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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 March 31, 2004 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)**
44,237,501 shares outstanding as of April 29, 2004	**5,830,820 shares outstanding as of April 29, 2004**

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GRAY TELEVISION, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in thousands)

	March 31, 2004	December 31, 2003
Assets:		
Current assets:		
Cash and cash equivalents	$ 24,683	$ 11,947
Trade accounts receivable, less allowance for doubtful accounts of $1,032 and $1,145 respectively	49,585	55,215
Inventories	1,116	1,521
Current portion of program broadcast rights, net	4,977	7,487
Other current assets	3,804	1,865
Total current assets	84,165	78,035
Property and equipment:		
Land	17,607	17,606
Buildings and improvements	34,573	34,325
Equipment	189,553	186,225
	241,733	238,156
Allowance for depreciation	(109,948)	(104,197)
	131,785	133,959
Deferred loan costs, net	12,644	13,112
Broadcast licenses	925,711	925,711
Goodwill	153,858	153,858
Other intangible assets, net	3,524	3,807
Investment in broadcasting company	13,599	13,599
Related party receivable	1,610	1,610
Other	1,476	1,638
	$1,328,372	$1,325,329

See notes to condensed consolidated financial statements.

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

	March 31, 2004	December 31, 2003
Liabilities and stockholders' equity:		
Current liabilities:		
Trade accounts payable	$ 2,867	$ 8,134
Employee compensation and benefits	12,275	14,195
Accrued interest	10,364	4,040
Other accrued expenses	3,690	4,332
Current portion of program broadcast obligations	6,507	8,976
Acquisition related liabilities	1,659	1,678
Deferred revenue	2,991	3,022
Unrealized loss on derivatives	197	210
Current portion of long-term debt	107	124
Total current liabilities	40,657	44,711
Long-term debt, less current portion	654,848	655,778
Program broadcast obligations, less current portion	866	1,014
Deferred income taxes	221,220	217,666
Other	3,369	4,109
	920,960	923,278
Commitments and contingencies (Note E)		
Redeemable Serial Preferred Stock, no par value; cumulative; convertible; designated 5 shares, issued and outstanding 4 shares ($40,000 aggregate liquidation value)	39,298	39,276
Stockholders' equity:		
Common Stock, no par value; authorized 50,000 shares, respectively; issued 44,198 and 44,032, respectively	394,563	392,436
Class A Common Stock, no par value; authorized 15,000 shares; issued 7,962 shares, respectively	15,241	15,241
Retained earnings (deficit)	(14,320)	(17,500)
Accumulated other comprehensive loss, net of tax	(113)	(126)
Unearned compensation	(1,338)	(1,357)
	394,033	388,694
Treasury Stock at cost, Common Stock, 12 shares, respectively	(200)	(200)
Treasury Stock at cost, Class A Common Stock, 2,131 shares, respectively	(25,719)	(25,719)
	368,114	362,775
	$1,328,372	$1,325,329

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 March 31, 2004	Three Months Ended March 31, 2003
Operating revenues:		
Broadcasting (less agency commissions)	$ 61,910	$ 52,601
Publishing	10,963	10,397
Paging	1,856	1,977
	74,729	64,975
Operating expenses:		
Operating expenses before depreciation, amortization and loss on disposal of assets:		
Broadcasting	37,398	34,898
Publishing	8,049	7,755
Paging	1,353	1,469
Corporate and administrative	2,373	2,136
Depreciation	5,801	5,190
Amortization of intangible assets	283	1,862
Amortization of restricted stock awards	94	-0-
Loss on disposal of assets, net	4	13
Total operating expenses	55,355	53,323
Operating income	19,374	11,652
Miscellaneous income (expense), net	143	78
Interest expense	(10,461)	(11,270)
Income before income taxes	9,056	460
Federal and state income tax expense	3,554	289
Net income	5,502	171
Preferred dividends (includes $22 accretion of issuance costs, respectively)	822	822
Net income (loss) available to common stockholders	$ 4,680	$ (651)
Basic per share information:		
Net income (loss) available to common stockholders	$ 0.09	$ (0.01)
Weighted average shares outstanding	49,856	50,327
Diluted per share information:		
Net income (loss) available to common stockholders	$ 0.09	$ (0.01)
Weighted average shares outstanding	50,503	50,327

