

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 27, 2018 (February 27, 2018)

Gray Television, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Georgia

(State or Other Jurisdiction of Incorporation)

1-13796

(Commission File Number)

58-0285030

(IRS Employer Identification No.)

4370 Peachtree Road, NE, Atlanta, Georgia

(Address of Principal Executive Offices)

30319

(Zip Code)

404-504-9828

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 - Results of Operations and Financial Condition.

On February 27, 2018, Gray Television, Inc. (the “Company”) issued a press release reporting its financial results for the three months and year ended December 31, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

The information set forth under this Item 2.02 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 7.01 - Regulation FD Disclosure.

Also on February 27, 2018, the Company published on its corporate website certain unaudited selected historical operating data for the three month and year-to-date periods ended March 31, June 30, September 30, and December 31, 2017, 2016, 2015 and 2014. A copy of such unaudited selected historical operating data is furnished as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

The information set forth under this item 7.01 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, except as may be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

99.1 [Press release issued by Gray Television, Inc., on February 27, 2018](#)

99.2 [Unaudited selected historical operating data published on its corporate website by Gray Television, Inc., on February 27, 2018](#)

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 hereunto duly authorized.

Gray Television, Inc.

February 27, 2018

By: /s/ James C. Ryan

Name: James C. Ryan

Title: Executive Vice President and
Chief Financial Officer



NEWS RELEASE

Gray Reports Record Operating Results

Atlanta, Georgia – February 27, 2018. . . Gray Television, Inc. (“Gray,” “we,” “us” or “our”) (NYSE: GTN and GTN.A) today announces record results of operations for the fourth quarter and full year ended December 31, 2017, including record revenue and net income.

Gray’s Chairman and Chief Executive Officer Hilton Howell declared, “We are extremely pleased by all that we have accomplished in 2017 and look forward to an even more successful 2018.” In particular, several important measures of performance stood out:

- our total revenue for the year ended December 31, 2017 was a new record, increasing by approximately \$70.3 million, or 9%, to \$882.7 million compared to 2016;
- our combined local and national advertising revenue increased by approximately \$20.9 million, or 16%, in the fourth quarter of 2017 compared to the fourth quarter of 2016. For all of 2017, our combined local and national advertising revenue increased \$68.4 million, or 14%, compared to 2016;
- our fourth quarter of 2017 political advertising revenue was \$7.5 million, significantly exceeding our guidance;
- our fourth quarter of 2017 broadcast operating expense was \$150.7 million and was near the low end of our guidance;
- our fourth quarter of 2017 corporate and administrative expense was \$7.1 million, which was below our guidance;
- our fully diluted net income per share for the fourth quarter and year ended December 31, 2017 was \$2.13 and \$3.55, respectively;
- as of December 31, 2017, our Total Leverage Ratio, Net of all Cash (as defined below) improved to 4.16 times, on a trailing eight-quarter basis and our cash balance increased to \$462.4 million;
- our net income of \$165.6 million for the fourth quarter of 2017 was our highest net income for any fourth quarter in our history. Our Broadcast Cash Flow was \$85.9 million for the fourth quarter of 2017. Our Free Cash Flow was \$40.4 million for the fourth quarter of 2017;
- included in our net income for the fourth quarter of 2017 was a net income tax benefit of \$134.4 million, resulting primarily from the enactment of the Tax Cuts and Jobs Act of 2017 (the “TCJA”); and
- in December 2017, we completed an underwritten public offering of 17.25 million shares of our common stock at a price to the public of \$14.50 per share. The net proceeds of the offering, after discounts and expenses, were approximately \$238.9 million.

4370 Peachtree Road, NE, Atlanta, GA 30319 | P 404.504.9828 F 404.261.9607 | www.gray.tv

Selected Operating Data on As-Reported Basis (unaudited):

	Three Months Ended December 31,				
	2017	2016	% Change 2017 to 2016	2015	% Change 2017 to 2015
	(dollars in thousands)				
Revenue (less agency commissions):					
Total	\$ 233,609	\$ 237,619	(2)%	\$ 169,487	38%
Political	\$ 7,464	\$ 48,519	(85)%	\$ 9,213	(19)%
Operating expenses (1):					
Broadcast	\$ 150,670	\$ 128,511	17%	\$ 101,969	48%
Corporate and administrative	\$ 7,105	\$ 8,922	(20)%	\$ 11,030	(36)%
Net income	\$ 165,570	\$ 35,834	362%	\$ 14,987	1005%
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	\$ 85,864	\$ 109,469	(22)%	\$ 67,849	27%
Broadcast Cash Flow Less					
Cash Corporate Expenses	\$ 79,938	\$ 101,515	(21)%	\$ 57,609	39%
Free Cash Flow	\$ 40,383	\$ 68,486	(41)%	\$ 28,996	39%
Year Ended December 31,					
	2017	2016	% Change 2017 to 2016	2015	% Change 2017 to 2015
(dollars in thousands)					
Revenue (less agency commissions):					
Total	\$ 882,728	\$ 812,465	9%	\$ 597,356	48%
Political	\$ 16,498	\$ 90,095	(82)%	\$ 17,163	(4)%
Operating expenses (1):					
Broadcast	\$ 557,116	\$ 475,131	17%	\$ 374,182	49%
Corporate and administrative	\$ 31,541	\$ 40,347	(22)%	\$ 34,343	(8)%
Net income	\$ 261,952	\$ 62,273	321%	\$ 39,301	567%
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	\$ 329,503	\$ 338,801	(3)%	\$ 224,484	47%
Broadcast Cash Flow Less					
Cash Corporate Expenses	\$ 302,369	\$ 302,332	0%	\$ 193,261	56%
Free Cash Flow	\$ 171,005	\$ 148,126	15%	\$ 93,984	82%

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

(2) Non-GAAP terms and related reconciliations to net income are included below.

