UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)
[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2003 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _________ to _________ .

Commission file number 1-13796

Gray Television, Inc.

(Exact name of registrant as specified in its charter)

Georgia	**58-0285030**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
4370 Peachtree Road, NE, Atlanta, Georgia	**30319**
(Address of principal executive offices)	(Zip code)

(404) 504-9828

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☑ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, (No Par Value)	**Class A Common Stock, (No Par Value)**
43,808,388 shares as of November 10, 2003	**5,830,820 shares as of November 10, 2003**

INDEX

GRAY TELEVISION, INC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GRAY TELEVISION, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2003	December 31, 2002
	(Unaudited)	
Assets:		
Current assets:		
Cash and cash equivalents	$ 10,208	$ 12,915
Trade accounts receivable, less allowance for doubtful accounts of $890 and $1,339 respectively	50,753	54,770
Recoverable income taxes	679	234
Inventories	1,063	1,178
Current portion of program broadcast rights, net	9,956	8,082
Other current assets	2,104	1,691
Total current assets	74,763	78,870
Property and equipment:		
Land	17,587	16,758
Buildings and improvements	33,370	32,767
Equipment	180,530	164,834
	231,487	214,359
Allowance for depreciation	(101,433)	(86,127)
	130,054	128,232
Deferred loan costs, net	13,580	13,756
Broadcast licenses	878,108	878,108
Goodwill	174,187	173,341
Other intangible assets, net	4,193	9,423
Other	15,739	14,994
	$ 1,290,624	$1,296,724

See notes to condensed consolidated financial statements.

GRAY TELEVISION, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
(in thousands)

	September 30, 2003	December 31, 2002
	(Unaudited)	
Liabilities and stockholders' equity:		
Current liabilities:		
Trade accounts payable	$ 2,861	$ 6,044
Employee compensation and benefits	11,366	13,454
Accrued interest	10,373	1,119
Other accrued expenses	4,310	3,276
Current portion of program broadcast obligations	11,528	9,472
Acquisition related liabilities	3,208	8,051
Deferred revenue	3,391	3,791
Current portion of long-term debt	153	887
Total current liabilities	47,190	46,094
Long-term debt, less current portion	655,751	657,333
Program broadcast obligations, less current portion	1,131	1,126
Deferred income taxes	181,707	174,765
Other	8,148	8,796
	893,927	888,114
Commitments and contingencies		
Redeemable Serial Preferred Stock, no par value; cumulative; convertible; designated 5 shares, issued and outstanding 4 shares ($40,000 aggregate liquidation value)	39,255	39,190
Stockholders' equity:		
Common Stock, no par value; authorized 50,000 shares, respectively; issued 43,808 and 43,436, respectively	389,542	385,762
Class A Common Stock, no par value; authorized 15,000 shares; issued 7,962 shares, respectively	15,241	20,173
Retained deficit	(20,894)	(28,176)
Accumulated other comprehensive loss, net of tax	(184)	-0-
Unearned compensation	(373)	-0-
	383,332	377,759
Treasury Stock at cost, Common Stock, 12 and -0- shares, respectively	(200)	-0-
Treasury Stock at cost, Class A Common Stock, 2,131 and 1,113 shares, respectively	(25,690)	(8,339)
	357,442	369,420
	$ 1,290,624	$1,296,724

See notes to condensed consolidated financial statements.

GRAY TELEVISION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands except for per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Operating revenues:				
Broadcasting (less agency commissions)	$ 60,372	$29,535	$176,524	$ 84,541
Publishing	10,995	10,858	32,535	32,074
Paging	1,985	2,116	5,915	6,199
	73,352	42,509	214,974	122,814
Operating expenses:				
Operating expenses before depreciation and amortization				
Broadcasting	35,657	16,647	106,299	48,622
Publishing	7,917	7,790	23,605	23,210
Paging	1,384	1,360	4,234	4,114
Corporate and administrative	1,916	1,169	6,159	3,285
Depreciation and amortization	6,990	3,632	21,159	11,065
Total operating expenses	53,864	30,598	161,456	90,296
Operating income	19,488	11,911	53,518	32,518
Miscellaneous income (expense), net	16	(42)	132	55
Appreciation in value of derivatives, net	-0-	851	-0-	1,581
Interest expense	(10,458)	(8,049)	(32,700)	(24,915)
Loss on early extinguishment of debt	-0-	-0-	-0-	(11,275)
Income (loss) before income taxes and cumulative effect of accounting change	9,046	4,671	20,950	(2,036)
Federal and state income tax expense (benefit)	3,490	1,555	8,191	(786)
Net income (loss) before cumulative effect of accounting change	5,556	3,116	12,759	(1,250)
Cumulative effect of accounting change, net of income tax benefit of $8,873	-0-	-0-	-0-	(30,592)
Net income (loss)	5,556	3,116	12,759	(31,842)
Preferred dividends	822	800	2,465	1,603
Preferred dividends associated with the redemption of preferred stock	-0-	-0-	-0-	3,969
Net income (loss) available to common stockholders	$ 4,734	$ 2,316	$ 10,294	$ (37,414)
Basic per share information:				
Net income (loss) before cumulative effect of accounting change available to common stockholders	$ 0.09	$ 0.15	$ 0.20	$ (0.43)
Cumulative effect of accounting change, net of income tax benefit	0.00	0.00	0.00	(1.95)
Net income (loss) available to common stockholders	$ 0.09	$ 0.15	$ 0.20	$ (2.38)
Weighted average shares outstanding	50,095	15,752	50,275	15,692
Diluted per share information:				
Net income (loss) before cumulative effect of accounting change available to common stockholders	$ 0.09	$ 0.14	$ 0.20	$ (0.43)
Cumulative effect of accounting change, net of income tax benefit	0.00	0.00	0.00	(1.95)
Net income (loss) available to common stockholders	$ 0.09	$ 0.14	$ 0.20	$ (2.38)
Weighted average shares outstanding	50,596	16,027	50,574	15,692

See notes to condensed consolidated financial statements.

GRAY TELEVISION, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)
(in thousands except for number of shares)

	Class A Common Stock		Common Stock			Class A Treasury Stock	
	Shares	Amount	Shares	Amount	Retained Deficit	Shares	Amount
Balance at December 31, 2002	7,961,574	$20,173	43,435,704	$385,762	$(28,176)	(1,113,107)	$ (8,339)
Net income for the Nine months ended September 30, 2003					12,759		
Common Stock dividends ($0.06 per share)					(3,012)		
Preferred Stock dividends					(2,465)		
Issuance of Common Stock:							
401(k) plan			142,628	1,514			
Non-qualified stock plan			184,920	1,767			
Directors' stock plan			168	2			
Directors' restricted stock plan			45,000	439			
Amortization of unearned compensation							
Cost of stock issuance				(195)			
Depreciation in value of derivatives, net							
Purchase of stock						(1,017,647)	(17,351)
Purchase of warrants from related party		(4,932)					
Income tax benefit relating to stock plans				253			
Balance at September 30, 2003	7,961,574	$15,241	43,808,420	$389,542	$(20,894)	(2,130,754)	$(25,690)

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Common Stock Treasury Stock		Accumulated Other Comprehensive (Income (Loss)	Unearned Compensation	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2002	-0-	$ -0-	$ -0-	$ -0-	$ 369,420
Net income for the Nine months ended September 30, 2003					12,759
Common Stock dividends ($0.06 per share)					(3,012)
Preferred Stock dividends					(2,465)
Issuance of Common Stock:					
401(k) plan					1,514
Non-qualified stock plan					1,767
Directors' stock plan					2
Directors' restricted stock plan				(439)	-0-
Amortization of unearned compensation				66	66
Cost of stock issuance					(195)
Depreciation in value of derivatives, net			(184)		(184)
Purchase of stock	(11,750)	(200)			(17,551)
Purchase of warrants from related party					(4,932)
Income tax benefit relating to stock plans					253

Balance at September 30, 2003	(11,750)	$(200)	$ (184)	$ (373)	$ 357,442

See notes to condensed consolidated financial statements.