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		Retained Earnings (Deficit)	Class A Treasury Stock		Common Stock Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		Shares	Amount	Shares	Amount			
Balance at December 31, 2003	7,961,574	$15,241	44,032,138	$392,436	$ (17,500)	(2,130,754)	$(25,719)	(11,750)	$ (200)	$ (126)	$ (1,357)	$ 362,775
Net income					5,502							5,502
Unrealized gain on derivatives, net of income taxes										13		13
Comprehensive income												5,515
Common Stock cash dividends ($0.03 per share)					(1,500)							(1,500)
Preferred Stock dividends					(822)							(822)
Issuance of Common Stock:												
401(k) plan			68,566	1,017								1,017
Non-qualified stock plan			92,500	1,034								1,034
Directors' restricted stock plan			5,00	76							(76)	-0-
Amortization of unearned compensation											95	95
Balance at March 31, 2004	7,961,574	$15,241	44,198,204	$394,563	$(14,320)	(2,130,754)	$(25,719)	(11,750)	$ (200)	$ (113)	$ (1,338)	$ 368,114

See notes to condensed consolidated financial statements.

GRAY TELEVISION, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Operating activities:		
Net income	$ 5,502	$ 171
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,801	5,190
Amortization of intangible assets	283	1,862
Amortization of deferred loan costs	468	426
Amortization of bond discount	36	36
Amortization of restricted stock award	94	21
Amortization of program broadcast rights	2,756	2,693
Payments for program broadcast rights	(2,697)	(2,404)
Supplemental employee benefits	(11)	(18)
Common Stock contributed to 401(k) Plan	560	868
Deferred income taxes	3,554	374
Loss on disposal of assets	4	13
Changes in operating assets and liabilities:		
Receivables, inventories and other current assets	4,096	9,172
Accounts payable and other current liabilities	(2,850)	(4,444)
Accrued Interest	6,325	9,029
Net cash provided by operating activities	23,921	22,989
Investing activities:		
Purchases of property and equipment	(8,230)	(3,730)
Acquisition of television businesses	-0-	(600)
Payments on acquisition related liabilities	(713)	(5,709)
Proceeds from sale of assets	21	199
Other	(14)	(3)
Net cash used in investing activities	(8,936)	(9,843)
Financing activities:		
Repayments of borrowings on long-term debt	(983)	(1,779)
Deferred loan costs	-0-	(96)
Proceeds from (expenses for) issuance of Common Stock	1,034	(85)
Dividends paid	(2,300)	(1,807)
Net cash used in financing activities	(2,249)	(3,767)
Increase in cash and cash equivalents	12,736	9,379
Cash and cash equivalents at beginning of period	11,947	12,915
Cash and cash equivalents at end of period	$ 24,683	$ 22,294

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 period ended March 31, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. 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, 2003.

Stock-Based Compensation

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.

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):

	Three Months Ended March 31,	
	2004	2003
Net income (loss) available to common stockholders, as reported	$4,680	$ (651)
Add: Stock-based employee compensation expense included in reported net income (loss), net of related tax effects	-0-	-0-
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(276)	(409)
Net income (loss) available to common stockholders, pro forma	$ 4,404	$ (1,060)
Net income (loss) per common share:		
Basic, as reported	$ 0.09	$ (0.01)
Basic, pro forma	$ 0.09	$ (0.02)
Diluted, as reported	$ 0.09	$ (0.01)
Diluted, pro forma	$ 0.09	$ (0.02)

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NOTE A—BASIS OF PRESENTATION (Continued)

Earnings Per Share

The Company computes earnings per share in accordance with FASB Statement No. 128, “Earnings Per Share” (“EPS”). The following table reconciles net income to net income available to common stockholders for the three months ended March 31, 2004 and 2003 (in thousands):

	Three Months Ended March 31,	
	2004	2003
Net income	$ 5,502	$ 171
Preferred dividends	822	822
Net income (loss) available to common stockholders	$ 4,680	$ (651)
Weighted average shares outstanding – basic	49,856	50,327
Stock options, warrants and restricted stock	647	-0-
Weighted average shares outstanding - diluted	50,503	50,327

For the three month period ended March 31, 2003, the Company incurred a net loss available to common stockholders. As a result, common stock equivalents 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 antidilutive common stock equivalents excluded from diluted earnings per share for the respective periods are as follows (in thousands):

	Three Months Ended March 31,	
	2004	2003
Antidilutive common stock equivalents excluded from diluted earnings per share	-0-	94

Reclassifications

Certain prior year amounts in the accompanying condensed consolidated financial statements have been reclassified to conform with the 2004 presentation.

