



**gray**  
Television • Digital • Mobile

# Gray Television, Inc. Investor Presentation

**NYSE:GTN**

September 2019

Updated for June 30, 2019 Financial Information



# Gray Television's National Footprint

As of  
June 30, 2019

93 markets

150 "Big 4" network program streams

400+ total program streams

95% markets with #1 or #2 ranked TV station



- |   |   |   |  |  |
|---|---|---|--|--|
| 1 Albany, GA (152) WALB, WGCW                 | 21 Clarksville, WV (170) WDTV, WVFJ         | 41 Jonesboro, AR (180) KAIT                           | 60 New Orleans, LA (50) WVUE                   | 80 Tallahassee, FL (112) WCTV, WFKU              |
| 2 Alexandria, LA (179) KALB                   | 22 Cleveland, OH (13) WOIO, WLUB            | 42 Knoxville, TN (60) WYLT, WBOX                      | 61 North Platte, NE (200) KMQP, KNPL, KOT      | 81 Tampa-St. Pete (Sarasota), FL (11) WWSP       |
| 3 Amarillo, TX (131) KFDA, KEYU               | 23 Colorado Springs, CO (81) KKTV           | 43 La Crosse-Eau Claire, WI (150) WEAU                | 62 Odessa, TX (142) KOSA, KQAD, KYLE           | 82 Toledo, OH (71) WTVO                          |
| 4 Anchorage, AK (147) KTUU, KYES              | 24 Columbia, SC (74) WIS                    | 44 Lake Charles, LA (170) KPLC                        | 63 Omaha, NE (66) WOIW                         | 83 Topeka, KS (141) WBW                          |
| 5 Augusta, GA (105) WRDX, WAGT                | 25 Columbus, GA (127) WTVM                  | 45 Lansing, MI (110) WLSX                             | 64 Okmulgee, IA (200) KYOU                     | 84 Tucson, AZ (70) KOLD                          |
| 6 Bangor, ME (155) WABI                       | 26 Denver, IA (98) KMQC                     | 46 Laredo, TX (164) KQNS, KYLK                        | 65 Paducah, KY - Cape Girardeau, MO (88) KPVS  | 85 Twin Falls, ID (189) KMVT, KSVT               |
| 7 Baton Rouge, LA (97) WAFB, WBSH             | 27 Dothan, AL (170) WTVY, WNGX              | 47 Lexington, KY (50) WKYT, WYMT                      | 66 Panama City, FL (150) WJHG, WECF            | 86 Tyler, TX (114) KLTU, KTRN                    |
| 8 Biloxi, MS (156) WLGX                       | 28 Evansville, IN (100) WPRE                | 48 Lincoln, NE (111) KOLN, KSNB, KSNH, KSNH           | 67 Parkersburg, WV (194) WTAP, WYVE, WDAV      | 87 Waco, TX (89) KWTX, KBTX, KMCY                |
| 9 Birmingham, AL (83) WBNC                    | 29 Fairbanks, AK (200) KTIV, KXDF, KFXP     | 49 Louisville, KY (48) WAVE                           | 68 Piquette Mills, MI (200) WADM               | 88 Wausau, WI (134) WSAW, WZAW                   |
| 10 Boise, ID (100) KGIN                       | 30 Fargo, ND (117) KSNY, KJLS               | 50 Lubbock, TX (140) KRDS                             | 69 Rapid City, SD (171) KOTA, KSTV, KHSD, KSGW | 89 Waterbury, NY (170) WWRV, WNYF                |
| 11 Bowling Green, KY (181) WSKQ               | 31 Flint, MI (60) WJRT                      | 51 Madison, WI (86) WMTV                              | 70 Rensselaer, NY (100) K10D                   | 90 West Palm Beach, FL (37) WFLX                 |
| 12 Burlington, VT (96) WCAX                   | 32 Gainesville, FL (157) WCJB               | 52 Mankato, MN (109) KEYC                             | 71 Richmond, VA (56) WWBT, WUPY                | 91 Wichita, KS (76) KWCH, KSCW, KESD, KDSL, KSHB |
| 13 Casper, WY (198) KCWY                      | 33 Grand Junction, CO (107) KRCD, KJCT      | 53 Marquette, MI (150) WLUC                           | 72 Roanoke, VA (66) WDOJ, WZLJ, WZLJ-CD        | 92 Wichita Falls, TX (148) KSWD, KCTM            |
| 14 Cedar Rapids, IA (87) KCRD                 | 34 Green Bay, WI (67) WISN                  | 54 Memphis, TN (51) WMC                               | 73 Rockford, IL (139) WFRN                     | 93 Wilmington, NC (129) WECT                     |
| 15 Charleston, SC (84) WCSC                   | 35 Greenville, NC (107) WITN                | 55 Meriden, MS (181) WTOG                             | 74 Savannah, GA (90) WTOG                      | 94 Charlotte, NC Raycom Sports                   |
| 16 Charleston-Huntington, WV (70) WSAZ, WGCW  | 36 Harrisonburg, VA (170) WHSV, WSVF        | 56 Minot, ND (140) KPYP, KMOT, KQCD, KUMY, KNDX, KXND | 75 Sherman, TX (158) KXII, KOOP                | 95 Nashville, TN ITM Studios                     |
| 17 Charlotte, NC (20) WBTV                    | 37 Hattiesburg, MS (168) WDAM               | 57 Monroe, LA (137) KNOE                              | 76 Shreveport, LA (90) KSLA                    | 96 New York, NY Tupelo Raycom                    |
| 18 Charlottesville, VA (180) WCVM, WVAW, WAHU | 38 Honolulu, HI (98) KHNL, KGMA, KHBC, KHDG | 58 Montgomery, AL (116) WSFA                          | 77 Sioux Falls, SD (115) KSFY, KPRT            | 97 Washington, DC Gray DC Bureau                 |
| 19 Cheyenne, WY (197) KDWZ, KCHY, KSTP        | 39 Huntsville, AL (79) WAFF                 | 59 Myrtle Beach, SC (86) WMBF                         | 78 South Bend, IN (99) WNDU                    | 98 Indianapolis, IN Tupelo Raycom                |
| 20 Cincinnati, OH (35) WXIX                   | 40 Jackson, MS (92) WLBT                    |   | 79 Springfield, MO (72) KYTV, KSPR, KTDJ, KYCW | 99 Atlanta, GA Gray Composite HQ                 |

# Recognized Industry Leader



## Top Ranked Stations

All-Day Ratings for  
All US TV Stations  
November 2018

#1 Ranked ABC Station  
#1 Ranked CBS Station  
#1 Ranked NBC Station

3 of the Top 4 stations  
6 of the Top 10 stations  
17 of the Top 25 stations  
20 of the Top 50 stations

## Top Ranked 6PM Local Newscasts

Newscast Ratings for  
All US TV Stations  
November 2018

#1 Ranked ABC Station  
#1 Ranked CBS Station  
#1 Ranked NBC Station

3 of the Top 3 stations  
6 of the Top 10 stations  
13 of the Top 20 stations  
27 of the Top 50 stations

2019

NAB Leadership  
Foundation's Service  
to America Awards:  
Winner, Small Market  
Category, and 5 of 6  
Finalists in Medium  
and Small Market  
Categories

