire high-quality stations in attractive markets
 - Expands Gray’s operations to a total of 50 television markets, 28 states and 9.4% U.S. TVHH reach
 - Increases Gray’s scale, quality and diversification of its portfolio, and exposure to key political markets
 - Provides Gray with the top-rated and highest grossing television stations in five additional markets, resulting in the number-one or number-two ranked television station operation in 49 of 50 markets

Transaction Overview and Acquisition Rationale

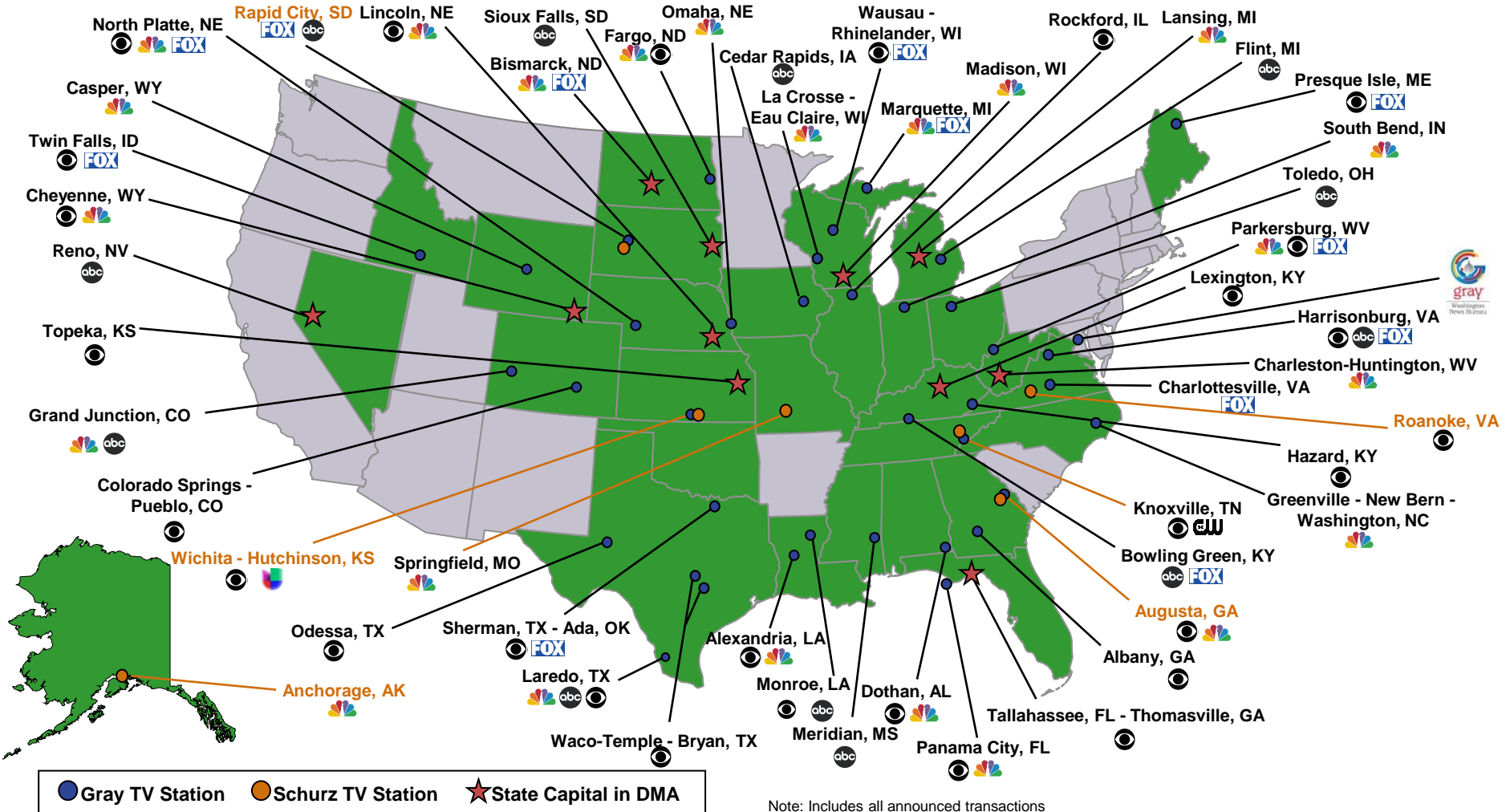


- To facilitate regulatory approval, Gray announced agreements for the following transactions:
 - Gray will divest KAKE (ABC) – Gray’s station in Wichita, KS (DMA 65) in exchange for WBXX (CW) – Lockwood’s station in Knoxville, TN (DMA 62) and \$11.2 million in cash. Gray also owns the CBS affiliate, WVLT in this market
 - Gray will divest WSBT (CBS) – Schurz’s station in South Bend, IN (DMA) in exchange for WLUC (NBC / FOX) – Sinclair’s station in Marquette, MI (DMA 180)
 - Gray will divest the Schurz radio stations for an aggregate of \$16 million in cash
- In a separate transaction Gray will acquire KYES, (MyNetwork TV), Anchorage, AK
- Gray plans to finance the transaction with cash on hand and additional borrowings
 - Gray currently expects net leverage at closing to be approximately 5.5x L8QA OCF and also expects considerable de-levering in 2016 through strong free cash flow generation
- Gray expects the receipt of regulatory and other approvals for a transaction close in Q4 2015 or Q1 2016