NOTE B—LONG-TERM DEBT

As of March 31, 2004, the balance outstanding and the balance available under the Company’s senior credit facility were $374.0 million and $74.1 million, respectively, and the interest rate on the balance outstanding was 3.64%.

As of March 31, 2004, the Company’s Senior Subordinated Notes due 2011 (the “9¼% Notes”) had a balance outstanding of $278.9 million excluding unamortized discount of $1.1 million.

The 9¼% 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 9¼% 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

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

NOTE B—LONG-TERM DEBT (Continued)

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 9¼% 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—RETIREMENT PLANS

The following table provides the components of net periodic benefit cost for the Company's pension plan for the three months ended March 31, 2004 and 2003 (in thousands):

	Three Months Ended March 31,	
	2004	2003
Service cost	$ 532	$ 314
Interest cost	250	211
Expected return on plan assets	(200)	(168)
Net periodic benefit cost	$ 582	$ 357

The Company previously disclosed in its financial statements for the year ended December 31, 2003 that it expected to contribute $1.6 million to its pension plan in 2004. As of March 31, 2004, no contributions have yet been made to the plan by the Company.

NOTE D—INFORMATION ON BUSINESS SEGMENTS

The Company operates in three business segments: broadcasting, publishing and paging. As of March 31, 2004, the broadcasting segment operates 29 television stations located in the United States. The publishing segment operates five 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 March 31,	
	2004	2003
Operating revenues:		
Broadcasting	$61,910	$52,601
Publishing	10,963	10,397
Paging	1,856	1,977
	$74,729	$64,975

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

NOTE D—INFORMATION ON BUSINESS SEGMENTS (Continued)

	Three Months Ended March 31,	
	2004	2003
Operating income:		
Broadcasting	$ 16,903	$ 9,564
Publishing	2,235	1,908
Paging	236	180
Total operating income	19,374	11,652
Miscellaneous income (expense), net	143	78
Interest expense	(10,461)	(11,270)
Income before income taxes	$ 9,056	$ 460

Corporate and administrative expenses as well as amortization of restricted stock are allocated to operating income based on segment net revenues.

NOTE E—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 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. There is no assurance that the Estate would have sufficient assets to honor any or all of such potential claims. 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.

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, 2003.

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 March 31,			
	2004		2003	
	Amount	Percent of Total	Amount	Percent of Total
Broadcasting net revenues:				
Local	$ 37,358	50.0%	$ 33,034	50.9%
National	16,243	21.7	14,921	23.0
Network compensation	2,410	3.2	1,997	3.1
Political	3,534	4.7	741	1.1
Production and other	2,365	3.2	1,908	2.9
	$61,910	82.8%	$52,601	81.0%
Publishing net revenues:				
Retail	$ 5,521	7.4%	$ 5,181	8.0%
Classified	3,172	4.3	2,998	4.6
Circulation	2,050	2.7	1,996	3.1
Other	220	0.3	222	0.3
	$ 10,963	14.7%	$ 10,397	16.0%
Paging net revenues:				
Paging lease, sales and service	$ 1,856	2.5%	$ 1,977	3.0%
	$ 74,729	100.0%	$64,975	100.0%

Three Months Ended March 31, 2004 Compared To Three Months Ended March 31, 2003

Revenues. Total revenues for the three months ended March 31, 2004 increased 15% to $74.7 million as compared to the same period of the prior year.

- Broadcasting revenues increased 18% to $61.9 million. The primary reason for the increase in local and national advertising revenue is due, in part, to improving general economic conditions. The increase in political advertising revenue is due to this being an "on year" in the two-year political cycle which results in an increased number of political races.

- Publishing revenues increased 5% to $11.0 million. Retail advertising revenue, classified revenue and circulation revenue increased 7%, 6% and 3%, respectively. The increase in publishing advertising revenue was due largely to systematic account development, market growth and rate increases.

