

GRAY TELEVISION INC

Form PRE 14A

April 09, 2004

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**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

x Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under Rule 14a-12

GRAY TELEVISION, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**GRAY
TELEVISION, INC.
4370 Peachtree Road, N.E.
Atlanta, Georgia 30319**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
May 26, 2004**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Gray Television, Inc. (Gray) will be held at 9:30 a.m., local time, on Wednesday, May 26, 2004, at The Peachtree Insurance Center, The Executive Board Room, 5th Floor, 4370 Peachtree Road, N.E., Atlanta, Georgia 30319, for the purpose of considering and acting upon:

Proposal One: The election of ten members of Gray s board of directors;

Proposal Two: A proposal to approve an amendment to the Gray Television, Inc. 2002 Long Term Incentive Plan to increase the number of shares reserved for issuance thereunder by 2,000,000 shares;

Proposal Three: A proposal to amend Gray s Restated Articles of Incorporation to increase the number of authorized shares of Common Stock from 50,000,000 authorized shares to 100,000,000 authorized shares; and

Such other business and matters or proposals as may properly come before the meeting.

Only holders of record of Gray common stock, no par value per share (the Common Stock) and Gray Class A common stock, no par value per share (the Class A Common Stock), at the close of business on March 30, 2004 are entitled to notice of, and to vote at, the annual meeting.

Your vote is very important. We encourage you to vote as soon as possible by one of three convenient methods: by calling the toll-free number listed on the proxy card, by accessing the Internet site listed on the proxy card or by signing, dating and returning the proxy card in the enclosed postage-paid envelope.

By Order of the Board of Directors,
J. Mack Robinson
Chairman and Chief Executive Officer

Atlanta, Georgia
April __, 2004

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**GRAY TELEVISION, INC.
4370 Peachtree Road, N.E.
Atlanta, Georgia 30319**

**PROXY STATEMENT
For Annual Meeting of Shareholders
to be Held on May 26, 2004**

This proxy statement is being furnished by the board of directors of Gray Television, Inc., a Georgia corporation (which we refer to as Gray, we, or us), to the holders of Gray common stock, no par value per share (the Common Stock), and Gray Class A common stock, no par value per share (the Class A Common Stock and, together with the Common Stock, the Gray Common Stock), in connection with the solicitation of proxies by Gray's board of directors for use at the 2004 Annual Meeting of Shareholders (the 2004 Annual Meeting) to be held at The Peachtree Insurance Center, The Executive Board Room, 5th Floor, 4370 Peachtree Road, N.E., Atlanta, Georgia 30319, on Wednesday, May 26, 2004, at 9:30 a.m., local time, and at any adjournments or postponements thereof.

A proxy delivered pursuant to this solicitation is revocable at the option of the person giving the same at any time before it is exercised. A proxy may be revoked, prior to its exercise, by signing and delivering a later dated proxy card, by submitting a later dated proxy by Internet or by telephone, by delivering written notice of the revocation of the proxy to Gray's Secretary prior to the 2004 Annual Meeting, or by attending and voting at the 2004 Annual Meeting. Attendance at the 2004 Annual Meeting, in and of itself, will not constitute a revocation of a proxy. Unless previously revoked, the shares represented by the enclosed proxy will be voted in accordance with the shareholder's directions if the proxy is duly submitted prior to the 2004 Annual Meeting.

If no directions are specified, the shares will be voted **FOR** the election of the director nominees recommended by the board of directors, **FOR** the amendment to the Gray Television, Inc. 2002 Long Term Incentive Plan (the 2002 Incentive Plan) to increase the number of shares of Common Stock reserved for issuance thereunder by 2,000,000 shares, **FOR** the increase in the number of authorized shares of Common Stock from 50,000,000 to 100,000,000 shares, and in accordance with the discretion of the named proxies on other matters properly brought before the 2004 Annual Meeting.

The expense of preparing, printing and mailing this proxy statement and soliciting the proxies sought hereby will be borne by Gray. In addition to the use of the mail, proxies may be solicited by officers, directors and regular employees of Gray, who will not receive additional compensation therefore, in person or by telephone, telegraph or facsimile transmission. Gray also will request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of the Common Stock and the Class A Common Stock as of the record date for the 2004 Annual Meeting and will provide reimbursement for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly signing and returning the enclosed proxy card will help to avoid additional expense.

At March 30, 2004, 44,178,936 shares of the Common Stock were outstanding and 5,830,820 shares of the Class A Common Stock were outstanding. Only shareholders of record at the close of business on March 30, 2004 are entitled to notice of, and to vote at, the 2004 Annual Meeting. This proxy statement and the enclosed proxy card are first being mailed to shareholders on or about April ___, 2004.