- Post-transactions, Gray will reach 9.4 percent of US television households, providing significant room to grow scale under the FCC’s national ownership cap of 39 percent.

Gray TV Pro Forma National Footprint



Ranked #1 or #2 in 49 of 50 Markets
Reaching approximately 9.4% of US TV households



Note: Includes all announced transactions

Overview of #1 Ranked Television Stations to be acquired:




DMA Rank	Market	Station	Affiliate		2014 BIA Revenue Rank	2014 BIA Revenue Share
			Primary	Secondary		
65	Wichita - Hutchinson, KS	KWCH		Weather+	1	33%
		KSCW		DECADES	5	4%
		KDCU ⁽¹⁾			7	2%
67	Roanoke-Lynchburg, VA	WDBJ		my DECADES	1	34%
75	Springfield, MO	KY3		Weather+ COZI	1	44%
		KSPR ⁽²⁾			3	11%
		KCZ			6	5%
147	Anchorage, AK	KTUU		JUSTICE NETWORK	1	41%
		KYES	my			4%
172	Rapid City, SD Gray also owns KEVN the Fox in Rapid City	KOTA		MeTV this TV NETWORK	1	39%
180	Marquette, MI pending purchase from Sinclair in exchange for Schurz's WSBT, South Bend, IN	WLUC ⁽³⁾		FOX	1	51%

Source: Company management and BIA Investing in Television Market Report
 (1) Owned by Entravision and operated via shared services agreement

(2) Owned by Perkin Media and operated via shared services agreement
 (3) Sale/Purchase transaction closing to be concurrent with Schurz acquisition closing

Overview of Other Television Stations to be acquired:



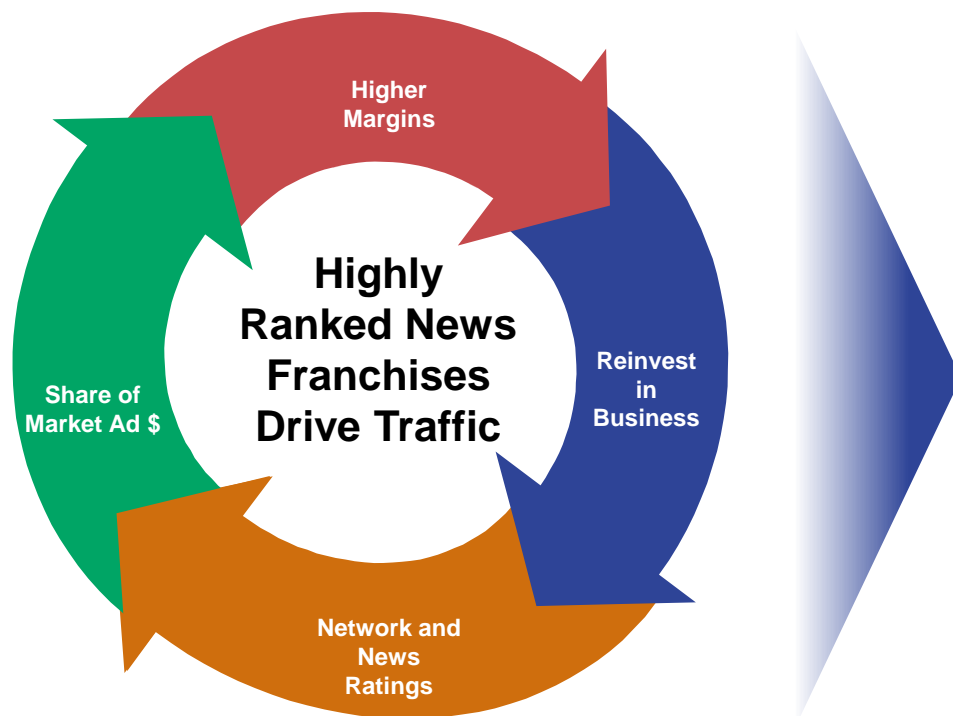
DMA Rank	Market	Station	Affiliate		2014 BIA Revenue Rank	2014 BIA Revenue Share
			Primary	Secondary		
62	Knoxville, TN Pending purchase from Lockwood in exchange for Gray's KAKE in Wichita, KS. Gray also owns WVLT the CBS in Knoxville	KBXX			5	6%
112	Augusta, GA Gray also owns WRDW the CBS in Augusta	WAGT			4	7%