- Paging revenues decreased 6% to $1.9 million. The decrease was due primarily to price competition and a reduction of units in service. The Company had approximately 50,000 and 63,000 units in service at March 31, 2004 and 2003, respectively. The number of units in service decreased due to increased competition from other communication services and products such as cellular telephones.

Operating expenses. Operating expenses increased 4% to $55.4 million due primarily to inflation and business growth.

- Broadcasting expenses, before depreciation, amortization and loss on disposal of assets increased 7% to $37.4 million. The primary reason for the increase in broadcast expenses was due to increases in payroll expense. This expense has increased due to higher commissions related to increased revenues and annual payroll increases. Higher payroll costs were partially mitigated by a decrease in the number of employees in the broadcasting segment. Programming costs and professional services were also higher.

- Publishing expenses, before depreciation, amortization and loss on disposal of assets, increased 4% to $8.0 million. Increases in newsprint pricing accounted for 45% of the overall increase in publishing expenses. The remaining portion of the increase was generated primarily from having an additional publishing day in February due to leap year. The increase in publishing expense was partially offset by a decrease in payroll and related expenses of 1.5% for the quarter. This decrease was due to a decrease in the number of employees in the publishing segment.

- Paging expenses, before depreciation, amortization and loss on disposal of assets decreased 7.9% to $1.4 million primarily due to a decrease in payroll expenses. This decrease was due partially to a decrease in the number of employees in the paging segment.

- Corporate and administrative expenses, before depreciation, amortization and loss on disposal of assets increased 11% to $2.4 million due to increased legal, accounting and other professional service expenses.

- Depreciation of property and equipment and amortization of intangible assets was $6.1 million for the three months ended March 31, 2004, as compared to $7.1 million for the same period of the prior year, a decrease of $1.0 million, or 14%. This decrease is due to an increase in depreciation of $0.6 million being offset by a decrease in amortization of $1.6 million. The increase in depreciation was due to newly acquired digital broadcast equipment. The decrease in amortization expense was due to certain definite lived intangible assets, that were acquired in 2002, becoming fully amortized.

Interest expense. Interest expense decreased $0.8 million to $10.5 million. This decrease was due to lower interest rates on the Company's senior credit facility.

Income tax expense. An income tax expense of $3.6 million was recorded for the three months ended March 31, 2004 as compared to an income tax expense of $0.3 million for the three months ended March 31, 2003. 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, partially offset by a lower effective income tax rate.

Preferred dividends. Preferred dividends remained consistent with that of the prior year because there were no changes to the preferred stock upon which the dividends are paid.

Net income (loss) available to common stockholders. Net income (loss) available to common stockholders of the Company for the three months ended March 31, 2004 and 2003 was $4.7 million and $(0.7) 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).

	Three Months Ended March 31,	
	2004	2003
Net cash provided by operating activities	$ 23,921	$ 22,989
Net cash used in investing activities	(8,936)	(9,843)
Net cash used in financing activities	(2,249)	(3,767)
Net increase in cash and cash equivalents	$ 12,736	$ 9,379

	March 31, 2004	December 31, 2003
Cash and cash equivalents	$ 24,683	$ 11,947
Long-term debt including current portion	654,955	655,902
Preferred stock	39,298	39,276
Available credit under senior credit agreement	74,063	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 March 31, 2004, 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 foreseeable 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 $0.9 million. The increase was due primarily to an increase in net income partially offset by changes in operating assets and liabilities.

Net cash used in investing activities decreased $0.9 million. The decrease was due primarily to lower payments on acquisition related liabilities partially offset by increased purchases of property and equipment .

Net cash used in financing activities decreased $1.5 million. The decrease was primarily due to cash received from the exercise of stock options by employees and lower repayments of debt.

Digital Television Conversion

As of April 26, 2004, the Company was broadcasting a digital signal at 27 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 begin broadcasting a digital signal 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.

Capital Expenditures

The Company had capital expenditures of $8.2 million for the three months ended March 31, 2004 compared to $3.7 million for the corresponding period of 2003. Of the $8.2 million expended in the three months ended March 31, 2004, $4.6 million was accrued as a liability as of December 31, 2003. The increase in capital expenditures reflects, in part, the timing of certain payments relating to the Company’s on going digital television conversion. At present, the Company currently anticipates that total capital expenditures for the full year of 2004 will range between $20 million and $25 million including approximately $8 million to $9 million of payments relating to the digital television conversion.