GRAY TELEVISION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2003	2002
Operating activities		
Net income (loss)	$ 12,759	$ (31,841)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of accounting change	-0-	30,592
Depreciation	15,928	10,746
Amortization of intangible assets	5,231	319
Amortization of deferred loan costs	1,328	1,083
Amortization of bond discount	108	108
Amortization of directors' restricted stock award	66	-0-
Amortization of program broadcast rights	8,382	4,044
Write-off loan acquisition costs from early extinguishment of debt	-0-	3,030
Payments for program broadcast rights	(8,257)	(4,095)
Supplemental employee benefits	(25)	(68)
Common Stock contributed to 401(k) Plan	1,514	572
Deferred income taxes	7,318	(1,051)
Appreciation in value of derivatives, net	-0-	(1,581)
(Gain) loss on asset sales	80	107
Changes in operating assets and liabilities:		
Receivables, inventories and other current assets	3,136	3,655
Accounts payable and other current liabilities	4,116	1,700
Net cash provided by operating activities	51,684	17,320
Investing activities		
Restricted cash for redemption of long-term debt	-0-	168,557
Deferred acquisition cost	(7,509)	(8,770)
Acquisition of television businesses	(797)	-0-
Purchases of property and equipment	(15,974)	(11,386)
Other	(292)	(256)
Net cash provided by (used in) investing activities	(24,572)	148,145
Financing activities		
Proceeds from borrowings on long-term debt	-0-	6,272
Repayments of borrowings on long-term debt	(2,454)	(179,019)
Deferred loan costs	(1,152)	(3,070)
Proceeds from issuance of common stock	1,769	792
Proceeds from issuance of preferred stock	-0-	30,556
Dividends paid	(5,412)	(2,546)
Purchase of common stock from related party	(17,552)	-0-
Purchase of common stock warrants from related party	(4,932)	-0-
Other	(86)	82
Net cash used in financing activities	(29,819)	(146,933)
Increase (decrease) in cash and cash equivalents	(2,707)	18,532
Cash and cash equivalents at beginning of period	12,915	558
Cash and cash equivalents at end of period	$ 10,208	$ 19,090

See notes to condensed consolidated financial statements.

GRAY TELEVISION, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE A—BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Gray Television, Inc. (“Gray” or “the Company”) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and the nine-month periods ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2002.

Stock-Based Compensation

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, “Accounting for Stock-Based Compensation, Transition and Disclosure” (“SFAS No. 148”). SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format. Additionally, SFAS No. 148 requires disclosure of the pro forma effect in interim financial statements. The adoption of the provisions of SFAS No. 148 did not have a material impact on the Company’s consolidated financial statements. However, the Company has modified its disclosures as required.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options’ vesting period. The Company’s pro forma information follows (in thousands, except per common share data and ratios):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income (loss) available to common stockholders, as reported	$4,734	$2,316	$10,294	$(37,414)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	-0-	-0-	-0-	-0-
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(311)	(234)	(1,035)	(593)
Net income (loss) available to common stockholders, pro forma	$4,423	$2,082	$ 9,259	$(38,007)
Net income (loss) per common share, pro forma:				
Basic, as reported	$ 0.09	$ 0.15	$ 0.20	$ (2.38)
Basic, pro forma	$ 0.09	$ 0.13	$ 0.18	$ (2.42)
Diluted, as reported	$ 0.09	$ 0.14	$ 0.20	$ (2.38)
Diluted, pro forma	$ 0.09	$ 0.13	$ 0.18	$ (2.42)
Risk free interest rates	NA	2.68%	2.86%	3.42%
Dividend yields	NA	0.88%	0.85%	0.81%
Expected volatility factors	NA	38.20%	40.84%	34.79%
Weighted average expected life of the options	NA	4.500	4.500	4.500

NOTE A—BASIS OF PRESENTATION (Continued)

Stock-Based Compensation (Continued)

The Company follows the provisions of FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). The provisions of SFAS No. 123 allow companies to either expense the estimated fair value of stock options or to continue to follow the intrinsic value method set forth in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", ("APB25"), but disclose the pro forma effects on net income (loss) had the fair value of the options been expensed. The Company has elected to continue to apply APB 25 in accounting for its stock option incentive plans.

Earnings Per Share

The Company computes earnings per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("EPS"). The following table reconciles net income (loss) before cumulative effect of accounting change to net income (loss) before cumulative effect of accounting change available to common stockholders for the three months and nine months ended September 30, 2003 and 2002 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income (loss) before cumulative effect of accounting change	$ 5,556	$ 3,116	$12,759	$ (1,250)
Preferred dividends	822	800	2,465	1,603
Preferred dividends associated with the redemption of preferred stock	-0-	-0-	-0-	3,969
Net income (loss) before cumulative effect of accounting change available to common stockholders	$ 4,734	$ 2,316	$10,294	$ (6,822)
Weighted average shares outstanding — basic	50,095	15,752	50,275	15,692
Stock options, warrants and restricted stock	501	275	299	-0-
Weighted average shares outstanding — diluted	50,596	16,027	50,574	15,692

For the nine month period ended September 30, 2002, the Company incurred a net loss before cumulative effect of accounting change available to common stockholders. As a result, common shares related to employee stock-based compensation plans, warrants and the effects of convertible preferred stock that could potentially dilute basic earnings per share in the future were not included in the computation of diluted earnings per share as they would have an antidilutive effect for the period. The number of common stock equivalents excluded from diluted earnings per share for the respective periods because of their antidilutive effect are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Common stock equivalents excluded from diluted earnings per share	-0-	-0-	-0-	330

Implementation of New Accounting Principles

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections" ("SFAS 145"), effective for fiscal years beginning after May 15, 2002. For most companies, SFAS 145 requires gains and losses on extinguishments of debt to be classified as income or loss from continuing operations rather than as extraordinary items as previously required under Statement 4.

NOTE A—BASIS OF PRESENTATION (Continued)

Implementation of New Accounting Principles (Continued)

In the first quarter of 2002, the Company redeemed its then outstanding 10 5/8% senior subordinated notes and recorded an extraordinary charge of approximately $11.3 million ($7.3 million after income tax) in connection with this early extinguishment of debt. Also in the fourth quarter of 2002, the Company amended its senior credit facility and recorded an extraordinary charge of approximately $5.6 million (approximately $3.6 million after income tax) in connection with this early extinguishment of debt. The Company adopted SFAS 145 in the first quarter of 2003. Accordingly in the first quarter financial statements for 2003, the Company has reclassified as a loss on early extinguishment of debt in income from continuing operations the $11.3 million (before effect of income tax benefit) it had recorded in 2002 as an extraordinary loss on extinguishment of debt. The related income tax benefit of $4.0 million that was deducted from the extraordinary charge in 2002 was reclassified to the income tax expense (benefit) line item.

Also in the annual financial statements for 2003, the Company will reclassify as a loss on early extinguishment of debt in income from continuing operations the $16.9 million (before effect of income tax benefit) it had recorded in 2002 as an extraordinary loss on extinguishment of debt. The related income tax benefit of $5.9 million that was deducted from the extraordinary charge in 2002 will be reclassified to the income tax expense (benefit) line item.

Reclassifications

Certain prior year amounts in the accompanying condensed consolidated financial statements have been reclassified to conform with the 2003 presentation.

NOTE B—LONG-TERM DEBT

On June 9, 2003, Gray amended its existing senior credit facility to reduce the interest rate on its $375 million term loan. The amendment reduced Gray's current interest rate by 0.5% annually. Gray paid approximately $1.0 million in fees to amend the agreement.

Gray's borrowing capacity, loan maturity dates, loan covenants and other terms of the senior credit facility remain unchanged by the amendment.

The amended interest pricing on the term loan is presented below with certain terms as defined in the loan agreement. Gray's interest rate is dependent upon its leverage ratio and is determined at the option of Gray based on the lender's base rate (generally reflecting the lenders prime rate) plus the specified margin or the London Interbank Offered Rate ("LIBOR") plus the specified margin.

Total Leverage Ratio	Applicable Margin for Base Rate Advances	Applicable Margin for LIBOR Advances
Greater than or equal to 6.0:1.0	1.250%	2.500%
Less than 6.0:1.0	1.000%	2.250%

At September 30, 2003, the balance outstanding and the balance available under the Company's senior credit facility were $375.0 million and $75.0 million, respectively, and the interest rate on the balance outstanding was 3.4%.

NOTE B—LONG-TERM DEBT (Continued)

In January of 2003, the Company entered into three interest rate swap agreements. These agreements have a combined notional amount of $50.0 million with a weighted average fixed rate of 1.909% that will be measured against the three month LIBOR rate. These agreements qualify for hedge accounting under Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and for Hedging Activities,” as amended (“SFAS 133”).

As of September 30, 2003, the Company’s Senior Subordinated Notes due 2011 (the “9 1/4% Notes”) had a balance outstanding of $278.8 million excluding unamortized discount of $1.2 million.