57 Regional Edward  
R. Murrow Awards

Two First Place,  
2019 Headliner  
Awards

Three Sigma Delta Chi  
Awards, Society of  
Professional  
Journalists

# Gray + Raycom: A Highly Complimentary Combination



## Selected Highlights of transaction, which closed effective January 2, 2019:

- Doubled the size of Gray from roughly \$1 billion to more than \$2 billion in annual net revenue; increased 17/18 average Free Cash Flow by over 66%
- Brought Gray into larger markets including Tampa/St. Petersburg, Charlotte, Cleveland, Cincinnati, West Palm Beach and Birmingham
- Expanded Gray's reach in political battleground markets in FL, AZ, OH, VA, NC, and SC
- Secured \$80 million of expected year-1 annualized synergies, which Gray increased in August 2019 to an expected \$85 million in annualized synergies
- Provided new diversification into sports, events, and video production businesses
- Provided scale needed to launch a new nationally syndicated weekly political show, a new 24/7 premier multicast and OTT network, and new programming content for local stations
- Purchase price represented a multiple of ~7.8x blended '17 / '18E CHB OCF, including \$85 million of year-1 expected annualized synergies and \$136 million estimated NPV of Raycom's NOLs

# Power of A Strong Portfolio

#1

#2

87/93 markets  
With #1 or #2 ranked  
local television station

**2018  
Broadcast  
Revenue  
Per  
Television  
Household**

\$78.28

\$64.13

\$56.50

\$55.79

\$48.00

\$41.14



Meredith

Sinclair

TEGNA

Nexstar + Tribune

Scrrips

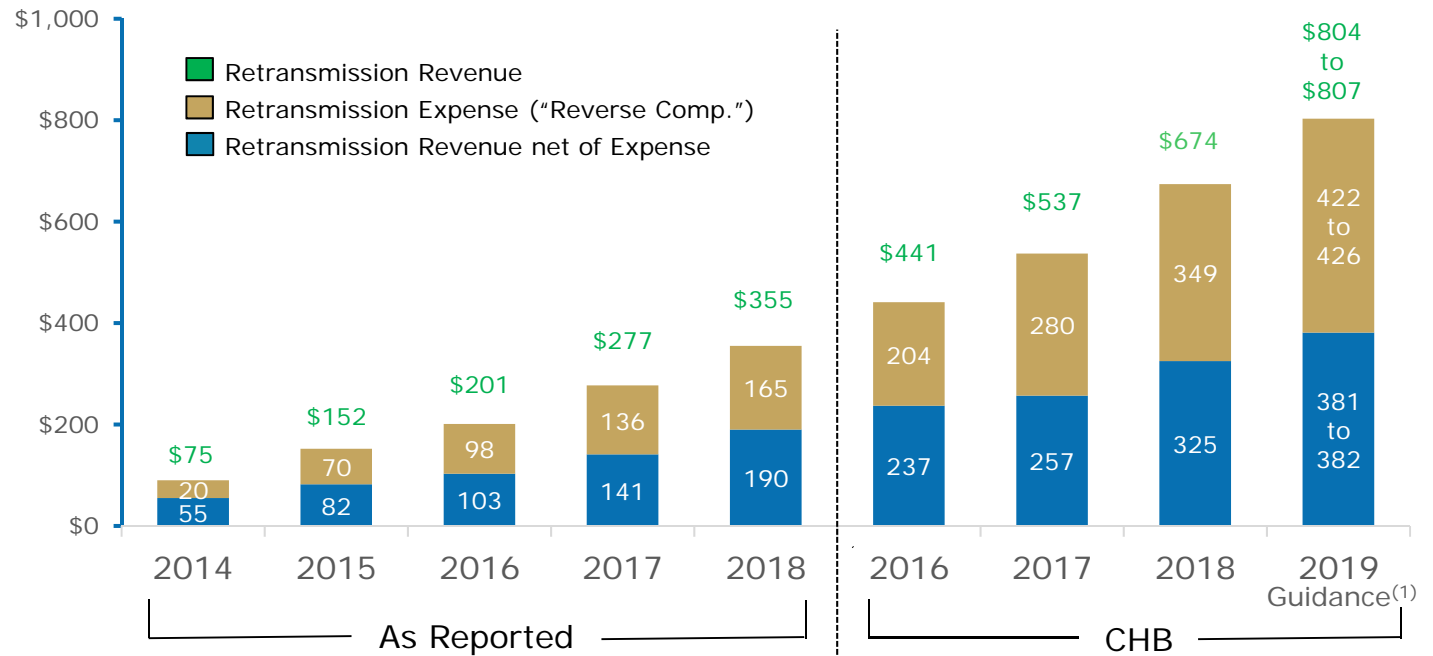
2018 Broadcast Revenue  
2018 TV Households

2018 Broadcast Revenue	\$2,081	\$846	\$2,715	\$2,207	\$4,765	\$917
2018 TV Households	26.6	13.2	48.0	39.6	99.3	22.3

Revenue per company filings shown in millions of dollars. TV Household estimates from Comscore shown in millions. Gray data is CHB. Meredith is based on calendar year ended 12/31/18; fiscal year ends 6/30. Nexstar/Tribune is shown on a combined basis prior to announced divestitures.

# Strong Network and Distribution Positions

## Retransmission Revenue (\$ in millions)



**MVPD  
Subscribers  
Renewal  
Schedule**

22% at YE 2019

56% at YE 2020

22% at YE 2021

**Long-term  
network  
affiliation  
agreements**

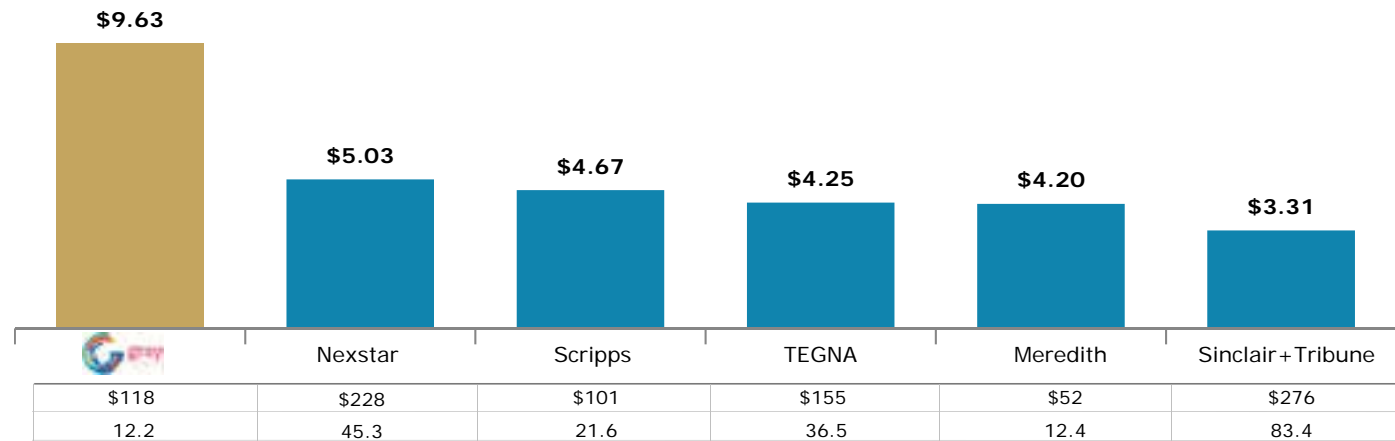


(1) Estimated full year 2019, as of the date of this presentation.