Selected Operating Data on Combined Historical Basis (unaudited):

	Three Months Ended December 31,				
	2017	2016	% Change 2017 to 2016	2015	% Change 2017 to 2015
	(dollars in thousands)				
Revenue (less agency commissions):					
Total	\$ 233,609	\$ 275,529	(15)%	\$ 224,708	4%
Political	\$ 7,464	\$ 63,369	(88)%	\$ 12,088	(38)%
Operating expenses (1):					
Broadcast	\$ 150,670	\$ 146,465	3%	\$ 138,817	9%
Corporate and administrative	\$ 7,105	\$ 8,922	(20)%	\$ 11,030	(36)%
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	\$ 85,831	\$ 129,968	(34)%	\$ 91,501	(6)%
Broadcast Cash Flow Less					
Cash Corporate Expenses	\$ 79,905	\$ 122,014	(35)%	\$ 81,261	(2)%
Operating Cash Flow as Defined in our Senior Credit Agreement	\$ 77,384	\$ 122,758	(37)%	\$ 81,794	(5)%
Free Cash Flow	\$ 40,453	\$ 87,872	(54)%	\$ 50,089	(19)%

	Year Ended December 31,				
	2017	2016	% Change 2017 to 2016	2015	% Change 2017 to 2015
	(dollars in thousands)				
Revenue (less agency commissions):					
Total	\$ 895,081	\$ 946,001	(5)%	\$ 821,599	9%
Political	\$ 16,539	\$ 117,538	(86)%	\$ 21,934	(25)%
Operating expenses (1):					
Broadcast	\$ 570,131	\$ 553,118	3%	\$ 524,285	9%
Corporate and administrative	\$ 31,541	\$ 40,347	(22)%	\$ 34,343	(8)%
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	\$ 331,874	\$ 400,877	(17)%	\$ 325,963	2%
Broadcast Cash Flow Less					
Cash Corporate Expenses	\$ 304,740	\$ 364,408	(16)%	\$ 294,740	3%
Operating Cash Flow as Defined in our Senior Credit Agreement	\$ 302,257	\$ 369,967	(18)%	\$ 300,014	1%
Free Cash Flow	\$ 173,772	\$ 213,526	(19)%	\$ 173,748	0%

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

(2) Non-GAAP terms and related reconciliations to net income are included below.

Results of Operations for the Fourth Quarter of 2017 on As-Reported Basis:**Revenue (Less Agency Commissions).**

The table below presents our revenue (less agency commissions) by type for the fourth quarter of 2017 and 2016 (dollars in thousands):

	Three Months Ended December 31,					
	2017		2016		Amount Increase (Decrease)	Percent Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
Revenue (less agency commissions):						
Local (including internet/digital/mobile)	\$ 120,714	51.7%	\$ 107,083	45.1%	\$ 13,631	13%
National	31,995	13.7%	24,776	10.4%	7,219	29%
Political	7,464	3.2%	48,519	20.4%	(41,055)	(85)%
Retransmission consent	69,509	29.8%	51,965	21.9%	17,544	34%
Other	3,927	1.6%	5,276	2.2%	(1,349)	(26)%
Total	\$ 233,609	100.0%	\$ 237,619	100.0%	\$ (4,010)	(2)%

The 2017 Acquisitions and 2016 Acquisitions (each as defined below) collectively accounted for approximately \$64.4 million of our total revenue in the fourth quarter of 2017, and the 2016 Acquisitions accounted for approximately \$42.5 million of our total revenue in the fourth quarter of 2016.

Excluding the revenue contributed by the 2017 Acquisitions and 2016 Acquisitions, our total revenue decreased by \$25.8 million in the fourth quarter of 2017 as compared to the fourth quarter of 2016. This was primarily the result of a decrease in political advertising revenue of approximately \$34.5 million due to 2017 being the “off-year” of the two-year election cycle. This decrease was partially offset by increases in national advertising revenue of \$1.8 million and retransmission consent revenue of approximately \$7.9 million, primarily due to higher retransmission consent rates.

Broadcast Operating Expenses.

Broadcast operating expenses (before depreciation, amortization and gain or loss on disposal of assets) increased \$22.2 million, or 17%, to \$150.7 million for the fourth quarter of 2017 compared to the fourth quarter of 2016. The 2017 Acquisitions and 2016 Acquisitions collectively accounted for approximately \$40.5 million of our broadcast operating expenses in the fourth quarter of 2017, and the 2016 Acquisitions accounted for approximately \$22.0 million of our broadcast operating expenses in the fourth quarter of 2016. Including the impact of the 2017 Acquisitions and 2016 Acquisitions, total retransmission expense increased \$9.3 million, or 35%, to \$35.6 million in the fourth quarter of 2017 compared to the fourth quarter of 2016, consistent with increases in retransmission consent revenue.

Excluding the impact of the 2017 Acquisitions and 2016 Acquisitions, in the fourth quarter of 2017:

- Total non-compensation expenses increased \$1.8 million, or 3%, primarily due to retransmission expense (reverse network compensation) increases of \$3.6 million, partially offset by decreases in professional fees of \$1.2 million.
- Total compensation expenses increased \$1.8 million, or 3%. Non-cash share-based compensation expenses were \$2.8 million and \$0.3 million in the fourth quarters of 2017 and 2016, respectively.

Corporate and Administrative Operating Expenses.

Corporate and administrative expenses (before depreciation, amortization and gain or loss on disposal of assets) decreased \$1.8 million, or 20%, to \$7.1 million in the fourth quarter of 2017 as compared to the fourth quarter of 2016. This decrease reflects the following:

- Non-compensation expenses decreased \$1.0 million, or 24%, in the fourth quarter of 2017 due primarily to decreases of \$0.7 million in legal and other professional fees related to the acquisitions completed in 2017 compared to those completed in 2016.
- Compensation expenses decreased \$0.8 million, or 17%, in the fourth quarter of 2017 due primarily to decreases in incentive compensation. Non-cash share-based compensation expenses were \$1.2 million in the fourth quarter of 2017 compared to \$1.0 million in the fourth quarter of 2016.

Taxes.

During the fourth quarter of 2017, we made aggregate federal and state income tax payments of \$0.8 million. We did not make any federal or state income tax payments in the fourth quarter of 2016. The TCJA, that was signed into law on December 22, 2017, reduced the value of our deferred tax liabilities, with a credit to earnings for a reduction of those liabilities. Accordingly, we recorded a tax benefit of \$134.4 million in the fourth quarter of 2017, compared to a tax expense of \$24.3 million in the fourth quarter of 2016. In addition, the TCJA is expected to materially affect our income tax obligations in 2018 and subsequent years. Among other things, the new law should result in a positive effect on our net earnings and earnings per share. It will also limit or eliminate certain deductions, to which we have been entitled in past years, likely increasing our federal and state income tax payment obligations beginning in 2018.

Results of Operations for the Fourth Quarter of 2017 on Combined Historical Basis:

Revenue (Less Agency Commissions).

On a Combined Historical Basis, total revenue decreased \$41.9 million, or 15%, to \$233.6 million in the fourth quarter of 2017 as compared to the fourth quarter of 2016. The changes in Combined Historical Basis revenue were approximately as follows:

- Local advertising revenue (including internet/digital/mobile) was unchanged.
- National advertising revenue increased \$2.5 million, or 8%, to \$32.0 million.
- Political advertising revenue decreased \$55.9 million, or 88%, to \$7.5 million.
- Retransmission consent revenue increased \$11.5 million, or 20%, to \$69.5 million.
- Other revenue increased \$0.1 million, or 2%, to \$3.9 million.