The 9 1/4% Notes are jointly and severally guaranteed (the “Subsidiary Guarantees”) by all of the Company’s subsidiaries (the “Subsidiary Guarantors”). The obligations of the Subsidiary Guarantors under the Subsidiary Guarantees is subordinated, to the same extent as the obligations of the Company in respect of the 9 1/4% Notes, to the prior payment in full of all existing and future senior debt of the Subsidiary Guarantors (which will include any guarantee issued by such Subsidiary Guarantors of any senior debt).

The Company is a holding company with no material independent assets or operations, other than its investment in its subsidiaries. The aggregate assets, liabilities, earnings and equity of the Subsidiary Guarantors are substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis. The Subsidiary Guarantors are, directly or indirectly, wholly owned subsidiaries of the Company and the Subsidiary Guarantees are full, unconditional and joint and several. All of the current and future direct and indirect subsidiaries of the Company are guarantors of the 9 1/4% Notes. Accordingly, separate financial statements and other disclosures of each of the Subsidiary Guarantors are not presented because the Company has no independent assets or operations, the guarantees are full and unconditional and joint and several and any subsidiaries of the parent company other than the Subsidiary Guarantors are minor. The senior credit facility is collateralized by substantially all of the Company’s existing and hereafter acquired assets except real estate.

NOTE C—GOODWILL AND INTANGIBLE ASSETS

In January 2002, the Company adopted Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“SFAS 142”), which requires companies to discontinue amortizing goodwill and certain intangible assets with indefinite useful lives. Instead, SFAS 142 requires that goodwill and intangible assets deemed to have indefinite useful lives be reviewed for impairment upon adoption of SFAS 142 and annually thereafter. The Company performs its annual impairment review during the fourth quarter of each year, or whenever events or changes in circumstances indicate that such assets might be impaired. Other intangible assets will continue to be amortized over their useful lives.

NOTE C—GOODWILL AND INTANGIBLE ASSETS (Continued)

A summary of changes in the Company's goodwill and other intangible assets during the nine month period ended September 30, 2003, by business segment is as follows (in thousands):

	December 31, 2002	Acquisitions And Adjustments	Amortization	September 30, 2003
Goodwill:				
Broadcasting	$ 156,557	$ 846	$ -0-	$ 157,403
Publishing	16,779	-0-	-0-	16,779
Paging	5	-0-	-0-	5
	$ 173,341	$ 846	$ -0-	$ 174,187
Broadcast licenses:				
Broadcasting	$ 871,615	$ -0-	$ -0-	$ 871,615
Paging	6,493	-0-	-0-	6,493
	$ 878,108	$ -0-	$ -0-	$ 878,108
Definite lived intangible assets:				
Broadcasting	$ 8,948	$ -0-	$ (4,911)	$ 4,037
Publishing	475	-0-	(319)	156
	$ 9,423	$ -0-	$ (5,230)	$ 4,193
Total intangible assets net of accumulated amortization	$1,060,872	$ 846	$ (5,230)	$ 1,056,488

The $846,000 added to goodwill in the current period reflects additional costs incurred for acquisitions that were completed in the fourth quarter of 2002.

As of September 30, 2003 and December 31, 2002, the Company's intangible assets and related accumulated amortization consisted of the following (in thousands):

	As of September 30, 2003			As of December 31, 2002		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets not subject to amortization:						
Broadcast licenses	$ 928,559	$ (50,451)	$ 878,108	$ 928,559	$ (50,451)	$ 878,108
Goodwill	180,477	(6,290)	174,187	179,631	(6,290)	173,341
	$1,109,036	$ (56,741)	$1,052,295	$1,108,190	$ (56,741)	$1,051,449
Intangible assets subject to amortization:						
Network affiliation agreements	$ 523	$ (145)	$ 378	$ 523	$ -0-	$ 523
Other definite lived intangible assets	13,265	(9,450)	3,815	13,265	(4,365)	8,900
	$ 13,788	$ (9,595)	$ 4,193	$ 13,788	$ (4,365)	$ 9,423

Total intangibles	$1,122,824	$ (66,336)	$1,056,488	$1,121,978	$ (61,106)	$1,060,872

NOTE C—GOODWILL AND INTANGIBLE ASSETS (Continued)

The Company recorded amortization expense of $1.6 million and $107,000 during the three months ended September 30, 2003 and 2002, respectively. The Company recorded amortization expense of $5.2 million and $322,000 during the nine months ended September 30, 2003 and 2002, respectively. Based on the current amount of intangible assets subject to amortization, the estimated amortization expense for the succeeding 5 years are as follows: 2004: $970,000; 2005: $670,000; 2006: $317,000; 2007: $259,000 and 2008: $254,000. As acquisitions and dispositions occur in the future, these amounts may vary.

In connection with a routine review of the Company's filings with the Securities and Exchange Commission (the "SEC"), the Company and the Staff of the SEC have been discussing whether, in accounting for the Company's acquisitions of television stations during 2002, value related to network affiliation agreements should have been separately identified as an amortizable intangible asset. In connection with these discussions, which are ongoing, the Company reclassified $523,100 from broadcast licenses to network affiliation agreements. These agreements are being amortized over a useful life equal to the remaining contractual life of the agreement from the date of the television station acquisition in 2002. In addition to this issue, the Company continues to discuss with the Staff of the SEC certain questions relating to the method the company utilized in testing intangible assets for impairment upon adopting SFAS 142 effective January 1, 2002. If the SEC were to require the Company to change its valuation of network affiliation agreements or change the method it utilized to test for intangible asset impairment upon adopting SFAS 142, the Company would likely be required to provide additional non-cash amortization and/or non-cash impairment charges in excess of those recorded effective January 1, 2002 upon adoption of SFAS 142. The Company is presently unable to determine what, if any, impact a final resolution of these discussions with the SEC might have on the Company's financial statements or what periods might be affected.

NOTE D—INFORMATION ON BUSINESS SEGMENTS

The Company operates in three business segments: broadcasting, publishing and paging. As of September 30, 2003, the broadcasting segment operates 29 television stations located in the United States. The publishing segment operates four daily newspapers located in Georgia and Indiana. The paging operations are located in Florida, Georgia and Alabama. The following tables present certain financial information concerning the Company's three operating segments (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Operating revenues:				
Broadcasting	$ 60,372	$29,535	$176,524	$ 84,541
Publishing	10,995	10,858	32,535	32,074
Paging	1,985	2,116	5,915	6,199
	$ 73,352	$42,509	$214,974	$122,814
Operating income:				
Broadcasting	$ 16,772	$ 9,119	$ 45,922	$ 24,665
Publishing	2,397	2,366	6,827	6,751
Paging	319	426	769	1,102
Total operating income	19,488	11,911	53,518	32,518
Miscellaneous income (expense), net	16	(42)	132	55
Appreciation in value of derivatives, net	-0-	851	-0-	1,581
Interest expense	(10,458)	(8,049)	(32,700)	(24,915)
Loss on early extinguishment of debt	-0-	-0-	-0-	(11,275)
Income (loss) before income taxes and cumulative effect of accounting change	$ 9,046	$ 4,671	$ 20,950	$ (2,036)

Corporate and administrative expenses are allocated to operating income based on segment net revenues.

NOTE E—INCOME TAXES

In October 2001, the Company received a notice of deficiency from the Internal Revenue Service (the “IRS”) with respect to its 1996 and 1998 federal income tax returns. On January 18, 2002, the Company filed a petition to contest the matter in the United States Tax Court.

On February 19, 2003 the IRS and the Company filed a stipulation with the Tax Court acknowledging that the IRS has withdrawn its claim relating to the taxable gain alleged to have been recognized by the Company from the sale of certain assets in 1996. This withdrawn claim accounted for virtually all of the $12.1 million tax liability in dispute before the Tax Court.

The remaining matter pending before the Tax Court is the IRS assertion that the Company’s purchase of certain assets from First American Media, Inc. in 1996 should be treated as a purchase of stock. If successful, the tax basis of such assets acquired in 1996 would be reduced by approximately $166 million and the reduction in tax basis would significantly reduce the Company’s tax deductions for depreciation and amortization with respect to the acquired assets. Nevertheless, because of the Company’s available federal net operating losses, the Company would not owe any additional cash income tax payments for the tax years ending at least through December 31, 2002 in the event of an adverse ruling from the Tax Court. The Company believes it has a meritorious position with respect to this issue and intends to defend the IRS claim vigorously. However, the Company cannot be certain when, and if, this matter will be resolved in its favor, and if it is not, the Company might incur additional cash taxes in future years.

NOTE F—CONTINGENCIES

The Company is subject to legal proceedings and claims that arise in the normal course of its business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not materially affect the Company’s financial position.