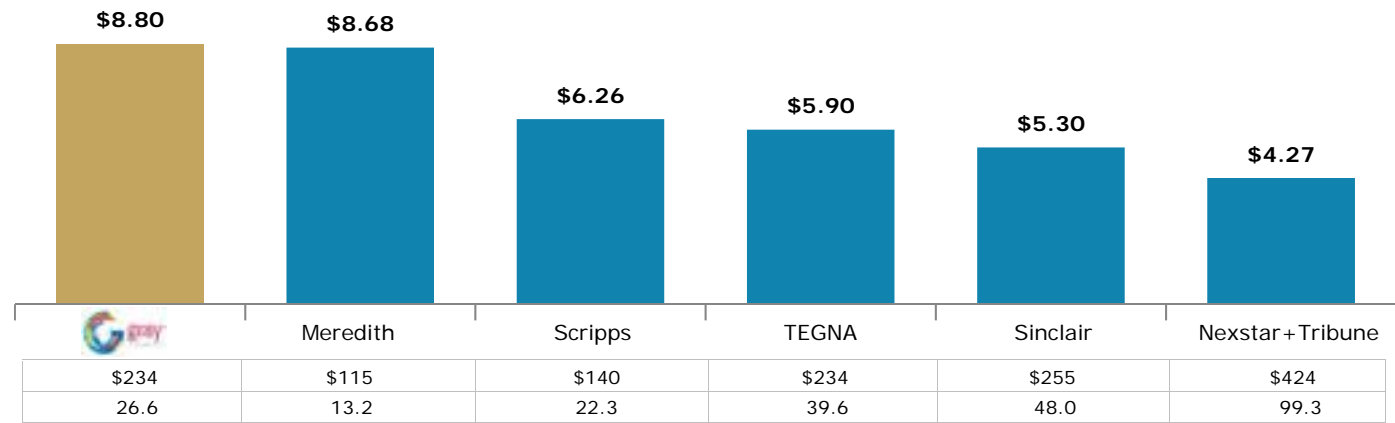
# Well Positioned for Political Revenue

## 2016 Political Revenue Per TV Household



Revenue per company filings shown in millions of dollars. TV Household estimates from Comscore shown in millions. Gray data is CHB. Meredith is based on calendar year ended 12/31/16; fiscal year ends 6/30. Nexstar is shown pro forma for Media General acquisition.

## 2018 Political Revenue Per TV Household



Revenue per company filings shown in millions of dollars. TV Household estimates from Comscore shown in millions. Gray data is CHB. Meredith is based on calendar year ended 12/31/18; fiscal year ends 6/30. Nexstar/Tribune is shown on a combined basis prior to announced divestitures.





# 2019-20 Presents Attractive Opportunity

## Campaigns & Elections

### POLITICAL AD SPENDING EXPECTED TO HIT \$10B IN 2020

© Jun 5, 2019 By C&E Staff

## POLITICO

2020 ELECTIONS

### Trump's general election brawl to drive record advertising

Advertising Analytics, a political ad-tracking firm, projects a total of \$6 billion in TV and digital video advertising in 2019 and 2020.

By ELENA SCHNEIDER | 07/02/2019 05:03 AM EDT

### 2019-20: Gray Serves Most of the Most Competitive Political Markets

#### 2019 Gubernatorial Races

*Gray Stations in All Three Races – KY, LA, MS*

#### February 2020 Presidential Nominating Contests

*Gray Stations in All Four Races – IA, NH, NV and SC*

#### 2020 Presidential Election

*Gray Stations in 12 of 13 Lean or Toss-Up Electoral College Contests (per Cook Political Reports) - AZ, FL, GA, IA, ME, MI, MN, NE-02, NH, NV, NC, WI*

#### 2020 Gubernatorial Races

*Gray Stations in 7 of 11 States with Races – IN, MO, NC, ND, NH, VT, and WV*

#### 2020 34 Senate Races

*Gray Stations in All 9 Most Competitive Races (per CNBC.com) - AL, AZ, CO, GA, ME, MI, NH, NC and TX*

#### 2020 535 House Races

*All Markets*

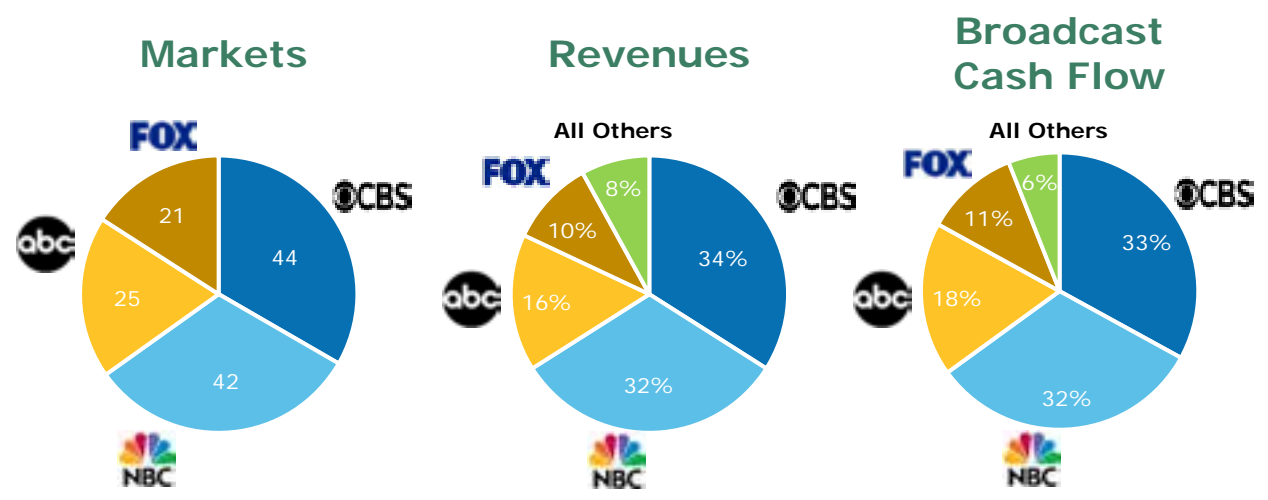
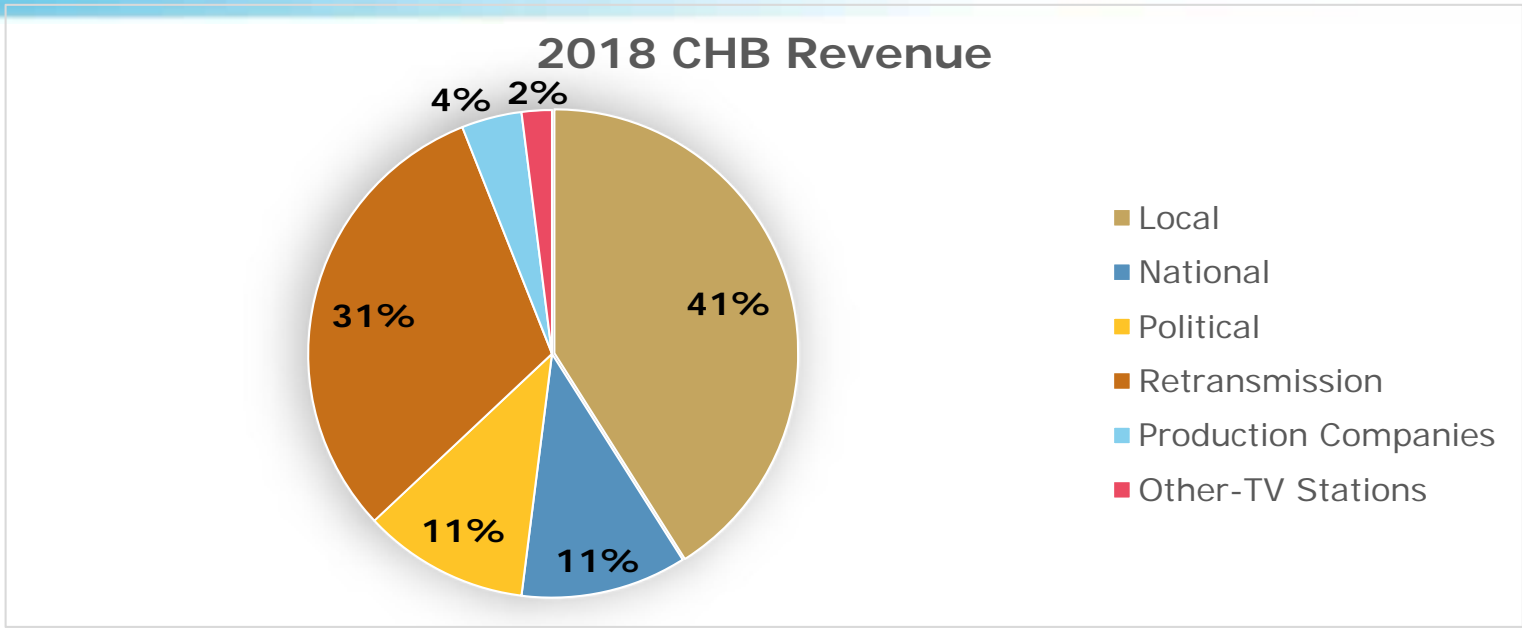
# Successful Digital Media Initiatives