Source: Company management and BIA Investing in Television Market Report

Schurz Acquisition Demonstrates Gray TV's Commitment To Acquire High-Quality Stations in Attractive Markets



The Importance of Being #1



- Earn highest share of 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 the Industry with the Highest Quality Portfolio of Local Television Stations

- ✓ **49** of 50 markets with stations ranked #1 or #2
- ✓ **40** of 50 markets with stations ranked #1
- ✓ **One of Two** pure-play TV broadcasters
with a full-time Washington DC News Bureau

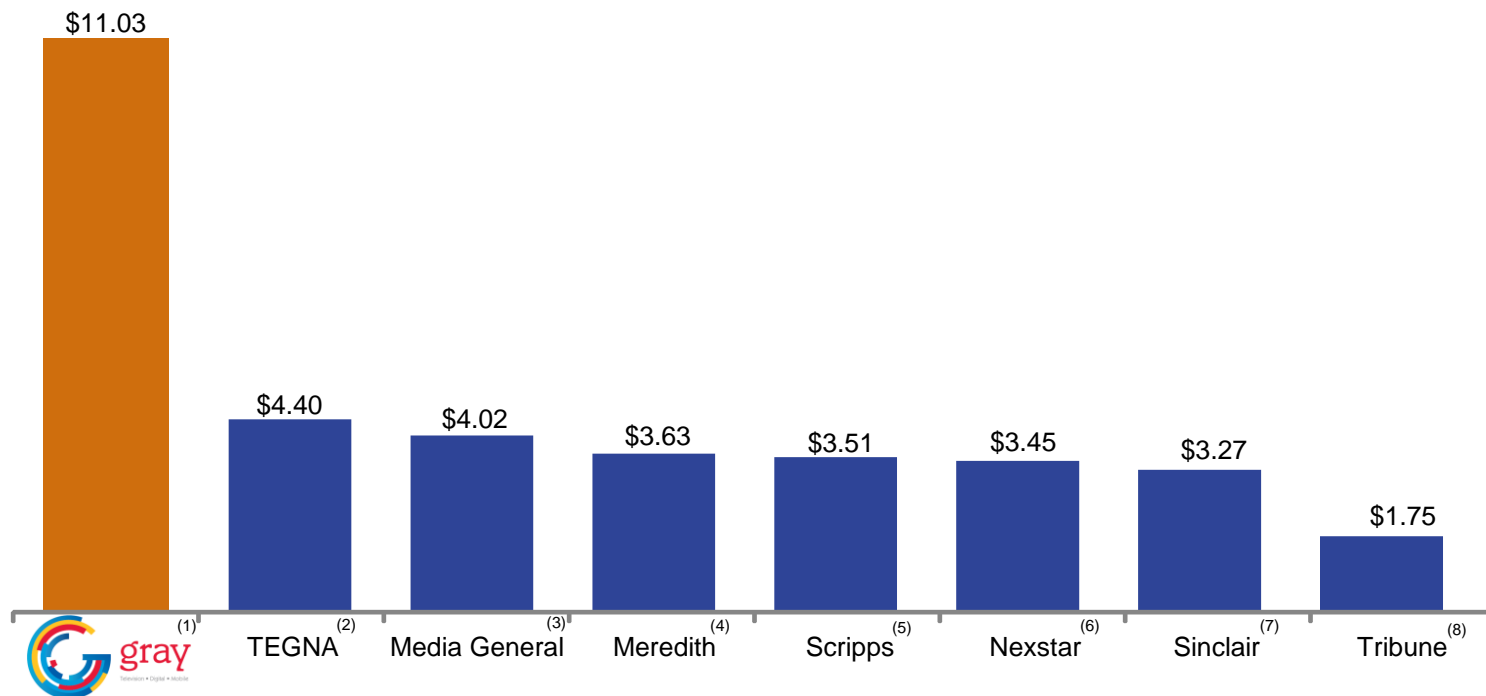


Note: Includes all announced transactions

Gray Leads the Industry in Political Ad Revenues