The Company has an equity investment in Sarkes Tarzian, Inc. (“Tarzian”) representing shares in Tarzian which were originally held by the estate of Mary Tarzian (the “Estate”). As described more fully below, the Company’s ownership of the Tarzian shares is subject to certain litigation.

On February 12, 1999, Tarzian filed suit in the United States District Court for the Southern District of Indiana against U.S. Trust Company of Florida Savings Bank as Personal Representative of the Estate, claiming that Tarzian had a binding and enforceable contract to purchase the Tarzian shares from the Estate. On February 3, 2003, the Court entered judgment on a jury verdict in favor of Tarzian for breach of contract and awarding Tarzian $4.0 million in damages. On June 23, 2003, the Court denied the Estate’s renewed motion for judgment as a matter of law, and alternatively, for a new trial on the issue of liability; denied Tarzian’s motion to amend the judgment to award Tarzian specific performance of the contract and title to the Tarzian shares; and granted Tarzian’s motion to amend the judgment to include pre-judgment interest on the $4.0 million damage award. The Estate has appealed from the judgment and the Court’s rulings on the post-trial motions, and Tarzian has cross-appealed. The Company cannot predict when the final resolution of this litigation will occur.

On March 7, 2003, Tarzian filed suit in the United States District Court for the Northern District of Georgia against Bull Run Corporation and the Company for tortious interference with contract and conversion. The lawsuit alleges that Bull Run Corporation and Gray purchased the Tarzian shares with actual knowledge that Tarzian had a binding agreement to purchase the stock from the Estate. The lawsuit seeks damages in an amount equal to the liquidation value of the interest in Tarzian that the stock represents, which Tarzian claims to be as much as $75 million, as well as attorneys’ fees, expenses, and punitive damages. The lawsuit also seeks an order requiring the Company and Bull Run Corporation to turn over the stock certificates to Tarzian and relinquish all claims to the stock. The stock purchase agreement with the Estate would permit the Company to make a claim against the Estate in the event that title to the Tarzian Shares is ultimately awarded to Tarzian. The Company filed its answer to the lawsuit on May 14, 2003 denying any liability for Tarzian’s claims. The Company believes it has meritorious defenses and intends to vigorously defend the lawsuit. The Company cannot predict when the final resolution of this litigation will occur.

NOTE G—PURCHASE OF COMMON STOCK WARRANTS FROM RELATED PARTY

In transactions completed on April 15 and April 16, 2003, the Company purchased warrants held by Bull Run Corporation ("Bull Run"), a related party and shareholder in the Company, for an aggregate of 1,106,250 shares of Class A Common Stock and 100,000 shares of Common Stock of Gray. The total purchase price, including expenses, was $5.3 million which was paid using cash on hand. The warrants were initially granted in association with the Sarkes Tarzian transaction and the issuance of Series A and Series B Preferred Stock. The purchase of the warrants has been recorded as an increase in the Sarkes Tarzian investment of $395,000 and a decrease in Class A Common Stock of $4.9 million. The warrants were cancelled effective April 16, 2003. The independent directors of Gray approved the transaction after receiving an opinion as to the fairness of the transaction.

NOTE H—PURCHASE OF COMMON STOCK AND CLASS A COMMON STOCK FROM RELATED PARTY

On August 19, 2003 the Company repurchased from Bull Run 1,017,647 shares of the Company's Class A Common Stock and 11,750 shares of the Company's Common Stock. Under the terms of the stock purchase agreement between the parties, which was approved by a Special Committee of the Company's Board of Directors, the Company paid Bull Run $16.95 per share. Gray funded the $17.6 million aggregate purchase price by utilizing cash on hand.

In a related transaction, certain family entities of Mr. J. Mack Robinson, the Company's Chairman and CEO, collectively purchased one million shares of the Company's class A Common Stock from Bull Run for $16.95 per share. As a result of these two transactions, Bull Run no longer holds any shares of the Company's stock.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Introduction

The following analysis of the financial condition and results of operations of Gray Television, Inc. should be read in conjunction with the Company's financial statements contained in this report and in the Company's Form 10-K for the year ended December 31, 2002.

The Company acquired Gray MidAmerica Television (formerly Stations Holding Company) and KOLO-TV (the "2002 Acquisitions") during the fourth quarter of 2002. The acquisitions were accounted for under the purchase method of accounting. The operating results of the television stations acquired in the 2002 Acquisitions were included in the 2002 operating results from the date of their acquisitions and forward.

Cyclicality

Broadcast advertising revenues are generally highest in the second and fourth quarters each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to and including the holiday season. In addition, broadcast advertising revenues are generally higher during even numbered election years due to spending by political candidates and other political advocacy groups, which spending typically is heaviest during the fourth quarter.

Broadcasting, Publishing and Paging Revenues

Set forth below are the principal types of revenues earned by the Company's broadcasting, publishing and paging operations for the periods indicated and the percentage contribution of each to the Company's total revenues (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2003		2002		2003		2002	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Broadcasting net revenues:								
Local	$37,164	50.7%	$15,958	37.5%	$108,741	50.6%	$ 47,871	39.0%
National	17,829	24.3	8,082	19.0	52,147	24.3	24,095	19.6
Network compensation	2,105	2.9	1,368	3.2	6,233	2.9	3,981	3.2
Political	1,124	1.5	3,211	7.6	3,417	1.6	5,399	4.4
Production and other	2,150	2.9	916	2.2	5,986	2.7	3,195	2.6
	$60,372	82.3%	$29,535	69.5%	$176,524	82.1%	$ 84,541	68.8%
Publishing net revenues:								
Retail	$ 5,518	7.5%	$ 5,258	12.4%	$ 16,441	7.6%	$ 15,660	12.8%
Classified	3,286	4.5	3,310	7.8	9,496	4.4	9,605	7.8
Circulation	2,042	2.8	2,011	4.7	6,000	2.8	6,043	4.9
Other	149	0.2	279	0.6	598	0.3	766	0.7
	$10,995	15.0%	$10,858	25.5%	$ 32,535	15.1%	$ 32,074	26.2%
Paging net revenues:								
Paging lease, sales and service	$ 1,985	2.7%	$ 2,116	5.0%	$ 5,915	2.8%	$ 6,199	5.0%
Total	$73,352	100.0%	$42,509	100.0%	$214,974	100.0%	$122,814	100.0%

Three Months Ended September 30, 2003 Compared To Three Months Ended September 30, 2002

Revenues. Total revenues for the three months ended September 30, 2003 increased 73% to $73.4 million as compared to the same period of the prior year due primarily to the results of operations of the television stations acquired in the 2002 Acquisitions.

- Broadcasting revenues increased 104% to $60.4 million. The primary reason for the increase in revenues was due to the 2002 Acquisitions. The acquired stations had revenue of $31.8 million in the third quarter of 2003. With respect to our television stations that were owned continuously for the quarters ended September 30, 2002 and 2003, revenue decreased 3%. This decrease was primarily the net result of an increase in local advertising revenue of 7% and national advertising revenue of 6% offset by decreases in political advertising revenue of 93%. Local advertising revenues increased due to local account development. National advertising revenue increased due, in part, to slowly improving general economic conditions and commercial inventory being available for use by national customers rather than being used for political advertising. The decrease in cyclical political advertising revenue is due to this being an “off year” in the political cycle which results in fewer political races.

- Publishing revenues increased 1% to $11.0 million. Retail advertising revenue and circulation revenue increased 5% and 2%, respectively. Classified advertising revenue decreased 1%. The increase in retail advertising revenue was due largely to systematic account development and rate increases.

- Paging revenues decreased 6% to $2.0 million. The decrease was due primarily to price competition and a reduction of units in service. The Company had approximately 58,000 and 72,000 units in service at September 30, 2003 and 2002, respectively. The number of units in service decreased due to increased competition from other communication services and products such as cellular tellephones.

Operating expenses. Operating expenses increased 76% to $53.9 million due primarily to the operating results of the television stations acquired in the 2002 Acquisitions.

- Broadcasting expenses, before depreciation and amortization, increased 114% to $35.7 million. The primary reason for the increase in broadcast expenses was due to the 2002 Acquisitions. The acquired stations had broadcast expense of $18.8 million in the third quarter of 2003. With respect to our television stations that were owned continuously for the quarters ended September 30, 2003 and 2002, broadcast expense increased 1%. For the continuously owned stations, payroll expense increased 4%. Other expenses not associated with employee compensation decreased 2%.

- Publishing expenses, before depreciation and amortization, increased 2% to $7.9 million. Newsprint expenses increased $73,000 or 7%. Newsprint cost per ton increased 10% as compared the prior year. Non-newsprint expenses increased 1%.