## Second Quarter 2019:

- ✓ **Over 2.3 Billion** Pageviews across Desktop, Mobile and App Platforms
- ✓ **Over 85 Million** Average Monthly Web Users
- ✓ **Over 100 Million** Video Plays Across All Digital Platforms



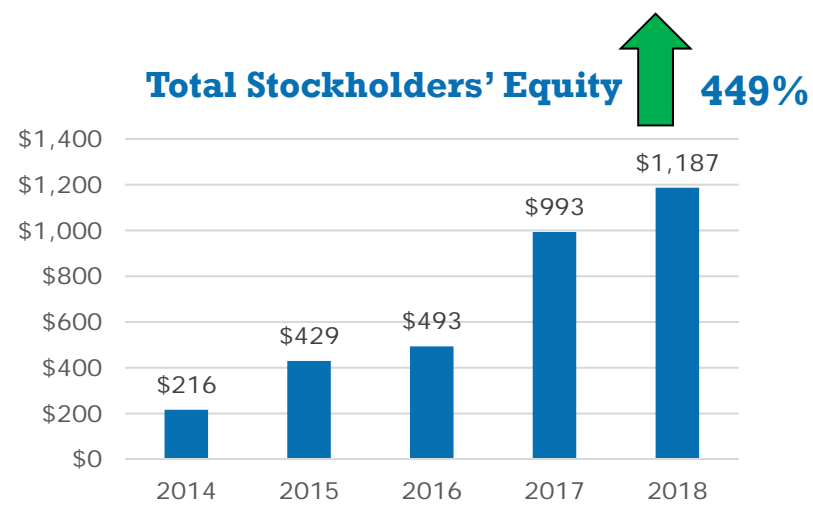
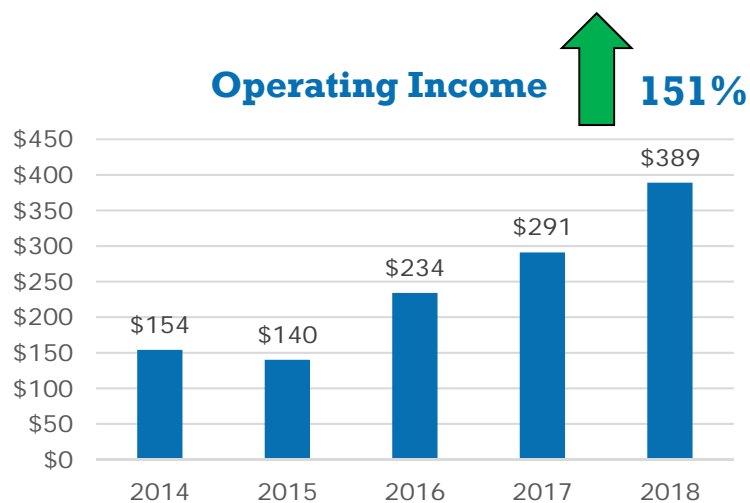
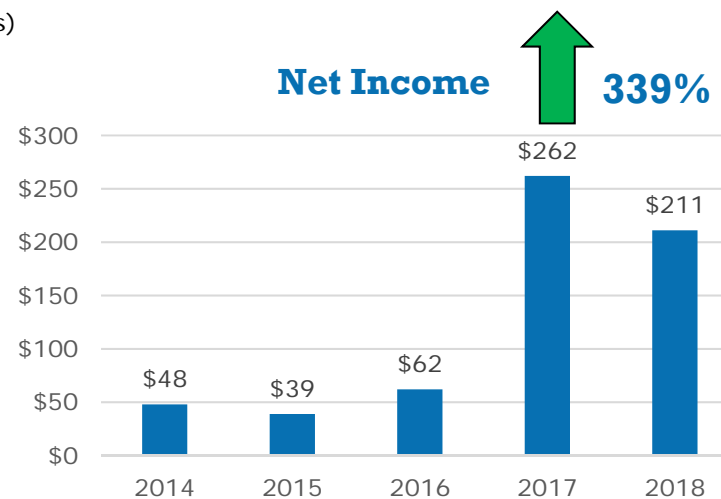
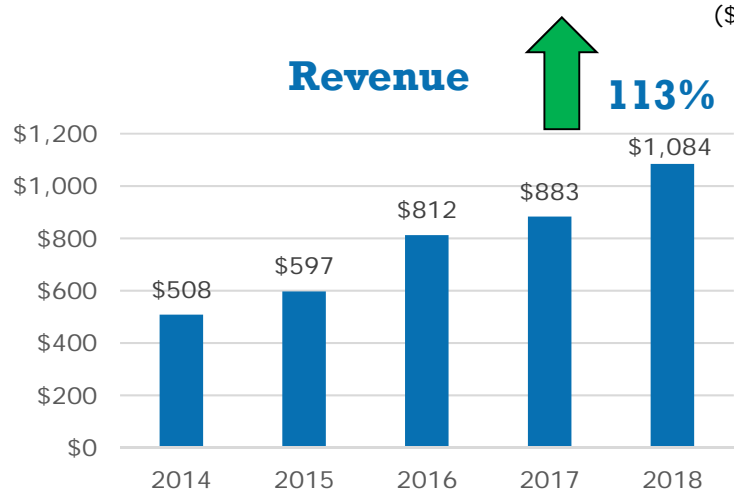
# Diversified Revenue



# Consistent Growth from Superior Execution and Accretive Acquisitions – As Reported Basis



(\$ in millions)