2014 Political Revenue Per TV Household



2014 Political Revenue (\$mm)	\$118	\$160	\$111	\$46	\$76	\$56	\$147	\$90
2014 TV Households (mm)	10.7	36.4	27.6	12.7	21.6	16.2	45.0	51.7

Source: Company filings, Investor presentations, BIA data

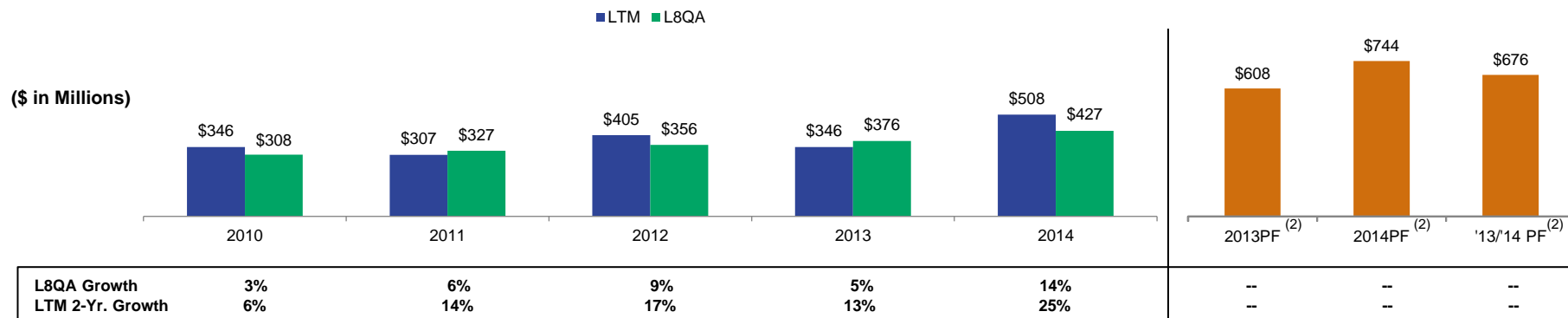
- (1) Pro Forma
- (2) Pro Forma for Belo and London transactions
- (3) Media General pro forma for LIN; Reported in Media General's Investor Presentation dated 3/12/2015
- (4) Based on Calendar year ending 12/31/14; Fiscal year ends 6/30

- (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

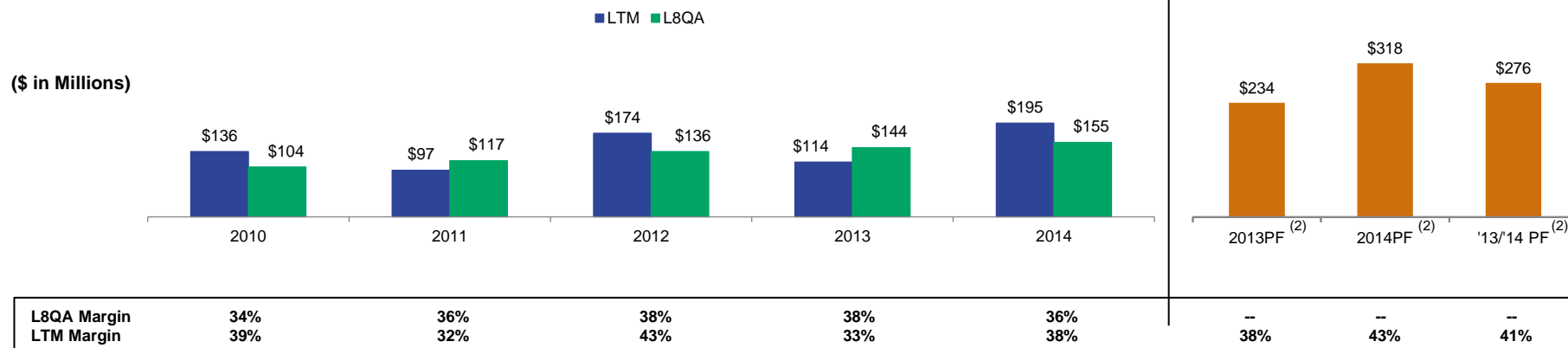
Gray TV's Financial Scale Continues to Increase