- Paging expenses, before depreciation and amortization, remained consistent with that of the prior year at $1.4 million.

- Corporate and administrative expenses, before depreciation and amortization, increased 64% to $1.9 million due to increased payroll-related costs and increased professional fees accounted for the majority of the overall increase. The increase in compensation related costs was due to increased compensation for existing employees and the hiring of additional employees to help manage the operations of the stations acquired in the 2002 Acquisitions. The increase in other professional fees was due to primarily to increased legal, accounting and banking fees.

- Depreciation of property and equipment and amortization of intangible assets was $7.0 million for the three months ended September 30, 2003, as compared to $3.6 million for the same period of the prior year, an increase of $3.6 million, or 92%. This increase is due to the assets acquired with the 2002 Acquisitions in the fourth quarter of 2002.

Appreciation (depreciation) in value of derivatives, net. During 2002 the Company had an interest rate swap agreement that expired on October 9, 2002. During the quarter ended September 30, 2002, the Company recognized appreciation on this interest rate swap agreement. Due to the expiration of this agreement in 2002, no similar appreciation was recorded in 2003. The Company has entered into three new interest rate swap agreements in first quarter of 2003; however, these agreements qualify for hedge accounting treatment and the Company is not required to record appreciation (depreciation) on these new interest rate swap agreements in the Company's statement of operations. The appreciation (depreciation) on these new interest rate swap agreements have been recorded in the Company's Statement of Stockholders' Equity as other comprehensive income.

Interest expense. Interest expense increased $2.4 million to $10.5 million. This increase was due to several factors. The Company had a higher total average debt balance in 2003 compared to 2002; however, this was largely offset by lower average interest rates in 2003 compared to 2002. The total average debt balances were $657.0 million and $381.0 million for the quarters ended September 30, 2003 and 2002, respectively. The total average interest rates were 5.94% and 7.48% for the quarters ended September 30, 2003 and 2002, respectively. These rates do not include the effect of the interest rate swap agreements that generated interest expense of $92,000 in the current quarter.

Income tax expense (benefit). An income tax expense of $3.5 million was recorded for the three months ended September 30, 2003 as compared to an income tax expense of $1.6 million for the three months ended September 30, 2002. The recording of the increased expense in the current year as compared to that of the prior year was attributable to having increased income in the current period as compared to the prior period.

Preferred dividends. Preferred dividends increased to $821,706 for the three months ended September 30, 2003 as compared to $800,000 for the three months ended September 30, 2002. The increase was due to the accretion of the issuance cost in the amount of $21,706.

Net income (loss) available to common stockholders. Net income (loss) available to common stockholders of the Company for the three months ended September 30, 2003 and 2002 was $4.7 million and $2.3 million, respectively.

Nine Months Ended September 30, 2003 Compared To Nine Months Ended September 30, 2002

- *Revenues.* Total revenues for the nine months ended September 30, 2003 increased 75% to $215.0 million as compared to the same period of the prior year due primarily to the results of operations of the television stations acquired in the 2002 Acquisitions.

- Broadcasting revenues increased 109% to $176.5 million. The primary reason for the increase in revenues was due to the 2002 Acquisitions. The acquired stations had revenue of $92.9 million in the first nine months of 2003. With respect to our television stations that were owned continuously for the nine months ended September 30, 2003 and 2002, revenue decreased 1% from that of the prior year. This decrease was primarily the net result of an increase in local advertising revenue of 4% and national advertising revenue of 2% offset by decreases in political advertising revenue of 73%. Local advertising revenues increased due to local account development. National advertising revenue increased due, in part, to slowly improving general economic conditions and commercial inventory being available for use by national customers rather than being used for political advertising. The decrease in cyclical political advertising revenue is due to this being an "off year" in the political cycle which results in fewer political races.

- Publishing revenues increased 1% to $32.5 million. Retail advertising revenue increased 5%. Classified advertising revenue and circulation revenue each decreased 1% as compared with that of the prior year. The increase in retail advertising revenue was due largely to systematic account development and rate increases.

- Paging revenues decreased 5% to $5.9 million. The decrease was due primarily to price competition and a reduction of units in service. The Company had approximately 58,000 and 72,000 units in service at

September 30, 2003 and 2002, respectively. The number of units in service decreased due to increased competition from other communication services and products such as cellular tellephones.

Operating expenses. Operating expenses increased 79% to $161.5 million due primarily to the operating results of the television stations acquired in the 2002 Acquisitions.

- Broadcasting expenses, before depreciation and amortization, increased 119% to $106.3 million. The primary reason for the increase in broadcast expenses was due to the 2002 Acquisitions. The acquired stations had broadcast expense of $56.2 million in the first nine months of 2003. With respect to our television stations that were owned continuously for the nine months ended September 30, 2003 and 2002, broadcast expense increased 3%. For the continuously owned stations, payroll expense increased 5%, or $1.5 million. Included in this payroll expense increase was an increase of $206,000 in non-cash expenses relating to Company contributions to its 401(k) plan. For these continuously owned stations, syndicated programming costs increased 2%, or $90,000, and other broadcast expense decreased 1%, or $179,000.

- Publishing expenses, before depreciation and amortization, increased 2% to $23.6 million. Publishing payroll expense increased 5% partially due to an increase of $71,000 in non-cash expenses relating to Company contributions to its 401(k) plan. Newsprint expenses increased 2% primarily due to an increase in the cost of newsprint. Newsprint cost per ton increased 4% as compared the prior year. Non-newsprint expenses increased 2%.

- Paging expenses, before depreciation and amortization, increased 3% to $4.2 million due to increased compensation expense of $51,000 and increased non-compensation expense of $68,000. The increase in compensation expense was due to increased benefit costs and the increase in non-compensation expense was due largely to increased professional services fees.

- Corporate and administrative expenses, before depreciation and amortization, increased 88% to $6.2 million due to increased payroll-related costs and increased professional fees accounted for the majority of the overall increase. The increase in compensation related costs was due to increased compensation for existing employees and the hiring of additional employees to help manage the operations of the stations acquired in the 2002 Acquisitions. The increase in other professional fees was due primarily to increased legal, accounting and banking fees.

- Depreciation of property and equipment and amortization of intangible assets was $21.2 million for the nine months ended September 30, 2003, as compared to $11.1 million for the same period of the prior year, an increase of $10.1 million, or 91%. This increase is due to the assets acquired with the 2002 Acquisitions in the fourth quarter of 2002.

Appreciation (depreciation) in value of derivatives, net. During 2002, the Company had an interest rate swap agreement that expired on October 9, 2002. During the nine months ended September 30, 2002, the Company recognized appreciation on this interest rate swap agreement. Due to the expiration of this agreement in 2002, no similar appreciation was recorded in 2003. The Company has entered into three new interest rate swap agreements in first quarter of 2003; however, these agreements qualify for hedge accounting treatment and the Company is not required to record appreciation (depreciation) on these new interest rate swap agreements in the Company's statement of operations. The appreciation (depreciation) on these new interest rate swap agreements have been recorded in the Company's Statement of Stockholders' Equity as other comprehensive income.

Interest expense. Interest expense increased $7.8 million to $32.7 million. This increase was due to several factors. The Company had a higher total average debt balance in 2003 compared to 2002; however, this was largely offset by lower average interest rates in 2003 compared to 2002. The total average debt balance were $657.0 million and $386.5 million for the nine months ended September 30, 2003 and 2002, respectively. The total average interest rates were 6.22% and 7.28% for the nine months ended September 30, 2003 and 2002, respectively. These rates do not include the effect of the interest rate swap agreements that generated interest expense of $230,000 in the current year.

*Loss on Early Extinguishment of Debt. A*s a result of implementing Statement of Financial Accounting Standards No. 145, “Rescission of FASB Statements No. 4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections” (“SFAS 145”), the Company has reclassified $11.3 million in expenses associated with the early extinguishment of debt from an extraordinary charge as previously reported for 2002 to a loss on early extinguishment of debt in the current presentation. A similar loss did not occur in first nine months of 2003.

Income tax expense (benefit). An income tax expense of $8.2 million was recorded for the nine months ended September 30, 2003 as compared to an income tax benefit of $786,000 for the nine months ended September 30, 2002. The recording of the expense in the current year as compared to the benefit in the prior year was attributable to having income in the current period as compared to a loss in the prior period.