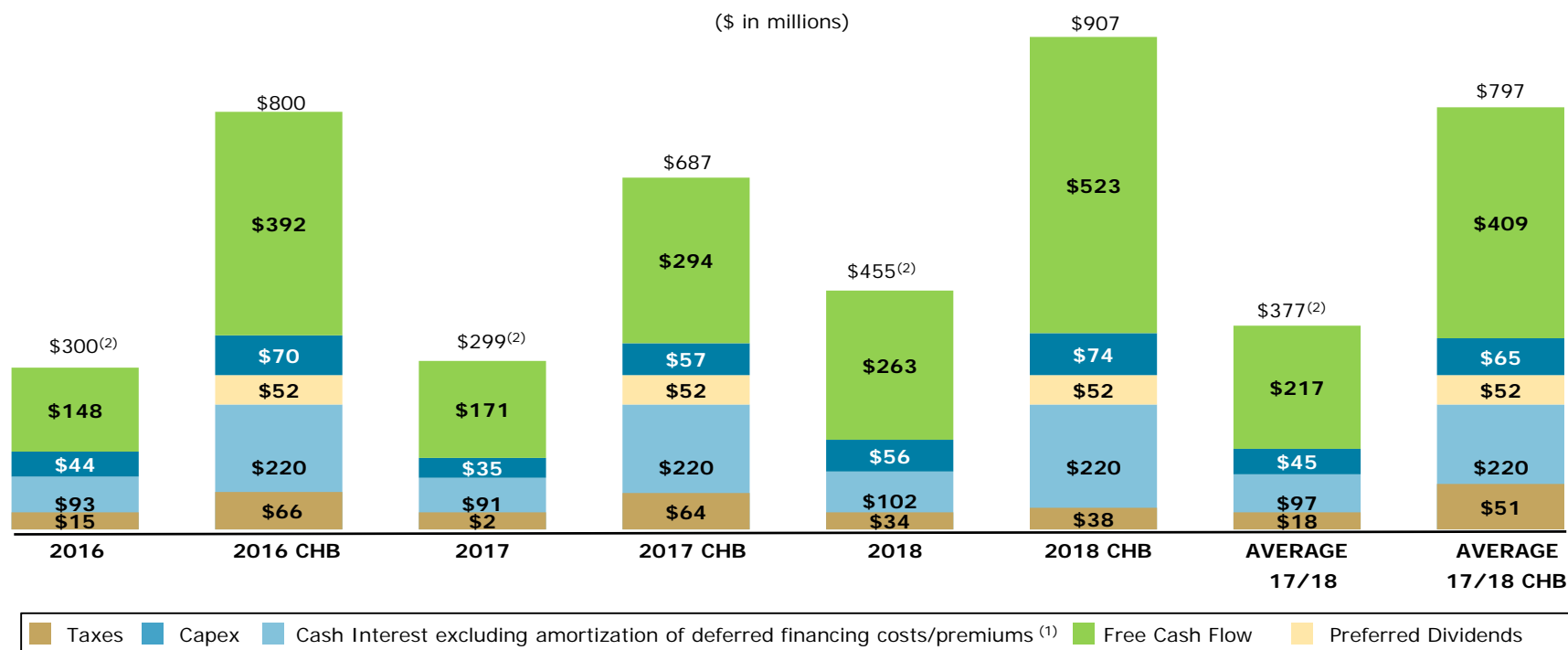


# Robust Free Cash Flow Generation and Conversion



Presidential Election Year 2016 OCF Buildup		Non-Election Year 2017 OCF Buildup		Midterm Election Year 2018 OCF Buildup		2017/2018 Average	
FCF Per Diluted Share		FCF Per Diluted Share		FCF Per Diluted Share		FCF Per Diluted Share	
\$2.04	\$4.70	\$2.32	\$3.48	\$2.96	\$5.25	\$2.67	\$4.44
FCF as a Percentage of OCF		FCF as a Percentage of OCF		FCF as a Percentage of OCF		FCF as a Percentage of OCF	
50%	49%	57%	43%	58%	58%	58%	51%

(\$ in millions)



(1) Interest expense estimated with incremental indebtedness and estimated cash interest relating to acquisition debt financing as if the acquisition debt financing had occurred on the first day of the period reported

(2) As reported OCF is equal to Broadcast Cash Flow less Cash Corporate Expenses plus Pension Expense less Pension Contributions

# New Combined Scale



	<b>As-Reported Basis</b>				
	<b>Six Months Ended June 30,</b>				
	<b>2019</b>	<b>2018</b>	<b>% Change 2019 to 2018</b>	<b>2017</b>	<b>% Change 2019 to 2017</b>
	(dollars in millions)				
Revenue (less agency commissions):					
Broadcast	\$ 980	\$ 477	105 %	\$ 430	128 %
Production companies	46	-		-	
Total revenue	<u>\$ 1,026</u>	<u>\$ 477</u>	115 %	<u>\$ 430</u>	139 %
Political advertising	\$ 8	\$ 24	(67)%	\$ 5	60 %
Operating expenses (1)(3):					
Broadcast	\$ 670	\$ 292	129 %	\$ 267	151 %
Production companies	\$ 44	\$ -		\$ -	
Corporate and administrative	\$ 69	\$ 19	263 %	\$ 16	331 %
Net income available to common stockholders	\$ -	\$ 61	(100)%	\$ 81	(100)%
Non-GAAP cash flow (2):					
Broadcast Cash Flow(3)	\$ 308	\$ 186	66 %	\$ 164	88 %
Broadcast Cash Flow Less					
Cash Corporate Expenses(3)	\$ 244	\$ 169	44 %	\$ 150	63 %
Free Cash Flow	\$ 73	\$ 92	(21)%	\$ 93	(22)%
Transaction Related Expenses included in operating expenses (4):					
Broadcast	\$ 37	\$ 3		\$ 1	
Production companies	\$ -	\$ -		\$ -	
Corporate and administrative	\$ 33	\$ 4		\$ 1	

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

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

(3) Amounts in 2017 have been reclassified for the implementation of Accounting Standards Update 2017-07, *Compensation – Retirement Benefits* (Topic 715) – *Improving the Presentation of Net Periodic Pension Cost and Net Postretirement Benefit Cost* (“ASU 2017-07”).

(4) Transaction Related Expenses are incremental expenses incurred specific to acquisitions and divestitures, including but not limited to legal and professional fees, severance and incentive compensation and contract termination fees.

# New Combined Scale



	<b>Combined Historical Basis Six Months Ended June 30,</b>				
	<b>2019</b>	<b>2018</b>	<b>% Change 2019 to 2018</b>	<b>2017</b>	<b>% Change 2019 to 2017</b>
	(dollars in millions)				
Revenue (less agency commissions):					
Broadcast	\$ 983	\$ 950	3 %	\$ 884	11 %
Production companies	46	45	2 %	43	7 %
Total revenue	<u>\$ 1,029</u>	<u>\$ 995</u>	3 %	<u>\$ 927</u>	11 %
Political advertising	\$ 8	\$ 40	(80)%	\$ 8	0 %
Operating expenses (1)(3):					
Broadcast	\$ 673	\$ 602	12 %	\$ 576	17 %
Production companies	\$ 44	\$ 42	5 %	\$ 40	10 %
Corporate and administrative	\$ 69	\$ 35	97 %	\$ 28	146 %
Non-GAAP cash flow (2):					
Broadcast Cash Flow	\$ 345	\$ 356	(3)%	\$ 319	8 %
Broadcast Cash Flow Less					
Cash Corporate Expenses (3)	\$ 281	\$ 327	(14)%	\$ 295	(5)%
Operating Cash Flow as defined in					
our 2019 Senior Credit Facility (3)	\$ 314	\$ 371	(15)%	\$ 335	(6)%
Free Cash Flow	\$ 143	\$ 198	(28)%	\$ 156	(8)%
Transaction Related Expenses included in operating expenses (4):					
Broadcast	\$ 37	\$ 3		\$ 1	
Production companies	\$ -	\$ -		\$ -	
Corporate and administrative	\$ 33	\$ 4		\$ 1	

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

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

(3) Amounts in 2017 have been reclassified for the implementation of Accounting Standards Update 2017-07, *Compensation – Retirement Benefits* (Topic 715) – *Improving the Presentation of Net Periodic Pension Cost and Net Postretirement Benefit Cost* (“ASU 2017-07”).