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. These critical accounting policies and estimates are more fully disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2003.

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 March 31, 2004 has not materially changed since December 31, 2003. The market risk profile on December 31, 2003 is disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2003.

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 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 - Contingencies of the Notes to Condensed 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 Second Amendment to Loan Agreement

Exhibit 31.1 Rule 13 (a) – 14(a) Certificate of Chief Executive Officer

Exhibit 31.2 Rule 13 (a) – 14(a) Certificate of Chief Financial Officer

Exhibit 32.1 Section 1350 Certificate of Chief Executive Officer

Exhibit 32.2 Section 1350 Certificate of Chief Financial Officer

(b) Reports on Form 8-K

On February 20, 2004, the Company filed a report on Form 8-K under Item 11 that disclosed the following information: On February 13, 2004, Gray Television, Inc. received notice from MetLife Retirement Plans notifying it of a change in the administrator and investment provider for the Company's Capital Accumulation Plan from Smith Barney/Leggett to MetLife. A copy of the related notice provided by the Company to its officers and directors was attached as Exhibit 99 to the Form 8-K.

On March 11, 2004, the Company furnished a report on Form 8-K under Item 12 that contained its earnings release for the quarter ended December 31, 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: May 7, 2004

By: /s/ James C. Ryan
James C. Ryan,
Senior Vice President and Chief Financial Officer

EXHIBIT 10.1

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT (this "Amendment") is made and entered into as of this 8th day of April, 2004, with an Effective Date as set forth in Section 1 hereof, by and among GRAY TELEVISION, INC., a Georgia corporation (the "Borrower"), the banks and lending institutions party to the Loan Agreement referred to below (the "Lenders"), WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as administrative agent for the lenders (the "Administrative Agent"), BANK OF AMERICA, N.A., in its capacity as syndication agent (the "Syndication Agent") and DEUTSCHE BANK TRUST COMPANY AMERICAS, in its capacity as documentation agent (the "Documentation Agent").

The Lenders have extended certain credit facilities to the Borrower pursuant to the Fourth Amended and Restated Loan Agreement dated as of October 25, 2002, by and among the Borrower, the Lenders, the Administrative Agent, the Syndication Agent and the Documentation Agent (as previously amended by the First Amendment to Loan Agreement dated as of June 9, 2003 by among the Borrower, the lenders party thereto and the Administrative Agent, as amended hereby and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement").

The parties now desire to amend the Loan Agreement in certain respects subject to the terms and conditions set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Amendment to the Loan Agreement. Effective as of the date (the "Effective Date") that the Administrative Agent shall have received this Amendment executed by the Borrower and the Administrative Agent on behalf of itself and the other requisite Lenders pursuant to authorization letters of even date, Section 1.1 ("Definitions") of the Loan Agreement is hereby amended by deleting the reference to "$5,000,000" in clause (vi) of the definition of "Excess Cash Flow" and replacing it with "$10,000,000".

2. Effect of the Amendment. All capitalized undefined terms used in this Amendment shall have the meanings assigned thereto in the Loan Agreement. Except as expressly modified hereby, the Loan Agreement and the other Loan Documents shall be and remain in full force and effect. This Amendment shall not be deemed (a) to be a waiver of, or consent to, a modification or amendment of, any other term or condition of the Loan Agreement or any other Loan Document or (b) to prejudice any other right or rights which the Administrative Agent or the Lenders may now have or may have in the future under or in connection with the Loan Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended or modified from time to time.

3. Representations and Warranties/No Default. By its execution hereof, the Borrower hereby certifies that (a) each of the representations and warranties set forth in the Loan Agreement and the other Loan Documents is true and correct as of the date hereof as if fully set forth herein unless such representations and warranties relate to a specific date, in which case such representations and warranties shall be true and correct as of such specific date, (b) no Default or Event of Default has occurred and is continuing as of the date hereof, (c) as of the date hereof there are no claims or offsets against or defenses or counterclaims to any of the obligations of the Borrower under the Loan Agreement or any other Loan Document, (d) it has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Amendment and each other document executed in connection herewith to which it is a party in accordance with their respective terms and (e) this Amendment and each other

document executed in connection herewith has been duly executed and delivered by the duly authorized officers of the Borrower and each such document constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms.