Broadcast Operating Expenses.

On a Combined Historical Basis, broadcast operating expenses (before depreciation, amortization and gain or loss on disposal of assets) increased \$4.2 million, or 3%, to \$150.7 million in the fourth quarter of 2017 as compared to the fourth quarter of 2016. The net increase was primarily the result of:

- Retransmission expense (reverse network compensation) increased \$6.0 million, or 20%, to \$35.6 million, consistent with increases in retransmission consent revenue.
- Compensation expense decreased by approximately \$0.5 million, or 1%, to \$76.9 million.

Results of Operations for the Year Ended December 31, 2017 on As-Reported Basis:**Revenue (Less Agency Commissions).**

The table below presents our revenue (less agency commissions) by type for the years ended December 31, 2017 and 2016, respectively (dollars in thousands):

	Year Ended December 31,					
	2017		2016		Amount Increase (Decrease)	Percent Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total		
Revenue (less agency commissions):						
Local (including internet/digital/mobile)	\$ 451,261	51.1%	\$ 403,336	49.6%	\$ 47,925	12%
National	118,817	13.5%	98,351	12.1%	20,466	21%
Political	16,498	1.9%	90,095	11.1%	(73,597)	(82)%
Retransmission consent	276,603	31.3%	200,879	24.7%	75,724	38%
Other	19,549	2.2%	19,804	2.5%	(255)	(1)%
Total	\$ 882,728	100.0%	\$ 812,465	100.0%	\$ 70,263	9%

The 2017 Acquisitions and 2016 Acquisitions collectively accounted for approximately \$232.2 million of our total revenue in the year ended December 31, 2017, and the 2016 Acquisitions accounted for approximately \$130.4 million of our total revenue in the year ended December 31, 2016.

Excluding the revenue contributed by the 2017 Acquisitions and 2016 Acquisitions, our total revenue decreased by \$31.6 million. This was primarily the result of a decrease in political advertising revenue of approximately \$63.4 million, due to 2017 being the “off-year” of the two-year election cycle. This decrease was partially offset by an increase in retransmission consent revenue of approximately \$36.8 million primarily due to higher retransmission consent rates.

Broadcast Operating Expenses.

Broadcast operating expenses (before depreciation, amortization and gain or loss on disposal of assets) increased \$82.0 million, or 17%, to \$557.1 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. The 2017 Acquisitions and 2016 Acquisitions collectively accounted for approximately \$135.6 million of our broadcast operating expenses in the year ended December 31, 2017, and the 2016 Acquisitions accounted for approximately \$74.6 million of our broadcast operating expenses for the year ended December 31, 2016. Including the impact of the 2017 Acquisitions and 2016 Acquisitions, total retransmission expense increased \$38.7 million, or 40%, to \$136.3 million in the year ended December 31, 2017 compared to the year ended December 31, 2016, consistent with increases in retransmission consent revenue.

Excluding the impact of the 2017 Acquisitions and the 2016 Acquisitions, in the year ended December 31, 2017:

- Non-compensation expenses increased by \$20.3 million, or 9%, primarily due to retransmission expense (reverse network compensation) increases of \$19.3 million and professional fee increases of \$2.7 million.
- Compensation expenses increased \$0.7 million, or less than 1%.

Corporate and Administrative Operating Expenses.

Corporate and administrative expenses (before depreciation, amortization and gain or loss on disposal of assets) decreased \$8.8 million, or 22%, to \$31.5 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. This decrease reflects in part the following:

- Non-compensation expense decreased \$7.3 million, or 31%, due primarily to decreases of \$8.5 million of legal and other professional fees related to the acquisitions completed in 2017 compared to those completed in 2016.
- Compensation expenses decreased \$1.5 million, or 9%, primarily as a result of decreases in incentive compensation. Non-cash share-based compensation expenses were \$4.4 million in the year ended December 31, 2017 compared to \$3.9 million in the year ended December 31, 2016.

Gain or Loss on Disposal of Assets, net.

We recorded a gain on disposal of assets of \$74.2 million in the year ended December 31, 2017 and a loss on disposal of assets of \$0.3 million in the year ended December 31, 2016. On May 30, 2017, we tendered two of our broadcast licenses and made other modifications to our broadcast spectrum related to our participation in the FCC's reverse auction for broadcast spectrum. Proceeds from this auction, which we received on August 7, 2017, were \$90.8 million while the combined cost of the assets disposed of was \$13.1 million. Due to planning in connection with this transaction and our recently completed acquisitions, we have been able to defer any related income tax obligations on a long-term basis.

Loss from Early Extinguishment of Debt.

In the year ended December 31, 2017, we recorded a loss from early extinguishment of debt of approximately \$2.9 million, or approximately \$1.7 million after tax, related to the amendment and restatement of our senior credit facility. In the year ended December 31, 2016, we recorded a loss from early extinguishment of debt of approximately \$32.0 million, or approximately \$19.5 million after tax, related to the tender offer and redemption of our 7½% senior notes due 2020.

Taxes.

During the year ended December 31, 2017, we made aggregate federal and state income tax payments totaling \$2.0 million compared to \$14.6 million for the year ended December 31, 2016. Primarily as a result of the enactment of the TCJA, in the year ended December 31, 2017 we recorded a tax benefit of \$68.7 million, compared a tax provision of \$43.4 million in the year ended December 31, 2016.

Results of Operations for the Year Ended December 31, 2017 on Combined Historical Basis:

Revenue (Less Agency Commissions).

On a Combined Historical Basis, revenue decreased \$50.9 million, or 5%, to \$895.1 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. The changes in Combined Historical Basis revenue were approximately as follows:

- Local advertising revenue (including internet/digital/mobile) decreased \$6.0 million, or 1%, to \$459.6 million.
- National advertising revenue increased \$2.6 million, or 2%, to \$122.1 million.
- Political advertising revenue decreased \$101.0 million, or 86%, to \$16.5 million.
- Retransmission consent revenue increased \$53.3 million, or 24%, to \$279.8 million.
- Other revenue increased \$0.1 million, or less than 1%, to \$17.1 million.

Local and national advertising revenue decreased \$3.4 million, or 1%, in part, as a result of the impact of the broadcast of the 2017 Super Bowl on our FOX-affiliated stations generating approximately \$0.6 million of local and national advertising revenue, compared to \$2.1 million that we earned from the broadcast of the 2016 Super Bowl on our CBS-affiliated stations, and the lack of revenue from Olympic Games in 2017 compared with \$8.2 million of revenue from the Olympic Games in 2016.