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VOTING REQUIREMENTS

Record Date and Voting Rights

Gray's board of directors has fixed the close of business on March 30, 2004 as the record date for determining holders of the Common Stock and the Class A Common Stock entitled to notice of, and to vote at, the 2004 Annual Meeting. Only holders of record of the Common Stock and/or the Class A Common Stock on that date will be entitled to notice of, and to vote at, the 2004 Annual Meeting. Shareholders of record may vote by either:

attending the 2004 Annual Meeting;

the Internet at <http://www.eproxy.com/gtn>;

the telephone at 1-800-435-6710 as directed on the enclosed proxy card; or

completing and mailing the enclosed proxy card.

Instructions for voting are included on the enclosed proxy card.

As of the record date, March 30, 2004, 44,178,936 shares of the Common Stock and 5,830,820 shares of the Class A Common Stock were outstanding. Each share of the Common Stock is entitled to one vote and each share of the Class A Common Stock is entitled to ten votes. The total number of possible votes is 102,487,136. A number of votes equal to or greater than a majority of possible votes, or 51,243,569 votes (including abstentions and broker non-votes), will constitute a quorum. No business may be transacted at the 2004 Annual Meeting without a quorum. Abstentions and broker non-votes (where a broker submits a proxy but does not have discretionary authority to vote a customer's shares on such proposal when specific instructions are not received) will be counted as present for purposes of determining a quorum.

Required Votes

With respect to Proposal One, the election of directors, a majority of the votes is not required; instead, the nominees will be elected by a plurality of the votes cast, which means that the nominees receiving the most votes will be elected. Votes withheld from any nominee, if a quorum is present, will have no effect on the outcome of voting for directors. Abstentions and broker non-votes will not be counted and will have no effect on the outcome of the election of directors.

With respect to Proposal Two, the proposal to increase the number of shares of Common Stock reserved for issuance under the 2002 Incentive Plan, the approval of a majority of the votes cast by the holders of shares of the Common Stock and the Class A Common Stock, voting together as a single class, is required; provided, however, that the total votes cast on Proposal Two must represent over 50% of the total number of votes entitled to be cast by the holders of all of the outstanding shares of the Common Stock and the Class A Common Stock, voting together as a single class. Abstentions and broker non-votes will be excluded from the tabulation of votes cast on these proposals and, therefore, will not affect the outcome of the vote on these proposals (unless the number of abstentions and broker non-votes causes the total number of votes cast on the matter to be less than 50% of the total number of votes entitled to be cast by the holders of all outstanding shares of Common Stock and Class A Common Stock, together as a single class).

With respect to Proposal Three, the proposal to amend our articles of incorporation to increase the number of shares of Common Stock authorized for issuance, the approval of both (1) a majority of the votes represented by all of the outstanding shares of Common Stock and Class A Common Stock, voting

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together as a single class, and (2) a majority of the votes represented by all of the outstanding shares of Common Stock, voting as a separate class, is required to approve the proposal. An abstention or broker non-vote will have the effect of a vote against the proposal.

The holders of the Common Stock and the Class A Common Stock are not entitled to appraisal rights under Georgia law with respect to any of the proposals set forth in this proxy statement.

PROPOSAL ONE: ELECTION OF DIRECTORS**Nominees**

At the 2004 Annual Meeting, ten directors are to be elected to hold office (subject to Gray's bylaws) until Gray's next annual meeting of shareholders and until their successors have been elected and qualified. In case any nominee listed in the table below should be unavailable for any reason, which Gray's management has no reason to anticipate, your proxy will be voted for any substitute nominee or nominees who may be selected by management prior to or at the 2004 Annual Meeting, or, if no substitute is selected by management prior to or at the 2004 Annual Meeting, a motion to reduce the membership of the board to the number of nominees available will be presented.

Our board of directors unanimously recommends that you vote FOR the election of those directors specified in this proxy statement.

Set forth below is information concerning each of the nominees.