Cumulative effect of accounting change, net of income tax benefit. On January 1, 2002, the Company adopted No. 142, “’Goodwill and Other Intangible Assets’’ (“SFAS 142’’), which requires companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life. Instead, SFAS 142 requires that goodwill and intangible assets deemed to have an indefinite useful life be reviewed for impairment upon adoption of SFAS 142 and annually thereafter. Under SFAS 142, goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. As of January 1, 2002, the Company performed the first of the required impairment tests of goodwill and indefinite lived intangible assets. As a result of the required impairment test, in the quarter ended March 31, 2002, the Company recognized a non-cash impairment of goodwill and other intangible assets of $39.5 million ($30.6 million net of income taxes). Such charge is reflected as a cumulative effect of an accounting change in the accompanying 2002 condensed consolidated statement of operations. In calculating the impairment charge, the fair value of the reporting units underlying the segments were estimated using a discounted cash flow methodology. No such write down was recorded in the first nine months of 2003.

Preferred dividends. Preferred dividends increased to $2.5 million for the nine months ended September 30, 2003 as compared to $1.6 million for the nine months ended September 30, 2002. The increase was due to the additional outstanding preferred stock that was issued in April 2002 and related accreted issuance cost. The 2003 preferred dividend amount includes $65,114 of accreted issuance cost.

Preferred dividends associated with the redemption of preferred stock. On April 22, 2002, the Company issued $40 million (4,000 shares) of a redeemable and convertible preferred stock to a group of private investors and designated it as Series C Preferred Stock. As part of the transaction, holders of the Company’s Series A and Series B Preferred Stock exchanged all of the outstanding shares of each respective series, an aggregate fair value of approximately $8.6 million, for an equal number of shares of the Series C Preferred Stock. In connection with such exchange, the Company recorded a non-cash constructive dividend of $4.0 million during the nine months ended September 30, 2002.

Net income (loss) available to common stockholders. Net income (loss) available to common stockholders of the Company for the nine months ended September 30, 2003 and 2002 was $10.3 million and ($37.4 million), respectively.

Liquidity and Capital Resources

General

The following tables present certain data that the Company believes is helpful in evaluating the Company's liquidity and capital resources (in thousands).

	Nine Months Ended September 30,	
	2003	2002
Net cash provided by operating activities	$ 51,684	$ 17,320
Net cash provided by (used in) investing activities	(24,572)	148,145
Net cash used in financing activities	(29,819)	(146,933)
Net increase (decrease) in cash and cash equivalents	(2,707)	18,532

	September 30, 2003	December 31, 2002
Cash and cash equivalents	$ 10,208	$ 12,915
Long-term debt including current portion	655,904	658,220
Preferred stock	39,255	39,190
Available credit under senior credit agreement	75,000	75,000

The Company and its subsidiaries file a consolidated federal income tax return and such state or local tax returns as are required. Although the Company may earn taxable operating income, as of September 30, 2003 the Company anticipates that through the use of its available loss carryforwards it will not pay significant amounts of federal or state income taxes in the next several years.

Management believes that current cash balances, cash flows from operations and available funds under its senior revolving credit facility will be adequate to provide for the Company's capital expenditures, debt service, cash dividends and working capital requirements for the forseeable future.

Management does not believe that inflation in past years has had a significant impact on the Company's results of operations nor is inflation expected to have a significant effect upon the Company's business in the near future.

Net cash provided by operating activities increased $34.4 million. The increase was due primarily to properties acquired in the 2002 Acquisitions. All 16 television stations that the Company acquired in the fourth quarter of 2002 have generated positive cash flow and have significantly contributed to the increase in net cash provided by operating activities.

Net cash provided by (used in) investing activities decreased $172.7 million. The decrease was due primarily to the redemption of the Company's 10 5/8% Senior Subordinated Notes in the first quarter of 2002 which used $168.6 million of restricted cash to satisfy the payment of the debt as well as associated interest and fees. No such similar debt redemption took place in 2003.

Net cash used in financing activities decreased $117.1 million. The decrease was primarily due to the redemption of the Company's 10 5/8% Senior Subordinated Notes of $155.2 million in 2002. In addition to this redemption, the Company repaid $21.3 million more debt in 2002 than it did in the same period of the current year. The Company issued $30.6 million of preferred stock in 2002. There were no issuances of preferred stock in 2003. The Company purchased common stock and warrants from a related party for $22.5 million in 2003 without a similar transaction in 2002.

Digital Television Conversion

As of September, 30 2003, the Company was broadcasting a digital signal at 25 of its 29 stations. The Company currently intends to have all such required installations completed as soon as practicable. The Federal Communications Commission (the "FCC") required that all commercial stations be operational by May of 2002. As necessary, the Company has requested and received approval from the FCC to extend the May 2002 deadline by varying periods of time for all of the Company's remaining stations that are not currently broadcasting in digital. Given the Company's good faith efforts to comply with the existing deadline and the facts specific to each extension request, the Company believes the FCC will grant any further deadline extension requests that become necessary.

The Company paid approximately $6.0 million for digital transmission equipment for the nine months ended September 30, 2003 and currently anticipates an additional $5.0 million and $8.5 million of cash payments for equipment and services to be paid during the remainder of 2003 and 2004, respectively.

For the full year of 2003, the Company currently anticipates that the aggregate cash payments with respect to capital expenditures, including digital television broadcast systems, will approximate $23.5 million. Included in this amount are anticipated expenditures of approximately $2.0 million for certain real estate which includes a broadcast tower in Florida and approximately $750,000 for certain leasehold improvements, associated production equipment and furnishings relating to a new operating facility for the Gwinnett Daily Post newspaper.

Internal Revenue Service Audit

In October 2001, the Company received a notice of deficiency from the Internal Revenue Service (the "IRS") with respect to its 1996 and 1998 federal income tax returns. On January 18, 2002, the Company filed a petition to contest the matter in the United States Tax Court.

On February 19, 2003 the IRS and the Company filed a stipulation with the Tax Court acknowledging that the IRS has withdrawn its claim relating to the taxable gain alleged to have been recognized by the Company from the sale of certain assets in 1996. This withdrawn claim accounted for virtually all of the $12.1 million tax liability in dispute before the Tax Court.

The remaining matter pending before the Tax Court is the IRS assertion that the Company's purchase of certain assets from First American Media, Inc. in 1996 should be treated as a purchase of stock. If successful, the tax basis of such assets acquired in 1996 would be reduced by approximately $166 million and the reduction in tax basis would significantly reduce the Company's tax deductions for depreciation and amortization with respect to the acquired assets. Nevertheless, because of the Company's available federal net operating losses, the Company would not owe any additional cash income tax payments for the tax years ending at least through December 31, 2002 in the event of an adverse ruling from the Tax Court. The Company believes it has a meritorious position with respect to this issue and intends to defend the IRS claim vigorously. However, the Company cannot be certain when, and if, this matter will be resolved in its favor, and if it is not, the Company might incur additional cash taxes in future years.

Purchase of Common Stock Warrants from Related Party

In transactions completed on April 15 and April 16, 2003, the Company purchased warrants held by Bull Run Corporation, a related party and shareholder in the Company, for an aggregate of 1,106,250 shares of Class A Common Stock and 100,000 shares of Common Stock of Gray. The total purchase price, including expenses, was $5.3 million which was paid using cash on hand. The warrants were initially granted in association with the Sarkes Tarzian transaction and the issuance of Series A and Series B Preferred Stock. The purchase of the warrants has been recorded as an increase in the Sarkes Tarzian investment of $395,000 and a decrease in Class A Common Stock of $4.9 million. The warrants were cancelled effective April 16, 2003. The independent directors of Gray approved the transaction after receiving an opinion as to the fairness of the transaction.

Purchase of Common Stock and Class A Common Stock from Related Party

On August 19, 2003 the Company repurchased from Bull Run 1,017,647 shares of the Company's class A common stock and 11,750 shares of the Company's common stock. Under the terms of the stock purchase agreement between the parties, which was approved by a Special Committee of the Company's Board of Directors, the Company paid Bull Run $16.95 per share. Gray funded the $17.6 million aggregate purchase price by utilizing cash on hand.

In a related transaction, certain family entities of Mr. J. Mack Robinson, the Company's Chairman and CEO, collectively purchased one million shares of the Company's class A common stock from Bull Run for $16.95 per share. As a result of these two transactions, Bull Run no longer holds any shares of the Company's stock.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make judgments and estimations that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The Company considers its accounting policies relating to intangible assets and income taxes to be critical policies that require judgments or estimations in their application where variances in those judgments or estimations could make a significant difference to future reported results. For a description of these critical accounting policies and estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" in the Company's Form 10-K for the year ended December 31, 2002 and Note C Goodwill and Intangible Assets in Part I of this report.