Broadcast Operating Expenses.

On a Combined Historical Basis, broadcast operating expenses (before depreciation, amortization and gain or loss on disposal of assets) increased \$17.0 million, or 3%, to \$570.1 million for the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase reflects, in part:

- Retransmission expense (reverse network compensation) increased \$26.9 million, or 24%, to \$138.8 million, consistent with increases in retransmission consent revenue.
- Syndicated programming and licensing expenses decreased approximately \$1.7 million, or 7%, to \$22.3 million.
- Compensation expense decreased approximately \$4.7 million, or 2%, to \$284.4 million.

Detailed table of operating results on As-Reported Basis:
Gray Television, Inc.

Selected Operating Data (Unaudited)
(in thousands except for net income per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Revenue (less agency commissions)	\$ 233,609	\$ 237,619	\$ 882,728	\$ 812,465
Operating expenses before depreciation, amortization and (gain) loss on disposal of assets, net:				
Broadcast	150,670	128,511	557,116	475,131
Corporate and administrative	7,105	8,922	31,541	40,347
Depreciation	13,418	11,686	51,973	45,923
Amortization of intangible assets	6,388	4,231	25,072	16,596
(Gain) loss on disposal of assets, net	939	395	(74,200)	329
Operating expenses	178,520	153,745	591,502	578,326
Operating income	55,089	83,874	291,226	234,139
Other income (expense):				
Miscellaneous income, net	126	35	162	775
Interest expense	(24,070)	(23,766)	(95,259)	(97,236)
Loss from early extinguishment of debt	-	-	(2,851)	(31,987)
Income before income tax	31,145	60,143	193,278	105,691
Income tax (benefit) expense	(134,425)	24,309	(68,674)	43,418
Net income	<u>\$ 165,570</u>	<u>\$ 35,834</u>	<u>\$ 261,952</u>	<u>\$ 62,273</u>
Basic per share information:				
Net income	<u>\$ 2.15</u>	<u>\$ 0.50</u>	<u>\$ 3.59</u>	<u>\$ 0.87</u>
Weighted-average shares outstanding	<u>76,869</u>	<u>71,845</u>	<u>73,061</u>	<u>71,848</u>
Diluted per share information:				
Net income	<u>\$ 2.13</u>	<u>\$ 0.49</u>	<u>\$ 3.55</u>	<u>\$ 0.86</u>
Weighted-average shares outstanding	<u>77,826</u>	<u>72,889</u>	<u>73,836</u>	<u>72,764</u>
Political advertising revenue (less agency commissions)	\$ 7,464	\$ 48,519	\$ 16,498	\$ 90,095
Revenue related to Olympic broadcasts (less agency commissions)	\$ -	\$ -	\$ -	\$ 8,192

Other Financial Data:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	(in thousands)	
Cash	\$ 462,399	\$ 325,189
Long-term debt including current portion	\$ 1,837,428	\$ 1,756,747
Borrowing availability under our senior credit facility	\$ 100,000	\$ 60,000

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
	(in thousands)	
Net cash provided by operating activities	\$ 180,015	\$ 210,085
Net cash used in investing activities	(349,799)	(479,334)
Net cash provided by financing activities	306,994	497,120
Net increase in cash	<u>\$ 137,210</u>	<u>\$ 227,871</u>

Guidance for the Quarter Ending March 31, 2018:

Based on our current forecasts for the quarter ending March 31, 2018 (the “first quarter of 2018”), we anticipate changes from the quarter ended March 31, 2017 (the “first quarter of 2017”) as outlined below. Our estimates for the first quarter of 2018 include approximately \$9.8 million of revenues and \$6.8 million of broadcast operating expenses estimated to be contributed by the stations acquired after the first quarter of 2017.

Selected operating data:	Low End Guidance for the First Quarter of 2018	% Change From As-Reported First Quarter of 2017	High End Guidance for the First Quarter of 2018	% Change From As-Reported First Quarter of 2017	As-Reported First Quarter of 2017
	(dollars in thousands)				
OPERATING REVENUE:					
Revenue (less agency commissions)	\$ 223,000	10%	\$ 228,000	12%	\$ 203,461
OPERATING EXPENSES:					
(before depreciation, amortization and loss (gain) on disposals of assets):					
Broadcast	\$ 152,000	14%	\$ 156,000	17%	\$ 133,471
Corporate and administrative	\$ 8,750	14%	\$ 9,500	23%	\$ 7,709
OTHER SELECTED DATA:					
Political advertising revenue (less agency commissions)	\$ 5,000	279%	\$ 5,500	316%	\$ 1,321

Comments on First Quarter 2018 Guidance:

We are currently negotiating two large MVPD agreement renewals and, while we cannot assure the outcome of the negotiations, we currently anticipate that the renewals will be retroactive to January 1, 2018.

Revenue.

Based on our current forecasts for the first quarter of 2018, we anticipate changes from the first quarter of 2017 as outlined below:

- We believe our first quarter of 2018 local advertising revenue (including internet/digital/mobile) will increase by 1% to 2%.
- We expect our first quarter of 2018 national advertising revenue will change by -3% to +1%.
- We believe our first quarter of 2018 political advertising revenue will range between approximately \$5.0 to \$5.5 million, reflecting 2018 being an on-year of the political advertising revenue cycle.
- We believe our first quarter of 2018 retransmission consent revenue will range between \$85 million and \$87.5 million, an increase of 26% to 29%.

For the first quarter of 2018, we anticipate our revenue will reflect a \$13.2 million incremental increase from the 2017 Acquisitions.

Included in our forecast of local and national advertising revenue above, we anticipate that the revenue from the broadcast of the 2018 Super Bowl on our NBC-affiliated stations will be approximately \$2.3 million, compared to \$0.6 million that we earned from the broadcast of the 2017 Super Bowl on our FOX-affiliated stations. Our portfolio of NBC-affiliated stations is much larger and these NBC-affiliated stations serve larger television markets than our portfolio of FOX-affiliated stations. In addition, we anticipate that our revenue from the broadcast of the Winter Olympic Games on our NBC-affiliated stations will approximate \$5.0 million to \$5.8 million; there were no Olympic broadcasts in the first quarter of 2017.

Broadcast Operating Expenses (before depreciation, amortization and loss (gain) on disposal of assets).