Name	Director Since	Age	Position
William E. Mayher, III	1990	65	Chairman of the Board of Directors
J. Mack Robinson	1993	80	Director, Chairman and Chief Executive Officer
Robert S. Prather, Jr.	1993	59	Director, President and Chief Operating Officer
Hilton H. Howell, Jr.	1993	42	Director, Vice Chairman
Richard L. Boger	1991	57	Director
Ray M. Deaver	2002	63	Director
T. L. Elder	2003	65	Director
Howell W. Newton	1991	57	Director
Hugh E. Norton	1987	71	Director
Harriett J. Robinson	1997	73	Director

J. Mack Robinson has been Gray's Chairman and Chief Executive Officer since September 2002. Prior to that, he was Gray's President and Chief Executive Officer from 1996 through September 2002. He is the Chairman of the Executive Committee of Gray's board of directors. Mr. Robinson has served as Chairman of the Board of Bull Run Corporation, since 1994, Chairman of the Board and President of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company since 1958, President of Atlantic American Corporation, an insurance holding company, from 1988 until 1995 and Chairman of the Board of Atlantic American Corporation since 1974. Mr. Robinson also serves as a director of the following companies: Bankers Fidelity Life Insurance Company, American Independent Life Insurance Company, Georgia Casualty & Surety Company, American Southern Insurance Company and American Safety Insurance Company. He is a director *emeritus* of Wachovia Corporation. Mr. Robinson is the husband of Mrs. Harriett J. Robinson and the father-in-law of Mr. Hilton H. Howell, Jr., both members of Gray's board

of directors.

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Robert S. Prather, Jr. has served as Gray's President and Chief Operating Officer since September 2002. Prior to that, he served as Gray's Executive Vice President-Acquisitions from 1996 through September 2002. He is a member of the Executive Committee of Gray's board of directors. He has served as President and Chief Executive Officer and a director of Bull Run Corporation, since 1992. He serves as an advisory director of Swiss Army Brands, Inc. and serves on the Board of Trustees of the Georgia World Congress Center Authority.

Hilton H. Howell, Jr. has been Gray's Vice Chairman since September 2002. Prior to that, he was Gray's Executive Vice President since September 2000. He is a member of Gray's Executive Committee. He has served as President and Chief Executive Officer of Atlantic American Corporation, an insurance holding company, since 1995 and Executive Vice President from 1992 to 1995. He has been Executive Vice President and General Counsel of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company since 1991, and Vice Chairman of Bankers Fidelity Life Insurance Company and Georgia Casualty & Surety Company since 1992. He has been a director, Vice President and Secretary of Bull Run Corporation, since 1994. Mr. Howell also serves as a director of the following companies: Atlantic American Corporation, Bankers Fidelity Life Insurance Company, Delta Life Insurance Company, Delta Fire and Casualty Insurance Company, Georgia Casualty & Surety Company, American Southern Insurance Company, American Safety Insurance Company, Association Casualty Insurance Company and Association Risk Management General Agency. He is the son-in-law of Mr. J. Mack Robinson and Mrs. Harriett J. Robinson, both members of Gray's board of directors.

William E. Mayher, III is a member of the 2002 Long Term Incentive Plan Committee, the Executive Committee, the Management Personnel Committee and the Audit Committee of Gray's board of directors and has served as Chairman of Gray's board of directors since August 1993. Dr. Mayher was a neurosurgeon in Albany, Georgia from 1970 to 1998. Dr. Mayher is Chairman of the Medical College of Georgia Foundation and a past member of the American Association of Neurological Surgeons. He also serves as a director of Palmyra Medical Centers.

Richard L. Boger is a member of the Audit Committee of Gray's board of directors. Mr. Boger has been President and Chief Executive Officer of Lex-Tek International, Inc., an insurance software company, since February 2002 and was previously President and Chief Executive Officer of Export Insurance Services, Inc., an insurance brokerage and agency. Mr. Boger has also been a director of CornerCap Group of Funds, a Series investment company since prior to 1992.

Ray M. Deaver is Chairman of the Management Personnel Committee of Gray's board of directors and a member of the 2002 Long Term Incentive Plan Committee. Prior to his appointment to Gray's board of directors, Mr. Deaver served as Gray's Regional Vice President-Texas from October 1999 until his retirement on December 31, 2001. He was the President and General Manager of KWTX Broadcasting Company and President of Brazos Broadcasting Company from November 1997 until their acquisition by Gray in October 1999. Prior to 1995, he was Vice President of KWTX Broadcasting Company and Brazos Broadcasting Company.

T.L. (Gene) Elder is a member of Gray's Audit Committee. Prior to his retirement in May 2003, Mr. Elder was a partner of Tatum CFO Partners, LLP, a national firm of career chief financial officers.

Howell W. Newton is Chairman of the Audit Committee of Gray's board of directors. Mr. Newton has been President and Treasurer of Trio Manufacturing Co., a textile manufacturing company, since 1978.

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Hugh E. Norton is Chairman of the 2002 Long Term Incentive Plan Committee and is a member of the Management Personnel Committee of Gray's board of directors. Mr. Norton is the President of Norco, Inc., an insurance agency. Mr. Norton also is a real estate developer in Destin, Florida.