Net Revenue ⁽¹⁾



Operating Cash Flow ⁽¹⁾



(1) Gray actual data per Company; 2013PF and 2014PF for all transactions announced / closed on or before 9/1/2015

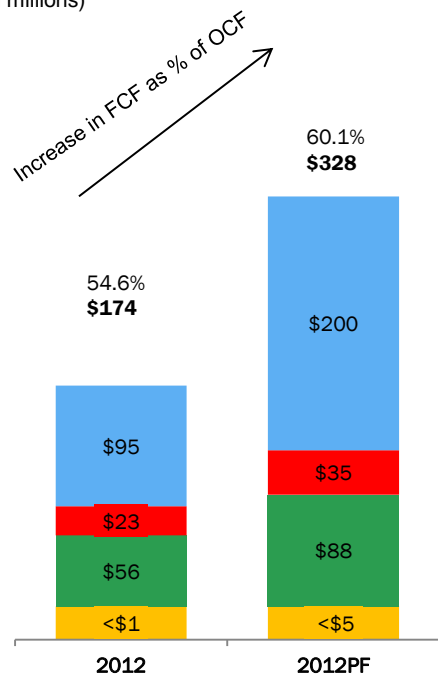
(2) Includes all announced transactions and expected synergies

Robust Free Cash Flow Generation



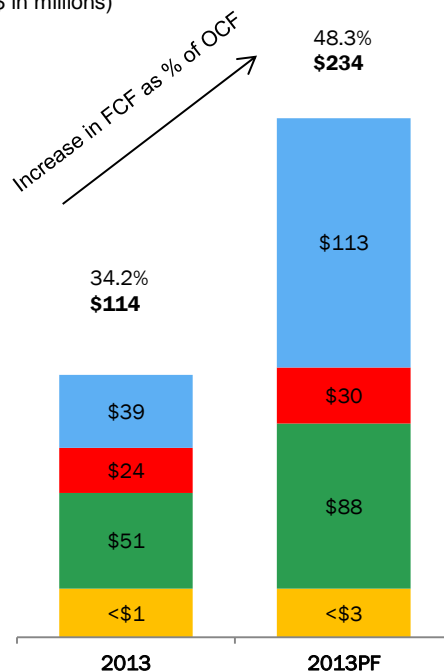
Presidential Election Year 2012 OCF Buildup (1), (2)

(\$ in millions)



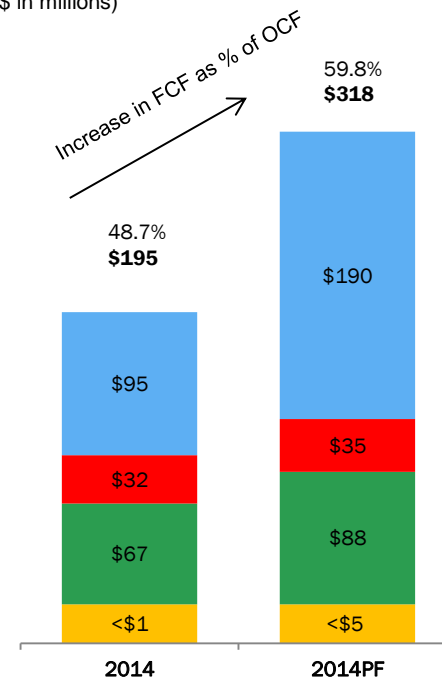
Non Election Year 2013 OCF Buildup (1), (2)

(\$ in millions)



Non Presidential Election Year 2014 OCF Buildup (1), (2)

(\$ in millions)



■ Taxes ■ Interest
■ Capex, Net ■ Free Cash Flow

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■ Capex, Net ■ Free Cash Flow

■ Taxes ■ Interest
■ Capex, Net ■ Free Cash Flow

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



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Questions & Answers

