



## Gray Announces New Acquisitions And Divestitures

October 1, 2015

ATLANTA, Oct. 1, 2015 /PRNewswire/ -- **Gray Television, Inc. ("Gray" or "we" or "our") (NYSE: GTN and GTN.A)** announced today that it has reached agreements to sell television stations in three markets to facilitate regulatory approvals for its recently announced acquisition of the television and radio stations owned by Schurz Communications, Inc. ("Schurz"). Gray also announced the acquisition of three additional television stations that will result in Gray operating in one additional market. Upon the closing of all previously announced transactions, Gray will own and/or operate network affiliated television stations serving 50 markets across the country.

In the **Wichita, Kansas, market (DMA 65)**, Schurz owns CBS affiliate KWCH-TV and Gray owns ABC affiliate KAKE-TV. Gray previously announced its intention to acquire KWCH-TV and divest KAKE-TV.

Gray has now reached an agreement with Lockwood Broadcast Group, Inc. ("Lockwood") to sell all of KAKE-TV's assets in exchange for the assets of Lockwood's WBXX-TV and \$11.2 million in cash. WBXX-TV is the CW affiliate for the **Knoxville, Tennessee, market (DMA 62)**, where Gray owns CBS affiliate WVLT-TV. This swap will provide Gray with a second owned television station in our company's largest market, and the cash component will slightly lower our effective purchase price for the Schurz acquisition. Gray and Lockwood will not enter into any form of shared services agreement, such that KAKE-TV will be owned and operated completely independently from Gray following the closing of this transaction. The implied pro forma broadcast cash flows of KAKE-TV and WBXX-TV (after including the cash component) are approximately equivalent. The parties structured the transaction as a like-kind exchange for tax purposes.

Hilton H. Howell, Jr., Gray's President and CEO, explained, "Our decision to sell KAKE-TV resulted from our conclusion that we are not in the best position to be long-term stewards of KAKE-TV despite its impressive recent competitive inroads. We will watch with admiration as the station builds on its recent improvements under Lockwood. KAKE-TV has great employees, and we know they will continue to succeed in the future. At the same time, we are delighted to have reached an agreement with Lockwood that allows us to deepen our investment and expand our opportunities in Knoxville through the acquisition of WBXX/CW20."

In the **South Bend, Indiana, market (DMA 96)**, Schurz owns CBS affiliate WSBT-TV and Gray owns NBC affiliate WNDU-TV. Gray previously announced its intention to retain WNDU-TV and divest WSBT-TV.

Gray has now reached agreements with Sinclair Broadcast Group, Inc. ("Sinclair") to sell all of WSBT-TV's assets in exchange for the assets of Sinclair's WLUC-TV in Marquette, Michigan, whose channels serve as the NBC and Fox affiliates for the **Marquette market (DMA 180)**. WLUC-TV is the number-one ranked and highest grossing station in the market. Gray and Sinclair will not enter into any form of shared services agreement, such that WSBT-TV will be owned and operated completely independently from Gray following the closing of this transaction. The broadcast cash flow of WSBT-TV and pro forma broadcast cash flow of WLUC-TV are approximately equivalent.

"We are very excited to welcome WLUC-TV and the communities of the Upper Peninsula to the Gray family," Mr. Howell said. "As the clear market leader in news, ratings, and revenue, WLUC TV6 is a perfect fit for Gray as well as a fantastic addition to the network of very strong Gray stations across Michigan and Wisconsin."

In the **Rapid City, South Dakota, market (DMA 171)**, Schurz owns ABC affiliate KOTA-TV and Gray owns Fox affiliate KEVN-TV. Gray has now reached an agreement to sell to Legacy Broadcasting, LLC ("Legacy") all of KOTA-TV's assets, including FCC licenses, real estate, programming agreements, and retransmission consent agreements, other than those assets used for KOTA-TV's ABC program stream. The sales price for this transaction is one dollar. Broadcast veterans Sherry C. Nelson and Sara Jane Ingram own Legacy, which owns and operates television stations in three other Midwest markets. Gray and Legacy will not enter into any form of shared services agreement, such that Legacy will own and operate KOTA-TV's MeTV and ThisTV channels completely independently from Gray following the closing of this transaction. Gray intends to transition the existing ABC program stream to KEVN-TV at the closing.

In addition, in the **Anchorage, Alaska, market (DMA 148)**, Gray previously announced that it will acquire from Schurz the market's NBC affiliate, KTUU-TV. Recently, Gray reached an agreement with Fireweed Communications LLC ("Fireweed") to acquire KYES-TV, the market's MyNet affiliate, for \$500,000. Gray will apply to the FCC for a "failing station" waiver of the local ownership rules to permit the combination of KTUU-TV and KYES-TV, which we believe will permit us to improve the programming and services offered by both stations.

Gray anticipates closing the transactions announced today in the fourth quarter of 2015 or first quarter of 2016. The transactions with Sinclair and Legacy will close simultaneously with the Gray/Schurz transaction. Wells Fargo Securities, LLC served as financial advisor to Gray on the Wichita and South Bend transactions. Cooley LLP served as primary legal counsel for Gray on all of the transactions announced today.

### **About Gray Television:**

Gray Television, Inc. (NYSE: GTN and GTN.A) is a television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and leading digital assets in markets throughout the United States. Upon the consummation of all announced transactions (including announced divestitures), we will own and/or operate television stations in 50 television markets that broadcast over 175 program streams including 35 channels affiliated with the CBS Network, 26 channels affiliated with the NBC Network, 19 channels affiliated with the ABC Network and 14 channels affiliated with the FOX Network. We will then own the number-one ranked television station in 40 of those 50 markets and the number-one or number-two ranked television station operations in 49 of those 50 markets. At that time, our stations will reach approximately 9.4

percent of total United States television households.

[www.gray.tv](http://www.gray.tv)

**Forward-Looking Statements:**

This press release 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 any 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](http://www.Gray.tv). Any forward-looking statements in this press release should be evaluated in light of these important risk factors. This press release 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 press release beyond the published date, or for changes made to this press release by wire services, Internet service providers or other media, whether as a result of new information, future events or otherwise.

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