Harriett J. Robinson has been a director of Atlantic American Corporation since 1989. Mrs. Robinson has also been a director of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company since 1967. Mrs. Robinson is the wife of Mr. J. Mack Robinson and the mother-in-law of Mr. Hilton H. Howell, Jr., both members of Gray's board of directors.

Corporate Governance

The New York Stock Exchange (the NYSE) has recently adopted new corporate governance requirements, which will become effective immediately after our annual meeting. Gray is in compliance with the newly adopted NYSE corporate governance rules, which were adopted in connection with the Sarbanes-Oxley Act of 2002. The Company has adopted a Code of Ethics that applies to all of its directors, executive officers and employees. If any waiver of this Code is granted, the waiver will be disclosed in a Securities and Exchange Commission (the SEC) filing on Form 8-K. Our Code of Ethics and the written charters of our Audit, Management Personnel and Nominating Committees are available on our website.

Our Board of Directors has determined that all of its directors, except for Mr. Robinson, due to his status as an executive officer, Mr. Prather, due to his status as an executive officer, Mr. Howell, due to his status as an executive officer, and Mrs. Robinson, due to her family relationships with Mr. Robinson and Mr. Howell, are independent within the meaning of Section 303A.02(b) of the NYSE listing standards. Consequently, our Board of Directors has determined that six of Gray's ten directors are independent within the meaning of the listing standards of the NYSE.

Gray encourages shareholder communication with its Board of Directors. Any shareholder who wishes to communicate with the Board of Directors or with any particular director, including any independent director, may send a letter to the Secretary of the Corporation at Gray Television, Inc., Robert A. Beizer, Secretary, 1750 K Street, NW, Suite 1200, Washington, DC, 20006. Any communication should indicate that you are a Gray shareholder and clearly specify that such communication is intended to be made to the entire Board of Directors or to one or more particular directors.

The Board of Directors has adopted a policy that all directors on the Board of Directors are expected to attend annual meetings of the shareholders. All members of Gray's Board of Directors at the time of the 2003 Annual Meeting of Shareholders attended the 2003 Annual Meeting of Shareholders.

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Board Committees and Membership

Gray's board of directors has an Executive Committee. The Executive Committee has and may exercise all of the lawful authority of the full board of directors in the management and direction of the affairs of Gray, except as otherwise provided by law or as otherwise directed by Gray's board of directors. All actions by the Executive Committee are subject to revision and alteration by Gray's board of directors, provided that no rights of third parties shall be affected by any such revision or alteration. The Executive Committee held no meetings during 2003. The members of the Executive Committee are Messrs. Howell, Mayher, Prather and Robinson.

Gray's board of directors has an Audit Committee, the purpose of which is to review and evaluate the results and scope of the audit and other services provided by Gray's independent accountants, as well as Gray's accounting principles and system of internal accounting controls, and to review and approve any transactions between Gray and its directors, officers or significant shareholders. The Audit Committee held eight meetings during 2003. The members of the Audit Committee are Messrs. Boger, Elder, Mayher and Newton. The Audit Committee has adopted a written charter to govern its operations, a copy of which is attached to this proxy statement as Appendix A. The Board of Directors has determined that T.L. (Gene) Elder is an audit committee financial expert as that term is defined under recently adopted regulations of the SEC. The board of directors has determined that all members of the Audit Committee are independent in accordance with NYSE and SEC rules governing audit committee member independence. The report of the Audit Committee is set forth under the heading Report of Audit Committee.

Gray's board of directors has a Management Personnel Committee, the purpose of which is to make recommendations with respect to executive salaries, bonuses and compensation. The Management Personnel Committee held three meetings in 2003, and its members are Messrs. Deaver, Mayher, and Norton. The Management Personnel Committee is governed by a written charter, a copy of which is available on Gray's corporate website. The board of directors has determined that all members of the Management Personnel Committee are independent in accordance with NYSE rules governing independence. The report of the Management Personnel Committee is set forth under the heading Report of Management Personnel Committee.