For the first quarter of 2018, we anticipate our broadcast operating expenses will reflect a \$8.4 million incremental increase from the 2017 Acquisitions, as well as the anticipated increases in payroll and related employee benefits. Included in our first quarter 2018 broadcast operating expenses are network programming fees currently estimated to range between \$42.5 million and \$43.7 million, compared to \$32.3 million in the first quarter of 2017. Non-cash stock based compensation expenses expected to be included in broadcast operating expenses are \$1.6 million in the first quarter of 2018 compared to \$0.3 million in the first quarter of 2017.

Corporate and Administrative Operating Expenses (before depreciation, amortization and loss (gain) on disposal of assets).

For the first quarter of 2018, we anticipate our corporate and administrative operating expenses will increase to within a range of approximately \$8.8 million to \$9.5 million, reflecting an anticipated increase from the first quarter of 2017 of approximately \$1.1 million to \$1.8 million as a result of routine compensation increases and higher legal and other professional fees in 2018 related to potential acquisitions. Non-cash stock based compensation expenses expected to be included in expenses are \$1.0 million in the first quarter of 2018, unchanged from the first quarter of 2017.

The Company

We are a television broadcast company headquartered in Atlanta, Georgia, that owns and operates over 100 television stations across 57 television markets that collectively broadcast over 200 program streams including over 100 channels affiliated with the CBS Network, the NBC Network, the ABC Network and the FOX Network. Our portfolio includes the number-one or number-two ranked television station for both overall audience and news audience in all 57 of our 57 markets, which collectively cover approximately 10.4 percent of total United States television households.

Cautionary Statements for Purposes of the “Safe Harbor” Provisions of the Private Securities Litigation Reform Act

This press release contains statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and the federal securities laws. These “forward-looking statements” are not statements of historical facts, and may include, among other things, statements regarding our current expectations and beliefs of operating results for the first quarter of 2018 or other periods, the impact of recently completed transactions, future operating expenses, future income tax payments and other future events. Actual results are subject to a number of risks and uncertainties and may differ materially from the current expectations and beliefs discussed in this press release. All information set forth in this release is as of the date hereof. We do not intend, and undertake no duty, to update this information to reflect future events or circumstances. Information about certain potential factors that could affect our business and financial results and cause actual results to differ materially from those expressed or implied in any forward-looking statements are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended December 31, 2017 and may be contained in reports subsequently filed with the U.S. Securities and Exchange Commission (the “SEC”) and available at the SEC's website at www.sec.gov.

Conference Call Information

We will host a conference call to discuss our fourth quarter operating results on February 27, 2018. The call will begin at 11:00 a.m. Eastern Time. The live dial-in number is 1 (800) 946-0716 and the confirmation code is 6165505. The call will be webcast live and available for replay at www.gray.tv. The taped replay of the conference call will be available at 1 (888) 203-1112, Confirmation Code: 6165505 until March 29, 2018.

Gray Contacts

Web site: www.gray.tv

Hilton H. Howell, Jr., Chairman, President and Chief Executive Officer, 404-266-5512

Jim Ryan, Executive Vice President and Chief Financial Officer, 404-504-9828

Kevin P. Latek, Executive Vice President, Chief Legal and Development Officer, 404-266-8333

Gray Television, Inc.

Earnings Release for the three-months and year ended December 31, 2017

Page 12 of 19

Effects of Acquisitions and Divestitures on Our Results of Operations and Non-GAAP Terms

From October 31, 2013 through December 31, 2017, we completed 23 acquisition transactions and three divestiture transactions. As more fully described in our Form 10-K to be filed with the Securities and Exchange Commission today and in our prior disclosures, these transactions added a net total of 51 television stations in 31 television markets, including 26 new television markets, to our operations.

We refer to the eight stations we acquired (excluding the stations acquired in the Clarksburg Acquisition) during 2017 and the stations we commenced operating under an LMA during that period as the “2017 Acquisitions.” We refer to the 13 stations acquired in 2016, and that we retained in those transactions, as well as the stations in the Clarksburg Acquisition that we commenced operating under an LMA on June 1, 2016, as the “2016 Acquisitions.” During 2015, we completed six acquisitions, which collectively added seven television stations in six markets (four new markets) to our operations, and we refer to those stations as the “2015 Acquisitions.” Unless the context of the following discussion requires otherwise, we refer to the stations acquired in the 2017 Acquisitions, the 2016 Acquisitions and the 2015 Acquisitions, collectively, as the “Acquisitions.”

Due to the significant effect that our acquisitions and divestitures have had on our results of operations, and in order to provide more meaningful period over period comparisons, we present herein certain financial information on a “Combined Historical Basis.” Unless otherwise defined, Combined Historical Basis reflects financial results that have been compiled by adding Gray’s historical revenue and broadcast expenses to the historical revenue and broadcast expenses of the Acquisitions and subtracting the historical revenues and broadcast expenses of divested stations as if they had been acquired or divested, respectively, on January 1, 2015 (the beginning of the earliest period presented) (the “Completed Transactions”).

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

From time to time, Gray supplements its financial results prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) by disclosing the non-GAAP financial measures Broadcast Cash Flow, Broadcast Cash Flow Less Cash Corporate Expenses, Operating Cash Flow as defined in the Senior Credit Agreement, Free Cash Flow and Total Leverage Ratio, Net of All Cash. These non-GAAP amounts are used by us to approximate the amount used to calculate key financial performance covenants contained in our debt agreements and are used with our GAAP data to evaluate our results and liquidity. These non-GAAP amounts may be provided on an As-Reported Basis as well as a Combined Historical Basis.

We define Broadcast Cash Flow as net income plus loss from early extinguishment of debt, corporate and administrative expenses, broadcast non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any gain or loss on disposal of assets, any miscellaneous expense, interest expense, any income tax expense, non-cash 401(k) expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations and network compensation revenue.

We define Broadcast Cash Flow Less Cash Corporate Expenses as net income plus loss from early extinguishment of debt, non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any gain or loss on disposal of assets, any miscellaneous expense, interest expense, any income tax expense, and non-cash 401(k) expense, less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations and network compensation revenue.

We define Operating Cash Flow as defined in our Senior Credit Agreement as Combined Historical Basis net income plus loss from early extinguishment of debt, non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, interest expense, any income tax expense, non-cash 401(k) expense and pension expenses less any gain or loss on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations, network compensation revenue and cash contributions to pension plans.

We define Free Cash Flow as net income plus loss from early extinguishment of debt, non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, amortization of deferred financing costs, any income tax expense, non-cash 401(k) expense and pension expense, less any gain or loss on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations, network compensation revenue, contributions to pension plans, amortization of original issue discount on our debt, capital expenditures (net of any insurance proceeds) and the payment of income taxes (net of any refunds received).