(4) Transaction Related Expenses are incremental expenses incurred specific to acquisitions and divestitures, including but not limited to legal and professional fees, severance and incentive compensation and contract termination fees.

# Successful Integration of Acquisitions And Meaningful Deleveraging

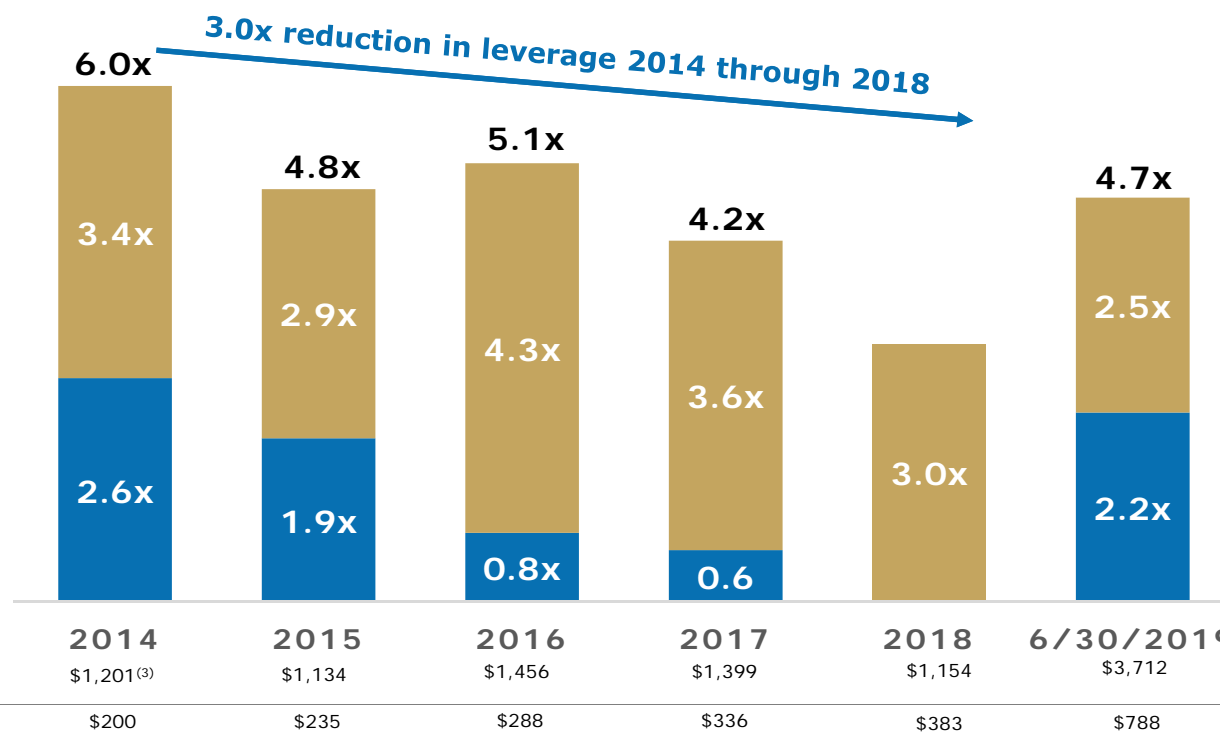


## Financial Leverage Net of All Cash (As Reported Basis)

### Projected L8Q Net Leverage Ratio\*:

YE 2019: Lower 4.X  
YE 2020: Mid 3.X

\* Projected total debt  
(excluding preferred  
stock) net of all cash,  
assuming no M&A or  
capital returns to  
shareholders, on trailing  
8-quarter basis



### Year Ended December 31

Total debt netting all cash (in millions)

L8QA<sup>(4)</sup> OCF<sup>(2)</sup> (in millions)

2014

2015

2016

2017

2018

6/30/2019

\$1,201<sup>(3)</sup>

\$1,134

\$1,456

\$1,399

\$1,154

\$3,712

\$200

\$235

\$288

\$336

\$383

\$788

Note: Financial leverage excludes preferred stock

(1) Secured debt netting all cash on hand as of the respective balance sheet date

(2) Operating Cash Flow ("OCF") as defined under the existing credit agreement, which includes adjustments for all transactions completed as of the respective balance sheet dates

(3) For 2014, total debt netting all cash includes \$10 million in undrawn letters of credit

(4) Last eight quarter average OCF as calculated in the applicable quarterly compliance certificate

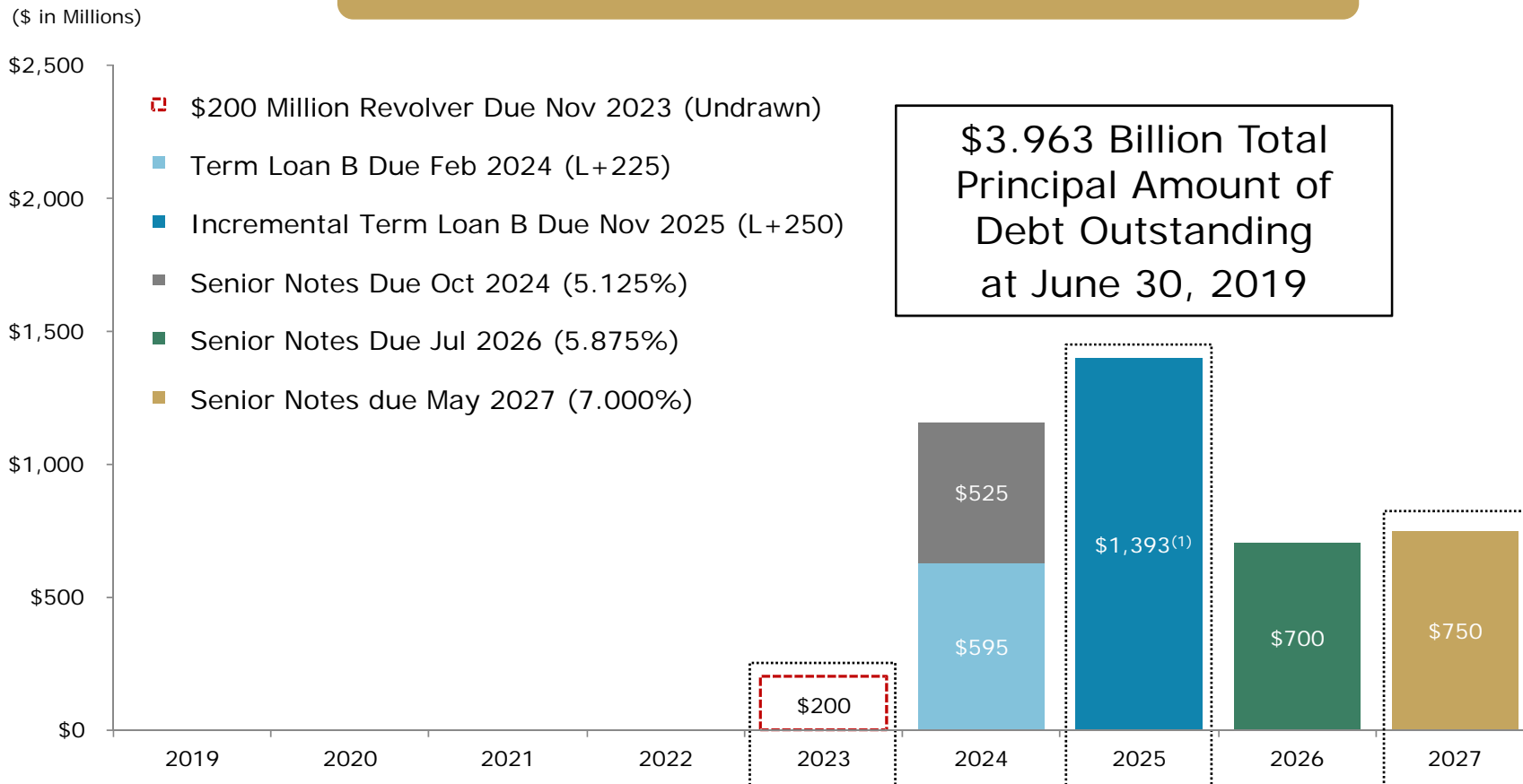
■ Secured Debt Netting All Cash<sup>(1)</sup> / OCF<sup>(2)</sup>