In addition to acting as Gray's compensation committee, the Management Personnel Committee also acts as Gray's Nominating and Corporate Governance Committee. The committee has adopted a written charter to govern its activities as the Nominating and Corporate Governance Committee, a copy of which is available on Gray's corporate website. In this function, the committee assists the Board of Directors in fulfilling its responsibilities to shareholders by identifying and screening individuals qualified to become directors of Gray, recommending candidates to the Board of Directors for all directorships, developing and recommending to the Board of Directors a set of corporate governance principles and guidelines applicable to Gray, and overseeing the evaluation of the Board of Directors and management. In recommending candidates to the Board of Directors for nomination as directors, the Management Personnel Committee considers such factors as it deems appropriate, consistent with its charter, including but not limited to judgment, skills, diversity, integrity and experience. The committee does not assign a particular weight to these individual factors. Rather, the committee looks for a unit of factors that, when considered along with the experience and credentials of the other candidates and existing directors, will provide shareholders with a diverse and experienced Board of Directors. Historically, Gray has not used a recruiting firm to assist with this process.

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The Management Personnel Committee will consider recommendations for director nominees submitted by shareholders. The Management Personnel Committee's evaluation of candidates recommended by Gray Shareholders does not differ materially from its evaluation of candidates recommended from other sources. Shareholders wishing to recommend director candidates for consideration by the Management Personnel Committee may do so by writing to the Secretary of Gray, giving the candidate's name, biographical data and qualifications. The foregoing information should be forwarded to the Nominating Committee, c/o Robert A. Beizer, Secretary, 1750 K Street, NW, Suite 1200, Washington, DC, 20006.

Gray's board of directors has a 2002 Long Term Incentive Plan Committee which is a sub-committee of the Management Personnel Committee, the purpose of which is to make recommendations concerning grants of stock options, awards and grants under the 2002 Incentive Plan and the Gray Television, Inc. Directors' Restricted Stock Plan (the Directors' Restricted Stock Plan). The 2002 Long Term Incentive Plan Committee held one meeting in 2003, and its members are Messrs. Deaver, Mayher and Norton.

Gray's board of directors held five meetings during 2003. During 2003, each of the directors attended at least 75% of the aggregate number of meetings of the board and meetings of all committees of the board on which such directors served.

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The following table sets forth certain information regarding the ownership of the Class A Common Stock and the Common Stock as of March 22, 2004 by (i) any person who is known to us to be the beneficial owner of more than five percent of the Class A Common Stock or the Common Stock, (ii) all directors, (iii) all executive officers named in the Summary Compensation Table herein and (iv) all directors and executive officers as a group. Warrants and options to acquire the Class A Common Stock or the Common Stock included in the amounts listed below are currently exercisable or will be exercisable within 60 days after March 22, 2004.

Name	Class A Common Stock Beneficially Owned		Common Stock Beneficially Owned		Combined Voting Class A Percent of Common and Class A Common Stock
	(GTN.A)		(GTN)		
	Shares	Percent	Shares	Percent	
Robert A. Beizer (1)	-0-	*	52,000	*	*
Richard L. Boger	3,736	*	13,931	*	*
Ray M. Deaver	-0-	*	398,696	*	*
T. L. Elder	-0-	*	5,000	*	*
Hilton H. Howell, Jr. (2) (3)	676,680	11.5%	459,947	1.0%	7.0%
William E. Mayher, III	13,500	*	23,750	*	*
Howell W. Newton	2,625	*	7,500	*	*
Hugh E. Norton	13,500	*	23,750	*	*
Robert S. Prather, Jr. (4)	234,882	4.0%	322,200	*	2.6%
Harriett J. Robinson (3) (5)					
(6)	3,005,900	48.4%	626,200	1.4%	28.8%
J. Mack Robinson (3) (6) (7)	3,005,900	48.4%	626,200	1.4%	28.8%
James C. Ryan (1)	-0-	*	56,859	*	*
Thomas J. Stultz (1)	2,250	*	11,160	*	*
Baron Capital Group, Inc.					
(8)	-0-	*	3,183,107	7.2%	3.1%
Mario J. Gabelli (9)	360,000	6.2%	4,603,136	10.4%	8.0%
Lincoln National Corp. (10)	-0-	*	2,453,909	5.6%	2.4%
George H. Nader (11)	359,998	6.2%	-0-	*	3.5%
All directors and executive officers as a group	3,369,968	54.1%	1,816,243	4.1%	33.2%

* Less than 1%.

(1) Includes options to purchase the Common Stock, as follows: Mr. Beizer 50,500 shares of the Common Stock, Mr. Ryan 50,000 shares of Common Stock and Mr. Stultz 10,000 shares of the Common Stock.

(2) Includes 59,075 shares of the Class A Common Stock owned by Mr. Howell's wife directly and as trustee for her children, as to which shares he disclaims beneficial ownership. Also includes options to purchase 86,700 shares

of Common Stock.