Cautionary Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains "forward-looking statements." When used in this report, the words "believes," "expects," "anticipates," "estimates" and similar words and expressions are generally intended to identify forward-looking statements, but some of those statements may use other phrasing. Statements that describe the Company's future strategic plans, goals or objectives are also forward-looking statements. In addition, we have included forward-looking statements regarding estimated future amortization expense and our testing for intangible asset impairment. Readers of this report are cautioned that any forward-looking statements, including those regarding the intent, belief or current expectations of the Company or management, are not guarantees of future performance, results or events and involve risks and uncertainties, and that actual results and events may differ materially from those in the forward-looking statements as a result of various factors including, but not limited to, (i) general economic conditions in the markets in which the Company operates, (ii) competitive pressures in the markets in which the Company operates, (iii) the effect of future legislation or regulatory changes on the Company's operations and (iv) certain other risks relating to our business, including, our dependence on advertising revenues, our need to acquire non-network television programming, the impact of a loss of any of our FCC broadcast licenses, increased competition and capital costs relating to digital advanced television, pending litigation, our significant level of intangible assets and our ability to identify acquisitions successfully, (v) our high debt levels, and (vi) other factors described from time to time in our SEC filings. The forward-looking statements included in this report are made only as of the date hereof. The Company disclaims any obligation to update such forward-looking statements to reflect subsequent events or circumstances.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company believes that the market risk of the Company's financial instruments as of September 30, 2003 has not materially changed since December 31, 2002. The market risk profile on December 31, 2002 is disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. There were no significant changes in the Company's internal control over financial reporting identified in connection with this evaluation that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information contained in Note E — Income Taxes and Note F — Contingencies of the Notes to Consolidated Financial Statements filed as part of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1 Warrant Purchase Agreement
Exhibit 10.2 Stock Purchase Agreement
Exhibit 31.1 Rule 13 (a) – 14(a) Certificate of Chief Executive Officer
Exhibit 31.1 Rule 13 (a) – 14(a) Certificate of Chief Financial Officer
Exhibit 32.1 Section 1350 Certificate of Chief Executive Officer
Exhibit 32.1 Section 1350 Certificate of Chief Financial Officer

(b) Reports on Form 8-K

On August 13, 2003 the Company furnished a report on Form 8-K under Item 12 that contained its earnings release for the quarter ended June 30, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAY TELEVISION, INC.
(Registrant)

Date: November 12, 2003

By: /s/ James C. Ryan

James C. Ryan,
Senior Vice President and Chief Financial Officer

EXHIBIT 10.1

WARRANT PURCHASE AGREEMENT

This Warrant Purchase Agreement (this "Agreement") is entered into this 15th day of April, 2003, by and between Bull Run Corporation, a corporation organized under the laws of the State of Georgia (the "Investor") and Gray Television, Inc., a corporation organized under the laws of the State of Georgia (the "Company").

RECITALS

WHEREAS, the Company has issued to the Investor a common stock warrant, dated as of September 24, 1996 for 731,250 shares of Class A Common Stock of the Company ("Warrant A"); a common stock warrant dated as of September 24, 1996 for 375,000 shares of Class A Common Stock of the Company ("Warrant B") and a common stock warrant dated as of January 28, 1999 for 100,000 shares of Common Stock of the Company, ("Warrant C", and together with Warrant A and Warrant B, the "Warrants"), a copy of each of which is attached hereto as Exhibits A, B and C, respectively, and pursuant to which the Investor is entitled, subject to the terms and conditions set forth in the Warrants, to acquire from the Company, at a purchase price per share of $11.92, $16.00 and $13.625, respectively, at any time or from time to time prior to January 3, 2006, September 24, 2006, and December 3, 2011, respectively, those fully paid and non-assessable shares of the Company's Common Stock and Class A Common Stock, no par value per share; and

WHEREAS, the Investor wishes to sell the Warrants to the Company and the Company wishes to purchase the Warrants from the Investor;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF WARRANTS; CLOSING

1.1 Securities Purchase and Sale of Securities. On the terms and subject to the conditions contained in this Agreement, the Company hereby purchases the Warrants from the Investor, and the Investor hereby sells the Warrants to the Company. Following the Closings (as herein defined), the Warrants shall be canceled and retired and shall cease to exist.

1.2 Purchase Price. The aggregate purchase price for the Warrants shall be $5,120,938 (the "Purchase Price"). The Purchase Price shall be paid or satisfied at the Closings by means of a check or wire transfer of immediately available funds to such bank account as designated by the Investor by notice delivered to the Company.

1.3 No Liens. The Warrants purchased by the Company shall be free and clear of any liens, claims, equities, security interests, preemptive rights, judgments and other encumbrances of every kind and nature whatsoever (collectively, "Encumbrances").

1.4 Time of Closings. The transactions contemplated hereby shall be consummated on two consecutive days as may be mutually agreed upon by the parties hereto, at a place to be agreed upon by such parties, as follows:

(a) the portion of Warrant A representing 630,000 of the shares constituting Warrant A shall be transferred in exchange for a portion of the Purchase Price equal to $3,244,500 at "Closing A"; and

(b) on the day following Closing A, the remaining portion of Warrant A, Warrant B and Warrant C shall be transferred for the remaining $1,876,438 at "Closing B." Closing A and Closing B are referred to herein collectively as the "Closings."

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Corporate Existence and Authorization. The Investor is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Georgia. The execution, delivery and performance by the Investor of this Agreement and consummation of the transactions contemplated hereby are within the Investor's corporate powers and have been duly authorized by all necessary corporate actions on the part of the Investor, and no other corporate or other approval of the Investor or its shareholders is required in connection herewith. This Agreement has been duly executed and delivered by the Investor and constitutes a legal, valid and binding agreement of the Investor enforceable against it in accordance with its terms.

2.2 Noncontravention. The execution, delivery and performance by the Investor of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate the articles of incorporation or bylaws of the Investor, (ii) violate any applicable law, rule, regulation, judgment, injunction, order, or decree to which the Investor is subject, or (iii) require any consent or other action by any person under, or constitute a material default under any agreement or other instrument binding upon the Investor.

2.3 Receipt of Information; Accredited Investor Status. The Investor represents that it has been furnished with such materials and has been given access to such information relating to the Company as Investor or Investor's qualified representative has requested, and Investor has been afforded the opportunity to ask questions and receive answers from the Company regarding the business, properties, prospects and financial condition of the Company. Investor acknowledges that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of consummating the transactions contemplated herein. Investor further acknowledges that it has been advised to and has obtained, to the extent Investor deems necessary, professional (including legal and tax) advice with respect to the suitability of the transactions contemplated herein in light of Investor's condition and investment needs and the terms and conditions of this Agreement and documents relating hereto. Investor further represents and warrants that it is an "accredited investor" under the Securities Act of 1933.

2.4 Ownership of the Warrants. The Investor represents and warrants that the Investor has good and marketable title in and to the Warrants, free and clear of any lien, pledge, charge, security interest, encumbrance or any other limitation or restriction.

ARTICLE III

CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE

3.1 The respective obligations of the Investor and the Company to perform this Agreement and other transactions contemplated hereby are subject to the satisfaction of the following conditions:

(a) Receipt of a fairness opinion from Allen & Company LLC addressed to the Company and Deutsche Bank Trust Company Americas as Trustee of the Company's Senior Subordinated Notes; and

(b) Approval of this transaction by special committees of the Board of Directors of the Investor and the Company in accordance with the provisions of Section 14-2-862 of the Georgia Business Corporation Code.

ARTICLE IV

CLOSING DELIVERIES

4.1 Closing Deliveries by Investor. The Company will deliver or cause to be delivered to Investor the Purchase Price in the manner set forth in Sections 1.2 and 1.4.

4.2 Closing Deliveries of Investor. Investor will deliver or cause to be delivered to the Company all of the following:

(a) the Warrants; and

(b) all other documents reasonably required by the Company to consummate the transactions contemplated by this Agreement.

ARTICLE V

INDEMNIFICATION AND RELEASE

5.1 Definition of Damages. As used in this Agreement, "Damages" shall mean all assessments, levies, losses, fines, penalties, liabilities, damages, costs and expenses, including reasonable attorneys' fees and expenses.

5.2 Investor's Indemnification Obligations. Investor shall indemnify, save and keep harmless the Company's officers, directors, employees, agents and their successors and assigns

(each an "Indemnitee"), against and from all Damages sustained or incurred by any Indemnitee as a result of or arising out of or by virtue of:

(a) any inaccuracy in or breach of any representation and warranty made by Investor in this Agreement or in any closing document delivered to the Company in connection herewith; or

(b) any breach by the Investor of, or failure by the Investor to comply with, any of the covenants or obligations under this Agreement to be performed by the Investor (including its obligations under this Article V).