■ Unsecured Debt / OCF<sup>(2)</sup>



# Staggered Debt Maturity Profile

No Significant Maturities until 2024



Note: For illustrative purposes, excludes Incremental Term Loan B amortization

(1) Subject to required quarterly principal repayments of \$3.5 million that began March 31, 2019.



**Appendix: Non-GAAP Reconciliations  
and Glossary**



# Non-GAAP Reconciliation

## Reconciliation of Non-GAAP Terms on As Reported Basis, in millions

	<b>Six Months Ended June 30,</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net income	\$ 26	\$ 61	\$ 81
Adjustments to reconcile from net income to Free Cash Flow:			
Depreciation	40	27	26
Amortization of intangible assets	57	11	12
Non-cash stock based compensation	5	3	3
(Gain) loss on disposals of assets, net	(13)	(2)	(77)
Miscellaneous income, net (1)	(4)	(1)	-
Interest expense	116	49	47
Loss from early extinguishment of debt	-	-	3
Income tax expense	21	21	55
Amortization of program broadcast rights	20	11	10
Payments for program broadcast rights	(24)	(11)	(10)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	64	17	14
<b>Broadcast Cash Flow (1)</b>	<b>308</b>	<b>186</b>	<b>164</b>
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(64)	(17)	(14)
<b>Broadcast Cash Flow Less Cash Corporate Expenses (1)</b>	<b>244</b>	<b>169</b>	<b>150</b>
Contributions to pension plans	-	-	(1)
Interest expense	(116)	(49)	(47)
Amortization of deferred financing costs	6	2	2
Preferred dividends	(26)	-	-
Purchases of property and equipment	(44)	(20)	(10)
Reimbursements of property and equipment purchases	17	2	-
Income taxes paid, net of refunds	(8)	(12)	(1)
<b>Free Cash Flow</b>	<b>\$ 73</b>	<b>\$ 92</b>	<b>\$ 93</b>

(1) Amounts in 2017 have been reclassified to give effect to the implementation of ASU 2017-07.



# Non-GAAP Reconciliation

## Reconciliation of Non-GAAP Terms on Combined Historical Basis, in millions

	Six Months Ended		
	June 30,		
	2019	2018	2017
Net income	\$ 26	\$ 80	\$ 61
Adjustments to reconcile from net income to			
Free Cash Flow:			
Depreciation	40	44	43
Amortization of intangible assets	57	61	64
Non-cash stock-based compensation	5	7	5
(Gain) loss on disposals of assets, net	(16)	(1)	(79)
Miscellaneous income, net	(4)	(2)	-
Interest expense	116	116	116
Loss from early extinguishment of debt	-	-	3
Income tax expense	21	19	76
Amortization of program broadcast rights	20	20	20
Payments for program broadcast rights	(24)	(20)	(20)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	64	29	24
Broadcast Transaction Related Expenses	37	3	1
Broadcast other adjustments	3	-	5
<b>Broadcast Cash Flow</b>	<b>345</b>	<b>356</b>	<b>319</b>
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(64)	(29)	(24)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>281</b>	<b>327</b>	<b>295</b>
Contributions to pension plans	-	-	(1)
Corporate Transaction Related Expenses	33	4	1
Synergies and other adjustments	-	40	40
<b>Operating Cash Flow as defined in Senior Credit Agreement</b>	<b>314</b>	<b>371</b>	<b>335</b>
Interest expense	(116)	(116)	(116)
Amortization of deferred financing costs	6	6	6
Preferred dividends	(26)	(26)	(26)
Purchases of property and equipment	(44)	(25)	(19)
Reimbursements of property and equipment purchases	17	2	-
Income taxes paid, net of refunds	(8)	(14)	(24)
<b>Free Cash Flow</b>	<b>\$ 143</b>	<b>\$ 198</b>	<b>\$ 156</b>



# Non-GAAP Reconciliation

## Reconciliation of Non-GAAP Terms on As Reported Basis, in millions

	Year Ended December 31,		
	2018	2017	2016
Net income	\$ 211	\$ 262	\$ 62
Adjustments to reconcile from net income to			
Free Cash Flow:			
Depreciation	54	52	46
Amortization of intangible assets	21	25	17
Non-cash stock-based compensation	7	8	5
(Gain) loss on disposals of assets, net	(16)	(74)	-
Miscellaneous income, net (1)	(7)	-	-
Interest expense	107	95	97
Loss from early extinguishment of debt	-	3	32
Income tax expense (benefit)	77	(69)	43
Amortization of program broadcast rights	21	21	19
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	4	-	-
Payments for program broadcast rights	(22)	(21)	(18)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	36	27	36
<b>Broadcast Cash Flow (1)</b>	<b>493</b>	<b>329</b>	<b>339</b>
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(36)	(27)	(36)
<b>Broadcast Cash Flow Less Cash Corporate Expenses (1)</b>	<b>457</b>	<b>302</b>	<b>303</b>
Contributions to pension plans	(2)	(3)	(3)
Interest expense	(107)	(95)	(97)
Amortization of deferred financing costs	6	5	5
Amortization of net original issue premium on senior notes	(1)	(1)	(1)
Purchases of property and equipment	(70)	(35)	(44)
Reimbursements of property and equipment purchases	14	-	-
Income taxes paid, net of refunds	(34)	(2)	(15)
<b>Free Cash Flow</b>	<b>\$ 263</b>	<b>\$ 171</b>	<b>\$ 148</b>

(1) Amounts in 2017 have been reclassified to give effect to the implementation of ASU 2017-07.