Our Total Leverage Ratio, Net of All Cash is the total outstanding principal of our long-term debt and certain other obligations as defined in our Senior Credit Agreement less all cash divided by our average Operating Cash Flow as defined in our Senior Credit Agreement for the preceding eight quarters. This average is calculated by dividing the sum of our Operating Cash Flow as defined in our Senior Credit Agreement for the preceding eight quarters by two.

These non-GAAP terms are not defined in GAAP and our definitions may differ from, and therefore not be comparable to, similarly titled measures used by other companies, thereby limiting their usefulness. Such terms are used by management in addition to and in conjunction with results presented in accordance with GAAP and should be considered as supplements to, and not as substitutes for, net income and cash flows reported in accordance with GAAP.

Reconciliation on As-Reported Basis, in thousands:

	Three Months Ended		
	December 31,		
	2017	2016	2015
Net income	\$ 165,570	\$ 35,834	\$ 14,987
Depreciation	13,418	11,686	9,806
Amortization of intangible assets	6,388	4,231	3,267
Non-cash stock based compensation	4,001	1,274	1,009
Loss (gain) on disposal of assets, net	939	395	(482)
Miscellaneous income, net	(126)	(36)	(1)
Interest expense	24,070	23,766	18,649
Income tax (benefit) expense	(134,425)	24,309	10,262
Amortization of program broadcast rights	5,589	4,975	4,123
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	-	8	7
Payments for program broadcast rights	(5,486)	(4,927)	(4,018)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	5,926	7,954	10,240
Broadcast Cash Flow	85,864	109,469	67,849
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	(5,926)	(7,954)	(10,240)
Broadcast Cash Flow Less Cash Corporate Expenses	79,938	101,515	57,609
Pension (income) expense	(124)	45	17
Contributions to pension plans	(2,500)	(10)	(1,505)
Interest expense	(24,070)	(23,766)	(18,649)
Amortization of deferred financing costs	1,158	1,220	798
Net amortization of original issue (premium) discount on senior notes	(152)	(153)	(216)
Purchase of property and equipment	(13,090)	(10,366)	(8,972)
Income taxes received (paid), net of refunds	(777)	1	(86)
Free Cash Flow	\$ 40,383	\$ 68,486	\$ 28,996

Gray Television, Inc.

Earnings Release for the three-months and year ended December 31, 2017

Page 15 of 19

Reconciliation on As-Reported Basis, in thousands:

	Year Ended		
	December 31,		
	2017	2016	2015
Net income	\$ 261,952	\$ 62,273	\$ 39,301
Depreciation	51,973	45,923	36,712
Amortization of intangible assets	25,072	16,596	11,982
Non-cash stock based compensation	8,304	5,101	4,020
(Gain) loss on disposal of assets, net	(74,200)	329	80
Miscellaneous income, net	(162)	(775)	(103)
Interest expense	95,259	97,236	74,411
Loss from early extinguishment of debt	2,851	31,987	-
Income tax (benefit) expense	(68,674)	43,418	26,448
Amortization of program broadcast rights	21,033	19,001	14,960
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	16	29	26
Payments for program broadcast rights	(21,055)	(18,786)	(14,576)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	27,134	36,469	31,223
Broadcast Cash Flow	329,503	338,801	224,484
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	(27,134)	(36,469)	(31,223)
Broadcast Cash Flow Less Cash Corporate Expenses	302,369	302,332	193,261
Pension (income) expense	(495)	165	4,207
Contributions to pension plans	(3,124)	(3,048)	(5,421)
Interest expense	(95,259)	(97,236)	(74,411)
Amortization of deferred financing costs	4,624	4,884	3,194
Net amortization of original issue (premium) discount on senior notes	(610)	(779)	(863)
Purchase of property and equipment	(34,516)	(43,604)	(24,222)
Income taxes paid, net of refunds	(1,984)	(14,588)	(1,761)
Free Cash Flow	\$ 171,005	\$ 148,126	\$ 93,984

Reconciliation on Combined Historical Basis, in thousands:

	Three Months Ended December 31,		
	2017	2016	2015
Net income	\$ 165,570	\$ 53,440	\$ 21,288
Depreciation	13,418	12,793	13,352
Amortization of intangible assets	6,388	4,341	5,150
Non-cash stock-based compensation	4,001	1,274	1,009
Loss on disposal of assets, net	939	416	678
Miscellaneous (income) loss, net	(126)	(77)	1,365
Interest expense	24,070	25,588	24,287
Income tax (benefit) expense	(134,425)	23,641	8,744
Amortization of program broadcast rights	5,589	5,351	5,875
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	-	8	7
Payments for program broadcast rights	(5,486)	(5,303)	(5,770)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	5,926	7,954	10,240
Other	(33)	542	5,276
Broadcast Cash Flow	85,831	129,968	91,501
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(5,926)	(7,954)	(10,240)
Broadcast Cash Flow Less Cash Corporate Expenses	79,905	122,014	81,261
Pension (income) expense	(124)	45	17
Contributions to pension plans	(2,500)	(10)	(1,505)
Other	103	709	2,021
Operating Cash Flow as Defined in Senior Credit Facility	77,384	122,758	81,794
Interest expense	(24,070)	(25,588)	(24,287)
Amortization of deferred financing costs	1,158	1,220	798
Net amortization of original issue (premium) discount on senior notes	(152)	(153)	(216)
Purchase of property and equipment	(13,090)	(10,366)	(6,750)
Income taxes received (paid), net of refunds	(777)	1	(1,250)
Free Cash Flow	\$ 40,453	\$ 87,872	\$ 50,089

Reconciliation on Combined Historical Basis, in thousands:

	Year Ended December 31,		
	2017	2016	2015
Net income	\$ 260,133	\$ 105,523	\$ 65,202
Depreciation	52,710	51,829	52,056
Amortization of intangible assets	25,098	17,904	19,261
Non-cash stock-based compensation	8,304	5,101	4,020
(Gain) loss on disposal of assets, net	(74,250)	595	1,736
Miscellaneous (income) expense, net	(171)	119	5,729
Interest expense	95,999	102,354	96,597
Loss from early extinguishment of debt	2,851	31,987	-
Income tax (benefit) expense	(68,960)	42,225	22,391
Amortization of program broadcast rights	21,296	21,349	21,799
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	16	29	26
Payments for program broadcast rights	(21,318)	(21,134)	(21,415)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	27,134	36,469	31,223
Other	3,032	6,527	27,338
Broadcast Cash Flow	331,874	400,877	325,963
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(27,134)	(36,469)	(31,223)
Broadcast Cash Flow Less Cash Corporate Expenses	304,740	364,408	294,740
Pension (income) expense	(495)	165	4,207
Contributions to pension plans	(3,124)	(3,048)	(5,421)
Other	1,136	8,442	6,488
Operating Cash Flow as Defined in Senior Credit Facility	302,257	369,967	300,014
Interest expense	(95,999)	(102,354)	(96,597)
Amortization of deferred financing costs	4,624	4,884	3,194
Net amortization of original issue (premium) discount on senior notes	(610)	(779)	(863)
Purchase of property and equipment	(34,516)	(43,604)	(27,000)
Income taxes paid, net of refunds	(1,984)	(14,588)	(5,000)
Free Cash Flow	\$ 173,772	\$ 213,526	\$ 173,748