5.3 Release. In order to induce the Company to purchase and the Investor to sell the Warrants and intending to be legally bound, each party does hereby release, acquit, discharge and covenant not to sue the other party, its officers, directors, employees, agents, successors and assigns, and any such person who may be jointly liable with the same (such parties being referred to collectively herein as the "Released Parties") from all actions, causes of action, claims, demands, damages or liabilities, joint or several, known or unknown, whether or not within the contemplation of the parties, that the undersigned may have had or may now have against the Released Parties, or any of them, under any registration, antifraud or other provision of any federal or state securities law, any rule or regulation thereunder, or under any other statutory law or common law or otherwise, arising out of or in connection with any offer or sale to, or purchase from the Investor, of any interest in (including, without limitation, the Warrants or any other securities or any right or warrant to purchase the same) or obligation of the Company at any time prior to the date hereof.

ARTICLE VI

MISCELLANEOUS

6.1 Survival. All representations and warranties made herein or pursuant to any certificate or instrument delivered pursuant to this Agreement shall survive the Closings.

6.2 Amendment. This Agreement may not be amended except by an instrument in writing signed by the Company and the Investor.

6.3 Notices. All notices required or permitted to be given hereunder shall be in writing and may be delivered by hand, by facsimile, by nationally recognized private courier, or by United States mail. Notices delivered by mail shall be deemed given three (3) business days after being deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested. Notices delivered by hand, by facsimile, or by nationally recognized private courier shall be deemed given on the day of receipt (if such day is a business day or, if such day is not a business day, the next succeeding business day).

6.4 Expenses. Provided that the Closings shall occur, the Company shall pay the fees and expenses incurred by the Company, and the Investor shall pay the fees and expenses incurred by the Investor.

6.5 Entire Agreement; Binding Effect. This Agreement and the instruments to be delivered by the parties pursuant to the provisions hereof constitute the entire agreement between the parties and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns.

6.6 Non-Waiver. The failure in any one or more instances of a party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred, or the waiver by such party of any breach of any of the terms, covenants or conditions of this Agreement, shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

6.7 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.

6.8 Severability. The invalidity of any provision of this Agreement or portion of a provision shall not affect the validity of any other provision of this Agreement or the remaining portion of the applicable provision.

6.9 Applicable Law. This Agreement shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal laws of the State of Georgia.

6.10 Benefits. Except as expressly provided herein, nothing in this Agreement, express or implied, shall confer on any Person other than the parties hereto, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, including third party beneficiary rights.

6.11 Assignability. This Agreement shall not be assignable by any party without the prior written consent of the Company and the Investor.

6.12 Headings. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

(signatures on the following page)

IN WITNESS WHEREOF, the undersigned have executed this agreement as of the date first above written:

COMPANY:
GRAY TELEVISION, INC.

By: /s/ James C. Ryan
\-------------------------------
Name: James C. Ryan
Title: Senior Vice President - CFO

INVESTOR:

BULL RUN CORPORATION

By: /s/ Frederick J. Erickson
\-------------------------------
Name: Frederick J. Erickson
\-------------------------------
Title: Vice President-Finance, CFO
\-------------------------------

EXHIBIT A

(COMMON STOCK WARRANTS FOR
731,250 SHARES OF CLASS A COMMON STOCK)

EXHIBIT B

(COMMON STOCK WARRANTS FOR
375,000 SHARES OF CLASS A COMMON STOCK)

EXHIBIT C

(COMMON STOCK WARRANTS FOR
100,000 SHARES OF COMMON STOCK)

EXHIBIT 10.2

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into this 19th day of August, 2003, by and between BULL RUN CORPORATION, a Georgia corporation ("Seller"), and GRAY TELEVISION, INC., a Georgia corporation ("Purchaser").

WITNESSETH:

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to buy from Seller, One Million Seventeen Thousand Six Hundred Forty-Seven (1,017,647) shares of no par value per share, Class A Common Stock of Gray Television, Inc. ("Gray"), and Eleven Thousand Seven Hundred Fifty (11,750) shares of no par value per share, Common Stock of Gray (together, the "Shares"), on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements, and upon the terms and subject to the conditions hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. SALE OF SHARES

1.1 PURCHASE AND SALE OF SHARES OF GRAY. On the terms and subject to the conditions set forth herein, Purchaser hereby purchases, accepts and acquires the Shares from Seller, and Seller hereby sells, transfers, conveys, assigns and delivers the Shares to Purchaser.

1.2 PURCHASE PRICE. The purchase price for the Shares (the "Purchase Price") is Sixteen and 95/100 Dollars ($16.95) per share with the aggregate amount to be paid by Purchaser to Seller equal to Seventeen Million Four Hundred Forty-Eight Thousand Two Hundred Seventy-Nine and 15/100 Dollars ($17,448,279.15), payable by wire transfer to Seller.

2. REPRESENTATIONS AND WARRANTIES OF SELLER

2.1 OWNERSHIP OF THE SHARES. Seller hereby represents, warrants, covenants and agrees with and to Purchaser that Seller hereby transfers the Shares to Purchaser free and clear of any and all liens, restrictions, claims, equities, options, charges, rights of first refusal, encumbrances, preemptive or similar rights, or other restrictions whatsoever.

3. DELIVERABLES

3.1 DELIVERY BY SELLER.

(a) Seller shall deliver to Purchaser the stock certificate evidencing the Shares, with stock powers duly executed by the appropriate officers of the Seller so that the Shares may be duly registered in Purchaser's name.

(b) Prior to the consummation of the purchase of the Shares by the Purchaser, J. Mack Robinson or his affiliates shall have purchased from Seller One Million (1,000,000) shares of Gray's Class A Common Stock for a purchase price of $16.95 per share. Seller shall deliver to Purchaser evidence of the completion of Mr. Robinson's (or his affiliates') purchase of such shares, prior to the consummation of the purchase of the Shares by the Purchaser.

3.2 DELIVERY BY PURCHASER. Concurrent with the execution hereof, Purchaser shall deliver the Purchase Price by wire transfer to.

[Account information intentionally left blank]

4. MISCELLANEOUS

4.1 ENTIRE AGREEMENT. This Agreement constitutes the sole understanding of the parties with respect to the subject matter hereof. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto.

4.2 SUCCESSORS AND ASSIGNS. The terms, conditions and obligations of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto. Neither Seller nor Purchaser may assign its rights, duties or obligations hereunder or any part thereof to any other person or entity without the prior written consent of the other party hereto.

4.3 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument.

4.4 HEADINGS. The headings of the Sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

4.5 MODIFICATION AND WAIVER. Any of the terms or conditions of this Agreement may be waived in writing at any time by the party which is entitled to the benefits thereof. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar).

4.6 GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Georgia without giving effect to the principles of conflicts of law thereof.

4.7 NO THIRD-PARTY BENEFICIARIES. With the exception of the parties to this Agreement, there shall exist no right of any person to claim a beneficial interest in this Agreement or any rights occurring by virtue of this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the day and year first above written.

"Seller"

BULL RUN CORPORATION

By: /s/ Frederick J. Erickson

Name: Frederick J. Erickson
Title: Vice President - Finance, Chief Financial Officer, Treasurer and Assistant Secretary

"Purchaser"

GRAY TELEVISION, INC.

By: /s/ James C. Ryan

Name: James C. Ryan
Title: Senior Vice President and Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION

I, J. Mack Robinson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gray Television, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

By: /s/ J. Mack Robinson

Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, James C. Ryan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gray Television, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

By: /s/ James C. Ryan

Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying quarterly report on Form 10-Q of Gray Television, Inc. (the "Company") for the quarterly period ended September 30, 2003 (the "Periodic Report"), the undersigned Chief Executive Officer of the Company, hereby certifies pursuant to Title 18, Section 1350 United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, to the best of his individual knowledge and belief, that the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2003

/s/ J. Mack Robinson

J. Mack Robinson,
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Gray Television, Inc. and will be retained by Gray Television, Inc. and furnished to the SEC or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying quarterly report on Form 10-Q of Gray Television, Inc. (the "Company") for the quarterly period ended September 30, 2003 (the "Periodic Report"), the undersigned Chief Financial Officer of the Company, hereby certifies pursuant to Title 18, Section 1350 United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2003, to the best of his individual knowledge and belief, that the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2003

/s/ James C. Ryan

James C. Ryan,
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Gray Television, Inc. and will be retained by Gray Television, Inc. and furnished to the SEC or its staff upon request.