- (3) Includes as to Messrs. Robinson and Howell and Mrs. Robinson, an aggregate of 545,605 shares of the Class A Common Stock and 184,750 shares of the Common Stock owned by certain companies of which Mr. Howell is an officer and a director, Mr. Robinson is an officer, director and a principal or sole shareholder and Mrs. Robinson is a director. Also includes warrants to purchase 37,500 shares of the Class A Common Stock owned by one of these companies.

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- (4) Includes 225 shares of the Class A Common Stock and 200 shares of the Common Stock owned by Mr. Prather's wife, as to which shares he disclaims beneficial ownership. Includes options to purchase 9,337 shares of the Class A Common Stock and options to purchase 217,000 shares of the Common Stock.
- (5) Includes: (1) an aggregate of 403,775 shares of the Class A Common Stock and 112,950 shares of the Common Stock, options to purchase 10,000 shares of the Class A Common Stock, options to purchase 217,000 shares of the Common Stock and warrants to purchase 75,000 shares of the Class A Common Stock owned by Mrs. Robinson's husband; (2) warrants to purchase 112,500 shares of the Class A Common Stock; and (3) 1,052,380 shares of the Class A Common Stock, 43,750 shares of the Common Stock and warrants to purchase 150,000 shares of the Class A Common Stock owned by Mrs. Robinson, as trustee for her daughters. Mrs. Robinson disclaims beneficial ownership of all such securities. Mrs. Robinson's address is 4370 Peachtree Road NE, Atlanta, Georgia 30319.
- (6) Includes as to Mr. Robinson and Mrs. Robinson, an aggregate of 50,200 shares of the Class A Common Stock owned by Gulf Capital Services, Ltd.
- (7) Includes: (1) options to purchase 10,000 shares of the Class A Common Stock and options to purchase 217,000 shares of the Common Stock; (2) warrants to purchase 75,000 shares of the Class A Common Stock held by Mr. Robinson; and (3) 1,621,320 shares of the Class A Common Stock and 123,250 shares of the Common Stock owned by Mr. Robinson's wife directly and as trustee for their daughters, warrants to purchase 262,500 shares of the Class A Common Stock held by Mr. Robinson's wife directly and as trustee for their daughters. Mr. Robinson disclaims beneficial ownership of all such securities. Mr. Robinson's address is 4370 Peachtree Road NE, Atlanta, Georgia 30319.
- (8) This information was furnished to Gray on a Schedule 13G/A filed by Baron Capital Group, Inc. The Schedule 13G/A reports beneficial ownership of the Common Stock as follows: BAMCO, Inc. 3,021,000 and Baron Capital Management 162,107. The address of Baron Capital Group, Inc. is 767 Fifth Avenue, New York, New York.
- (9) This information was furnished to Gray on a Schedule 13D/A filed by Gabelli Funds, Inc. and also by Mario J. Gabelli and various entities which he directly or indirectly controls or for which he acts as chief investment officer. The Schedule 13D/A reports the beneficial ownership of the Class A Common Stock as follows: Gabelli Funds, LLC 80,800 shares; GAMCO Investors, Inc. 244,200 shares and MJG Associates, Inc. 35,000. The Schedule 13D reports the beneficial ownership of the Common Stock as follows: Gabelli Funds, LLC 1,641,315 shares; GAMCO Investors, Inc. 2,830,351 shares, Gabelli Securities, Inc. 39,770, Gabelli Advisers, Inc. 34,500 shares and MJG Associates, Inc. 57,200. The address of Mr. Gabelli and Gabelli Funds, Inc. is One Corporate Center, Rye, New York 10580.
- (10) This information was furnished to Gray on a Schedule 13G/A filed by Lincoln National Corp. The address of Lincoln National Corp. is One Commerce Square, 2005 Market Street, Philadelphia, Pennsylvania 19103.
- (11) Mr. Nader's address is P.O. Box 271, 1011 Fifth Avenue, West Point, Georgia 31833.

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The following table sets forth a summary of the compensation of Gray's Chief Executive Officer and the four other most highly compensated officers for the year ended December 31, 2003 (the "named executive officers").

