



## NEWS RELEASE

### GRAY TO ACQUIRE DIVERSIFIED COMMUNICATIONS' TELEVISION STATIONS

**Atlanta, Georgia – February 16, 2017. . . Gray Television, Inc. (“Gray,” “we,” “us” or “our”)** (NYSE: **GTN and GTN.A**) announced today that it has reached an agreement with Diversified Communications (“Diversified”) to acquire Diversified’s two television stations for a total purchase price of \$85 million. This acquisition will add two more highly-ranked and top performing stations to Gray’s growing portfolio: WABI (CBS/CW) in the Bangor, Maine market (DMA 156) and WCJB (ABC/CW) in the Gainesville, Florida market (DMA 161).

“We are honored to be selected by Diversified as the new owners of legacy stations WABI and WCJB,” said Hilton H. Howell, Jr., Gray’s Chairman and CEO. “Both stations are highly valued institutions in their respective communities with dedicated employees who share our vision and culture. We look forward to building upon these strong foundations and enviable records of success.”

“This was a very difficult decision by our Board of Directors, but we feel it is the right one,” said Diversified’s Board Chair, Daniel Hildreth. “We believe that under the ownership of Gray, WCJB and WABI will have greater opportunities for long-term financial success which will ultimately benefit both our employees and viewers.”

Each of WABI and WCJB consistently achieves #1 ratings in all major dayparts in its market, in both households and key demos. Each station has also been the most watched television station in its market throughout all of its weekday local news time slots across at least the last nine Nielsen ratings periods. Each station, in fact, often has more viewership than that of all other Big Four affiliated stations in its market – combined. Finally, according to BIA data, each station has capitalized on its ratings dominance by achieving a market revenue share exceeding fifty percent for the past several years.

WABI in Bangor was Maine’s first television station and currently is the nation’s oldest continuously family-owned station. To better serve its community, the station has long operated a news bureau covering the state capital of Augusta, which lies outside of its DMA. This transaction will reunite WABI with our station in Presque Isle, WAGM, which Diversified previously owned, thereby facilitating further news and resource sharing between these stations.

WCJB in Gainesville had the only local news department among all commercial stations in its market until 2010. It serves the well-known college town of Gainesville, which is home to the University of Florida, a large top-10 ranked U.S. public university in the Southeastern Conference with an enrollment of approximately 50,000 students. We expect that WCJB will share news and other resources with the dominant television station to its north, Gray’s WCTV in Tallahassee.

This transaction advances Gray's strategy of enhancing shareholder value through select acquisitions of highly rated stations that share the culture and values of our existing television stations. Following their acquisition by Gray, we expect that the stations will produce two-year, blended broadcast cash flow margins greater than fifty percent. We expect the acquisition will be immediately free cash flow accretive and allow us to continue to de-lever our balance sheet.

The transaction represents an attractive purchase price multiple of less than 7.0 times expected blended 2016-2017 pro forma broadcast cash flow, including expected synergies. We anticipate closing the transaction primarily through the use of cash on hand at closing and, if necessary, borrowings under our existing senior credit facility. Subject to receipt of regulatory and other approvals, we expect the transaction will close in the second quarter of 2017.

Cooley LLP served as legal counsel for Gray. Wells Fargo Securities, LLC served as financial advisor and Sullivan & Worcester LLP served as legal counsel for Diversified Communications.

**About Gray:**

Gray owns and/or operates 100 television stations across 54 television markets that collectively broadcast over 200 program streams including 101 channels affiliated with the CBS Network, the NBC Network, the ABC Network and the FOX Network. Our portfolio includes the number-one and/or number-two ranked television station operations in essentially all of our markets, which collectively cover approximately 10.1 percent of total United States television households.

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