4. Costs and Expenses. The Borrower shall pay all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and disbursements of counsel for the Administrative Agent.

5. Miscellaneous.

(a) THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW (WITHOUT GIVING EFFECT TO THE CONFLICTS OR CHOICE OF LAW PRINCIPLES THEREOF) OF THE STATE OF GEORGIA.

(b) This Amendment may be executed in separate counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A facsimile, telecopy or other reproduction of this Amendment may be executed by one or more parties hereto, and an executed copy of this Amendment may be delivered by one or more parties hereto by facsimile or similar instantaneous electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Amendment as well as any facsimile, telecopy or other reproduction hereof.

(c) The parties hereto agree that notwithstanding anything contained herein to the contrary, if the conditions set forth in Section 1 of this Amendment are satisfied on or after April 14, 2004 (but in no event later than April 30, 2004), the Effective Date of the amendment set forth in Section 1 shall be April 14, 2004. In furtherance of the foregoing the Lenders agree that if, notwithstanding the foregoing sentence, the Effective Date of this Amendment is deemed to be later than April 14, 2004 and the Borrower has not made a payment pursuant to Section 2.7(b)(iv) of the

Loan Agreement solely in reliance on the fact that such payment is no longer required after giving effect to this Amendment, then the interest rate will not increase pursuant to Section 2.3(d) of the Loan Agreement without (i) prior notice to the Borrower of such increase and (ii) an affirmative vote of the Required Lenders.

(d) By its execution hereof, each of the Subsidiaries of the Borrower listed on the signature pages to this Amendment hereby expressly (a) consents to the modifications and amendments set forth in this Amendment, (b) reaffirms all of its respective covenants, representations, warranties and other obligations set forth in the Subsidiary Guaranty and the other Loan Documents to which it is a party and (c) acknowledges, represents and agrees that its respective covenants, representations, warranties and other obligations set forth in the Subsidiary Guaranty and the other Loan Documents to which it is a party remain in full force and effect.

[Signatures Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date and year first above written.

BORROWER:

GRAY TELEVISION, INC., as Borrower

By: /s/ James C. Ryan

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

SUBSIDIARY GUARANTORS:

GRAY PUBLISHING, LLC, as Subsidiary Guarantor

By: /s/ James C. Ryan

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

PORTA-PHONE PAGING LICENSEE CORP. , as
Subsidiary Guarantor

By: /s/ James C. Ryan

Name: James C. Ryan
Title: Treasurer

WVLT-TV, INC., as Subsidiary Guarantor

By: /s/ James C. Ryan

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

GRAY MIDAMERICA TELEVISION, INC., as
Subsidiary Guarantor

By: /s/ James C. Ryan

Name: James C. Ryan
Title: Treasurer

[Signature Pages Continue]

GRAY TELEVISION GROUP, INC., as Subsidiary
Guarantor

By: /s/ James C. Ryan

Name: James C. Ryan
Title: Senior Vice President, Assistant
Secretary and Treasurer

GRAY TELEVISION LICENSEE, INC., as Subsidiary
Guarantor

By: /s/ James C. Ryan

Name: James C. Ryan
Title: Treasurer

GRAY TEXAS LP, as Subsidiary Guarantor

By: GRAY TELEVISION GROUP, INC., its General
Partner

By: /s/ James C. Ryan

Name: James C. Ryan
Title: Senior Vice President, Assistant
Secretary and Treasurer

GRAY TEXAS LLC, as Subsidiary Guarantor

By: /s/ James C. Ryan

Name: James C. Ryan
Title: Treasurer

ADMINISTRATIVE AGENT:

WACHOVIA BANK, NATIONAL ASSOCIATION, as Administrative Agent and Lender on behalf of itself and the other Lenders

By: /s/ Joe Mynatt

Name: Joe Mynatt
Title: Director

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: May 7, 2004

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: May 7, 2004

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 March 31, 2004 (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: May 7, 2004

/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 March 31, 2004 (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: May 7, 2004

/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.