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long Term Compensation Awards		All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Restricted Stock Awards	Securities Underlying Options SARs (#)	
J. Mack Robinson, Chairman, Chief Executive Officer and Director	2003	350,000	250,000	48,750	40,000	36,205(1)
	2002	200,000	-0-	-0-	177,000	28,755(1)
	2001	200,000	-0-	-0-	-0-	28,455(1)
Robert S. Prather, Jr.(6) President and Chief Operating Officer and Director	2003	450,000	275,000	1,420,750	41,000	35,300(2)
	2002	220,000	275,000	-0-	177,000	23,045(2)
	2001	-0-	-0-	-0-	-0-	18,000(2)
Thomas J. Stultz, Vice President, President-Publishing Division	2003	265,000	150,000	-0-	-0-	8,116(3)
	2002	255,000	150,000	-0-	32,500	7,866(3)
	2001	250,000	10,000	-0-	-0-	7,866(3)
James C. Ryan Senior Vice President & Chief Financial Officer	2003	225,000	100,000	-0-	11,250	5,661(4)
	2002	182,000	125,000	-0-	45,000	5,393(4)
	2001	177,000	-0-	-0-	-0-	5,393(4)
Robert A. Beizer, Vice President-Law & Development	2003	275,000	10,000	-0-	10,500	12,378(5)
	2002	250,000	-0-	-0-	-0-	8,166(5)
	2001	245,000	-0-	-0-	29,500	7,878(5)

- (1) For 2003, includes term life insurance premiums of \$6,205, matching contributions by Gray's 401(k) plan of \$4,500 and director's fees of \$25,500. For 2002, includes term life insurance premiums of \$6,205, matching contributions by Gray's 401(k) plan of \$4,250 and director's fees of \$18,300. For 2001, includes term life insurance premiums of \$6,205, matching contributions by Gray's 401(k) plan of \$4,250 and director's fees of \$18,000.
- (2) For 2003, includes term life insurance of \$3,096, long-term disability insurance premium payments of \$2,249, matching contributions by Gray's 401(k) plan of \$4,455 and director's fees of \$25,500. For 2002, includes term life insurance premiums of \$3,096, long-term disability insurance premium payments of \$2,249 and director's fees of \$17,700. For 2001, includes director's fees of \$18,000.
- (3) For 2003, includes matching contributions by Gray to its 401(k) plan of \$4,500, term life insurance premiums of \$1,794 and long-term disability insurance premium payments of \$1,822. For 2002, includes matching

contributions by Gray to its 401(k) plan of \$4,250, term life insurance premiums of \$1,794 and long-term disability insurance premium payments of \$1,822. For 2001, includes matching contributions by Gray to its 401(k) plan of \$4,250, term life insurance premiums of \$1,794 and long-term disability insurance premium payments of \$1,822.

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- (4) For 2003, includes matching contributions by Gray to its 401(k) plan of \$4,500, term life insurance premiums of \$655 and long-term disability insurance premium payments or accruals of \$506. For 2002, includes matching contributions by Gray to its 401(k) plan of \$4,250, term life insurance premiums of \$637 and long-term disability insurance premium payments or accruals of \$506. For 2001, includes matching contributions by Gray to its 401(k) plan of \$4,250, term life insurance premiums of \$637 and long-term disability insurance premium payments or accruals of \$506.
- (5) For 2003, includes matching contributions by Gray to its 401(k) plan of \$4,500, term life insurance premiums of \$5,148 and long-term disability insurance premium payments or accruals of \$2,730. For 2002, includes matching contributions by Gray to its 401(k) plan of \$288, term life insurance premiums of \$5,148 and long-term disability insurance premium payments or accruals of \$2,730. For 2001, term life insurance premiums of \$5,148 and long-term disability insurance premium payments or accruals of \$2,730.
- (6) Mr. Prather was appointed Gray's Executive Vice President - Acquisitions in 1996, but received no salary for that position until January 2002. In September 2002, he was appointed President and Chief Operating Officer of Gray.

Stock Options Granted in 2003

Under the 2002 Incentive Plan, which was approved by Gray's shareholders on September 16, 2002, all officers and key employees are eligible for grants of stock options and other stock-based awards. Options granted are exercisable over a three-year period beginning on the second anniversary of the grant date and also generally expire one month after termination of employment. At December 31, 2003, the total number of shares authorized for issuance for future awards under the 2002 Incentive Plan was 1,539,135 shares of the Common Stock, subject to adjustment in the event of any change in the outstanding shares of such stock by reason of a stock dividend, stock split, recapitalization, merger, consolidation or other similar changes generally affecting shareholders of Gray.

Both the Gray Television, Inc. 1992 Long Term Incentive Plan (the 1992 Incentive Plan), which was replaced by the 2002 Incentive Plan, and the 2002 Incentive Plan are administered by the 2002 Long Term Incentive Plan Committee, which consists of members of the Management Personnel Committee of the board of directors who are not eligible for selection as participants under the Plans. The Plans are intended to provide additional incentives and motivation for our employees. The 2002 Long Term Incentive Plan Committee is authorized in its sole discretion to determine the individuals to whom options will be granted, the type and amount of such options and awards and the terms thereof; and to prescribe, amend and rescind rules and regulations relating to the Plans, among other things. The following table contains information on stock options granted during the year ended December 31, 2003. Options that were granted during 2003 were under the 2002 Incentive Plan and were options to purchase the Common Stock. No stock appreciation rights were granted in 2003.