# Non-GAAP Reconciliation

## Reconciliation of Non-GAAP Terms on Combined Historical Basis, in millions

	Year Ended December 31,		
	2018	2017	2016
Net income	\$ 286	\$ 601	\$ 159
Adjustments to reconcile from net income to Free Cash Flow:			
Depreciation	86	86	84
Amortization of intangible assets	117	124	129
Non-cash stock-based compensation	15	14	7
(Gain) loss on disposals of assets, net	(7)	(76)	(3)
Miscellaneous (income) expense, net	4	(32)	(2)
Interest expense	231	231	231
Loss from early extinguishment of debt	-	5	32
Income tax expense (benefit)	73	(356)	72
Amortization of program broadcast rights	41	41	41
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	4	-	-
Payments for program broadcast rights	(42)	(41)	(41)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	72	54	62
Broadcast Transaction Related Expenses	3	3	-
Broadcast other adjustments	11	9	6
<b>Broadcast Cash Flow</b>	<b>894</b>	<b>663</b>	<b>777</b>
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(72)	(54)	(62)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>822</b>	<b>609</b>	<b>715</b>
Contributions to pension plans	(3)	(3)	(3)
Corporate Transaction Related Expenses	8	1	8
Synergies and other adjustments	80	80	80
<b>Operating Cash Flow as defined in Senior Credit Agreement</b>	<b>907</b>	<b>687</b>	<b>800</b>
Interest expense	(231)	(231)	(231)
Amortization of deferred financing costs	12	12	12
Amortization of net original issue premium on senior notes	(1)	(1)	(1)
Preferred dividends	(52)	(52)	(52)
Purchases of property and equipment	(88)	(57)	(70)
Reimbursements of property and equipment purchases	14	-	-
Income taxes paid, net of refunds	(38)	(64)	(66)
<b>Free Cash Flow</b>	<b>\$ 523</b>	<b>\$ 294</b>	<b>\$ 392</b>

# Reconciliation of Total Leverage Ratio (in millions)



	<b>Eight Quarters Ended June 30, 2019</b>
Net income	\$ 418
Adjustments to reconcile from net income to operating cash flow as defined in our Senior Credit Agreement:	
Depreciation	120
Amortization of intangible assets	91
Non-cash stock-based compensation	18
(Gain) loss on disposal of assets, net	(27)
Interest expense	271
Income tax (benefit) expense	(26)
Amortization of program broadcast rights	52
Common stock contributed to 401(k) plan	4
Payments for program broadcast rights	(59)
Pension expense	(1)
Contributions to pension plans	(5)
Adjustments for stations acquired or divested, financings and expected synergies during the eight quarter period	639
Transaction Related Expenses	81
<b>Operating Cash Flow as defined in our Senior Credit Agreement</b>	<b>\$ 1,576</b>
<b>Operating Cash Flow as defined in our Senior Credit Agreement, divided by two</b>	<b>\$ 788</b>
	<b>June 30, 2019</b>
<b>Adjusted Total Indebtedness:</b>	
Total outstanding principal, including current portion	\$ 3,963
Cash	(251)
<b>Adjusted Total Indebtedness, Net of All Cash</b>	<b>\$ 3,712</b>
<b>Total Leverage Ratio, Net of All Cash</b>	<b>4.71</b>



# 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, Operating Cash Flow as defined in Gray's Senior Credit Agreement, Free Cash Flow and Total Leverage Ratio, Net of All Cash. These non-GAAP amounts are used by us to approximate the amount used to calculate key financial performance covenants contained in our debt agreements and are used with our GAAP data to evaluate our results and liquidity. These non-GAAP amounts may be provided on an As-Reported Basis as well as a Combined Historical Basis.

<b>"Broadcast Cash Flow" or "BCF"</b>	Net income plus loss from 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 rights and network compensation revenue
<b>"Broadcast Cash Flow Less Cash Corporate Expenses"</b>	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 rights and network compensation revenue
<b>"Free Cash Flow" or "FCF"</b>	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, 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 rights, trade income, network compensation revenue, contributions to pension plans, amortization of original issue premium on our debt, capital expenditures (net of reimbursements) and the payment of income taxes (net of any refunds received)
<b>"Operating Cash Flow" or "OCF"</b>	Defined in Gray's Senior Credit Agreement 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 and pension expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast rights, trade income, network compensation revenue, and cash contributions to pension plans
<b>"Total Leverage Ratio, Net of All Cash"</b>	Our Total Leverage Ratio, Net of All Cash is determined by dividing our Adjusted Total Indebtedness, Net of All Cash by our Operating Cash Flow as defined in our Senior Credit Agreement, divided by two. Our Adjusted Total Indebtedness, Net of All Cash represents the total outstanding principal of our long-term debt, plus certain other obligations as defined in our Senior Credit Agreement, less all cash. Our Operating Cash Flow as defined in our Senior Credit Agreement, divided by two represents our average annual Operating Cash Flow as defined in our Senior Credit Agreement for the preceding eight quarters

*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.*



# Disclaimer, Definitions, and Non-GAAP Financial Data



This presentation contains certain forward looking statements that are based largely on Gray Television, Inc.'s ("Gray", "Gray Television", "GTN" or the "Company") current expectations and reflect various estimates and assumptions by Gray. These statements may be identified by words such as "estimates", "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 inability to complete the integration of our acquisition of Raycom, the inability to achieve expected synergies therefrom on a timely basis or at all, or our inability to complete recently announced transactions, estimates of future retransmission revenue, future expenses and other future events. 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," and management's discussion and analysis of financial condition and results of operations sections contained therein. 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, whether as a result of new information, future events or otherwise.

Combined Historical Basis reflects financial results that have been compiled by adding Gray's or Raycom's, as applicable, historical revenue and broadcast expenses to the historical revenue and broadcast expenses of the stations acquired in the Completed Transactions and subtracting the historical revenues and broadcast expenses of stations divested in the Completed Transactions as if they had been acquired or divested, respectively, on January 1, 2016 (the beginning of the earliest period presented).

Combined Historical Basis financial information does not include any adjustments for other events attributable to the Completed Transactions except "Broadcast Cash Flow," "Broadcast Cash Flow Less Cash Corporate Expenses," "Operating Cash Flow," "Operating Cash Flow as Defined in the Senior Credit Agreement" and "Total Leverage Ratio, Net of All Cash" each give effect to expected synergies, and "Free Cash Flow" on a Combined Historical Basis gives effect to the financings and certain expected operating synergies related to the Completed Transactions. "Operating Cash Flow," "Operating Cash Flow as Defined in the Senior Credit Agreement" and "Total Leverage Ratio, Net of All Cash" on a Combined Historical Basis also reflect the add-back of legal and other professional fees incurred in completing acquisitions. Certain of the Combined Historical Basis financial information has been derived from, and adjusted based on, unaudited, unreviewed financial information prepared by other entities, which Gray cannot independently verify. We cannot assure you that such financial information would not be materially different if such information were audited or reviewed and no assurances can be provided as to the accuracy of such information, or that our actual results would not differ materially from the Combined Historical Basis financial information if the Completed Transactions had been completed at the stated date. In addition, the presentation of Combined Historical Basis, "Broadcast Cash Flow," "Broadcast Cash Flow Less Cash Corporate Expenses," "Operating Cash Flow," "Operating Cash Flow as Defined in the Senior Credit Agreement," "Total Leverage Ratio, Net of All Cash," "Free Cash Flow," and the adjustments to such information, including expected synergies resulting from such transactions, may not comply with GAAP or the requirements for pro forma financial information under Regulation S-X under the Securities Act.