Reconciliation of Total Leverage Ratio, Net of All Cash, in thousands except for ratio:

	Eight Quarters Ended December 31, 2017
Combined Historical Basis Operating Cash Flow as defined in the Senior Credit Agreement:	
Net income	\$ 365,656
Depreciation	104,539
Amortization of intangible assets	43,002
Non-cash stock-based compensation	13,405
Gain on disposal of assets, net	(73,655)
Miscellaneous income, net	(52)
Interest expense	198,353
Loss from early extinguishment of debt	34,838
Income tax benefit	(26,735)
Amortization of program broadcast rights	42,645
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	45
Payments for program broadcast rights	(42,452)
Corporate and administrative expenses before depreciation, amortization of intangible assets and non-cash stock-based compensation	63,603
Other	9,559
Broadcast Cash Flow	732,751
Corporate and administrative expenses before depreciation, amortization of intangible assets and non-cash stock-based compensation	(63,603)
Broadcast Cash Flow Less Cash Corporate Expenses	669,148
Pension income	(330)
Contributions to pension plans	(6,172)
Other	9,578
Operating Cash Flow as defined in Senior Credit Agreement	\$ 672,224
Operating Cash Flow as defined in Senior Credit Agreement, divided by two	\$ 336,112
	December 31, 2017
Adjusted Total Indebtedness:	
Long term debt, including current portion	\$ 1,837,427
Capital leases and other debt	739
Total deferred financing costs, net	27,993
Premium on subordinated debt, net	(5,187)
Cash	(462,399)
Adjusted Total Indebtedness, Net of All Cash	\$ 1,398,573
Total Leverage Ratio, Net of All Cash	4.16

Gray Television, Inc.
Selected Operating Data (Unaudited)
(in thousands)

As Reported Basis

	2017						
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 102,597	\$ 117,917	\$ 110,033	\$ 120,714	\$ 220,514	\$ 330,547	\$ 451,261
National	24,814	30,981	31,027	31,995	55,795	86,822	118,817
Political	1,321	3,708	4,005	7,464	5,029	9,034	16,498
Retransmission consent	67,573	69,371	70,150	69,509	136,944	207,094	276,603
Other	7,156	4,704	3,762	3,927	11,860	15,622	19,549
Total revenue	\$ 203,461	\$ 226,681	\$ 218,977	\$ 233,609	\$ 430,142	\$ 649,119	\$ 882,728
Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 101,206	\$ 99,787	\$ 104,697	\$ 115,080	\$ 200,993	\$ 305,690	\$ 420,770
Retransmission	32,265	33,758	34,733	35,590	66,023	100,756	136,346
Total broadcast expenses	\$ 133,471	\$ 133,545	\$ 139,430	\$ 150,670	\$ 267,016	\$ 406,446	\$ 557,116
Corporate and administrative	\$ 7,709	\$ 8,409	\$ 8,318	\$ 7,105	\$ 16,118	\$ 24,436	\$ 31,541
2016							
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 89,354	\$ 104,727	\$ 102,172	\$ 107,083	\$ 194,081	\$ 296,253	\$ 403,336
National	22,079	26,070	25,426	24,776	48,149	73,575	98,351
Political	9,655	9,649	22,272	48,519	19,304	41,576	90,095
Retransmission consent	47,269	50,549	51,096	51,965	97,818	148,914	200,879
Other	5,366	5,638	3,524	5,276	11,004	14,528	19,804
Total revenue	\$ 173,723	\$ 196,633	\$ 204,490	\$ 237,619	\$ 370,356	\$ 574,846	\$ 812,465
Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 86,230	\$ 93,385	\$ 95,659	\$ 102,173	\$ 179,615	\$ 275,274	\$ 377,447
Retransmission	22,338	23,950	25,058	26,338	46,288	71,346	97,684
Total broadcast expenses	\$ 108,568	\$ 117,335	\$ 120,717	\$ 128,511	\$ 225,903	\$ 346,620	\$ 475,131
Corporate and administrative	\$ 15,678	\$ 8,524	\$ 7,223	\$ 8,922	\$ 24,202	\$ 31,425	\$ 40,347

Gray Television, Inc.
Selected Operating Data (Unaudited)
(in thousands)

As Reported Basis

	2015						
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 74,865	\$ 83,091	\$ 83,972	\$ 94,543	\$ 157,956	\$ 241,928	\$ 336,471
National	17,767	18,949	20,889	23,505	36,716	57,605	81,110
Political	1,159	2,197	4,594	9,213	3,356	7,950	17,163
Retransmission consent	36,251	36,909	39,329	39,468	73,160	112,489	151,957
Other	3,261	2,318	2,318	2,758	5,579	7,897	10,655
Total revenue	\$ 133,303	\$ 143,464	\$ 151,102	\$ 169,487	\$ 276,767	\$ 427,869	\$ 597,356

Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 69,898	\$ 69,467	\$ 80,949	\$ 83,603	\$ 139,365	\$ 220,314	\$ 303,917
Retransmission	16,949	16,978	17,972	18,366	33,927	51,899	70,265
Total broadcast expenses	\$ 86,847	\$ 86,445	\$ 98,921	\$ 101,969	\$ 173,292	\$ 272,213	\$ 374,182
Corporate and administrative	\$ 6,847	\$ 6,444	\$ 10,022	\$ 11,030	\$ 13,291	\$ 23,313	\$ 34,343

	2014						
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 57,083	\$ 63,884	\$ 69,460	\$ 83,586	\$ 120,967	\$ 190,427	\$ 274,013
National	13,348	14,826	16,158	20,626	28,174	44,332	64,958
Political	2,792	8,616	22,029	48,538	11,408	33,437	81,975
Retransmission consent	16,117	17,659	19,674	21,444	33,776	53,450	74,894
Other	1,957	2,264	4,381	3,692	4,221	8,602	12,294
Total revenue	\$ 91,297	\$ 107,249	\$ 131,702	\$ 177,886	\$ 198,546	\$ 330,248	\$ 508,134

Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 56,439	\$ 61,768	\$ 67,959	\$ 80,201	\$ 118,207	\$ 186,166	\$ 266,367
Retransmission	3,945	4,234	5,259	6,185	8,179	13,438	19,623
Total broadcast expenses	\$ 60,384	\$ 66,002	\$ 73,218	\$ 86,386	\$ 126,386	\$ 199,604	\$ 285,990
Corporate and administrative	\$ 6,499	\$ 9,848	\$ 5,271	\$ 7,585	\$ 16,347	\$ 21,618	\$ 29,203

Gray Television, Inc.
Selected Operating Data (Unaudited)
(in thousands)

Combined Historical Basis⁽¹⁾

	2017						
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 109,096	\$ 119,757	\$ 110,033	\$ 120,714	\$ 228,853	\$ 338,886	\$ 459,600
National	27,091	31,948	31,027	31,995	59,039	90,066	122,061
Political	1,346	3,723	4,005	7,464	5,069	9,074	16,539
Retransmission consent	70,215	69,938	70,150	69,509	140,153	210,303	279,812
Other	5,435	3,947	3,762	3,927	9,382	13,143	17,069
Total revenue	\$ 213,183	\$ 229,313	\$ 218,977	\$ 233,609	\$ 442,496	\$ 661,472	\$ 895,081
Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 109,352	\$ 102,185	\$ 104,697	\$ 115,080	\$ 211,537	\$ 316,234	\$ 431,313
Retransmission	34,268	34,227	34,733	35,590	68,495	103,227	138,818
Total broadcast expenses	\$ 143,620	\$ 136,412	\$ 139,430	\$ 150,670	\$ 280,032	\$ 419,461	\$ 570,131
Corporate and administrative	\$ 7,709	\$ 8,409	\$ 8,318	\$ 7,105	\$ 16,118	\$ 24,436	\$ 31,541
2016							
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 110,190	\$ 119,764	\$ 114,796	\$ 120,812	\$ 229,954	\$ 344,750	\$ 465,562
National	28,547	31,261	30,112	29,493	59,808	89,920	119,413
Political	14,770	11,218	28,181	63,369	25,988	54,169	117,538
Retransmission consent	55,529	56,024	56,928	58,002	111,553	168,481	226,483
Other	5,469	3,903	3,781	3,852	9,372	13,153	17,005
Total revenue	\$ 214,505	\$ 222,170	\$ 233,798	\$ 275,528	\$ 436,675	\$ 670,473	\$ 946,001
Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 110,304	\$ 106,254	\$ 107,845	\$ 116,841	\$ 216,558	\$ 324,403	\$ 441,244
Retransmission	27,126	27,159	27,965	29,624	54,285	82,250	111,874
Total broadcast expenses	\$ 137,430	\$ 133,413	\$ 135,810	\$ 146,465	\$ 270,843	\$ 406,653	\$ 553,118
Corporate and administrative	\$ 15,678	\$ 8,524	\$ 7,223	\$ 8,922	\$ 24,202	\$ 31,425	\$ 40,347

See following page for note

Gray Television, Inc.
Selected Operating Data (Unaudited)
(in thousands)

Combined Historical Basis⁽¹⁾

	2015						
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 107,486	\$ 119,452	\$ 113,776	\$ 126,298	\$ 226,938	\$ 340,714	\$ 467,012
National	29,641	31,785	32,175	33,648	61,426	93,601	127,249
Political	1,372	2,939	5,535	12,088	4,311	9,846	21,934
Retransmission consent	45,524	46,423	47,983	48,660	91,947	139,930	188,590
Other	5,201	3,845	3,754	4,014	9,046	12,800	16,814
Total revenue	\$ 189,224	\$ 204,444	\$ 203,223	\$ 224,708	\$ 393,668	\$ 596,891	\$ 821,599
Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 105,627	\$ 105,181	\$ 111,961	\$ 115,716	\$ 210,808	\$ 322,769	\$ 438,485
Retransmission	20,477	20,671	21,551	23,101	41,148	62,699	85,800
Total broadcast expenses	\$ 126,104	\$ 125,852	\$ 133,512	\$ 138,817	\$ 251,956	\$ 385,468	\$ 524,285
Corporate and administrative	\$ 6,847	\$ 6,444	\$ 10,022	\$ 11,030	\$ 13,291	\$ 23,313	\$ 34,343
2014							
	Three Months Ended				Year To Date Ended		
	March 31	June 30	September 30	December 31	June 30	September 30	December 31
Revenue (less agency commissions):							
Local (including internet/digital/mobile)	\$ 104,591	\$ 113,891	\$ 105,662	\$ 119,303	\$ 218,482	\$ 324,144	\$ 443,447
National	29,117	30,926	30,013	34,658	60,043	90,056	124,714
Political	5,537	16,517	41,110	79,548	22,054	63,164	142,712
Retransmission consent	27,826	29,445	28,515	30,188	57,271	85,786	115,974
Other	7,317	5,427	6,004	5,104	12,744	18,748	23,852
Total revenue	\$ 174,388	\$ 196,206	\$ 211,304	\$ 268,801	\$ 370,594	\$ 581,898	\$ 850,699
Operating expenses before depreciation, amortization and gain or loss on disposal of assets, net:							
Broadcast:							
Payroll, programming and other	\$ 106,908	\$ 109,505	\$ 109,829	\$ 122,961	\$ 216,413	\$ 326,242	\$ 449,203
Retransmission	8,170	8,123	8,123	9,209	16,293	24,416	33,625
Total broadcast expenses	\$ 115,078	\$ 117,628	\$ 117,952	\$ 132,170	\$ 232,706	\$ 350,658	\$ 482,828
Corporate and administrative	\$ 6,499	\$ 9,848	\$ 5,271	\$ 7,585	\$ 16,347	\$ 21,618	\$ 29,203

(1) Due to the significant effect that our acquisitions and divestitures have had on our results of operations, and in order to provide more meaningful period over period comparisons, we present herein certain financial information on a "Combined Historical Basis." Combined Historical Basis reflects financial results that have been compiled by adding Gray's historical revenue and broadcast expenses to the historical revenue and broadcast expenses of stations acquired and removing the historical revenues and historical broadcast expenses of divested stations as if they had been acquired or divested, respectively, on January 1, 2014 (the beginning of the earliest period presented). Combined Historical Basis financial information reflects station acquisition and divestitures occurring between January 1, 2014 and December 31, 2017. Combined Historical Basis financial information does not reflect all purchase accounting and other adjustments required to comply with accounting principles generally accepted in the United States of America ("GAAP"), and includes certain other amounts not included, in pro forma financial information under Regulation S-X under the Securities Act.