Table of Contents**Option Grants In 2003**

Name	Individual Grants				Potential Reliable Annual Rates of	
	Number of Securities Granted	% Of Total Options	To or Base Price (\$/Share)	Expiration Date	Stock Price Appreciation for Option Term (1)	
	Options Granted	in 2002			5% (\$)	10% (\$)
Mr. Robinson	40,000	22.7	12.50	11/20/2008	138,141	305,255
Mr. Prather	41,000	23.2	12.50	11/20/2008	141,594	312,886
Mr. Stultz	-0-	-0-	-0-	N/A	-0-	-0-
Mr. Ryan	11,250	6.4	12.50	11/20/2008	38,852	85,853
Mr. Beizer	10,500	5.9	9.47	2/11/2008	27,472	60,706

(1) Amounts reported in these columns represent amounts that may be realized upon exercise of options immediately prior to the expiration of their term assuming the specified compounded rates of appreciation (5% and 10%) on the Common Stock over the term of the options. These numbers are calculated based on rules promulgated by the SEC and do not reflect Gray's estimate of future stock price growth. Actual gains, if any, on stock option exercises and the Common Stock holdings will be dependent on the timing of such exercise and the future performance of the Common Stock. There can be no assurance that the rates of appreciation assumed in this table can be achieved or that the amounts reflected would be received by the option holder.

Stock Options Exercised

The following table sets forth information about stock options that were exercised during 2003 and the number of shares and the value of grants outstanding as of December 31, 2003 for each named executive officer.

**Aggregated Option Exercises in 2002
and December 31, 2002 Option Values**

Name	Class of Common Stock	Shares Acquired On Exercise	Value Realized (\$)	Number of Securities Underlying Unexercised Options at 12/31/02		Value of Unexercised In-The-Money Options at 12/31/02 (\$) (1)	
				Exercisable	Unexercisable	Exercisable	Unexercisable
Mr. Robinson	Class A	-0-	-0-	10,000	-0-	-0-	-0-
	Common	-0-	-0-	217,000	150,000	878,630	458,700
Mr. Prather	Class A	-0-	-0-	9,337	-0-	-0-	-0-
	Common	-0-	-0-	150,000	218,000	618,000	719,330

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Mr. Stultz	Common	25,000	76,625	-0-	32,500	-0-	93,825
Mr. Ryan	Common	-0-	-0-	50,000	31,250	222,125	112,875
Mr. Beizer	Common	-0-	-0-	61,000	10,500	206,826	59,325

(1) Value is based on the closing price of the Class A Common Stock and the Common Stock of \$15.17 and \$15.12, respectively at December 31, 2003, less the exercise price.

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Table of Contents***Retirement Plan***

Gray sponsors a defined benefit pension plan, intended to be tax qualified, for certain of its employees and the employees of all of its subsidiaries, which have been designated as participating companies under the plan. A participating employee who retires on or after attaining age 65 and who has completed five years of service upon retirement may be eligible to receive during his lifetime, in the form of monthly payments, an annual pension equal to (i) 22% of the employee's average earnings for the highest five consecutive years during the employee's final 10 years of employment multiplied by a factor, the numerator of which is the employee's years of service credited under the plan before 1994 and the denominator of which is the greater of 25 or the years of service credited under the plan, plus (ii) 0.9% of the employee's monthly average earnings for the highest five consecutive years in the employee's final 10 years of employment added to 0.6% of monthly average earnings in excess of Social Security covered compensation, multiplied by the employee's years of service credited under the plan after 1993, with a maximum of 25 years minus years of service credited under (i) above. For participants as of December 31, 1993, there is a minimum benefit equal to the projected benefit under (i) at that time. For purposes of illustration, annual estimated pension payments upon retirement of participating employees in specified salary classifications are shown in the following table:

Pension Plan Table

Remuneration (1)	Years of Service					
	10	15	20	25	30	35
\$ 15,000	\$ 1,350	\$ 2,010	\$ 2,670	\$ 3,330	\$ 3,300	\$ 3,300
25,000	2,250	3,350	4,450	5,550	5,500	5,500
50,000	4,862	7,062	9,262	11,462	11,000	11,000
75,000	8,612	11,912	15,212	18,512	16,500	16,500
100,000	12,362					