

GRAY TELEVISION INC

Form 4

December 18, 2006

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

Check this box  
if no longer  
subject to  
Section 16.  
Form 4 or  
Form 5  
obligations  
may continue.  
See Instruction  
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF  
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

## OMB APPROVAL

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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*

HIGHLAND CAPITAL  
MANAGEMENT LP

(Last) (First) (Middle)

13455 NOEL ROAD, SUITE 800

(Street)

DALLAS, TX 75240

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading

Symbol

GRAY TELEVISION INC [GTN]

3. Date of Earliest Transaction

(Month/Day/Year)

12/06/2006

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_X\_\_\_\_ 10% Owner  
\_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

6. Individual or Joint/Group Filing(Check  
Applicable Line)

\_\_\_\_ Form filed by One Reporting Person  
\_\_\_\_X\_\_\_\_ Form filed by More than One Reporting  
Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of<br>Security<br>(Instr. 3)             | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired (A)<br>or Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock <sup>(1)</sup><br>(2) (3) (4) (5) | 12/06/2006                              |                                                             | P                                    | 1,400 <sup>(6)</sup><br>A                                               | \$ 6.2821<br>4,275,122 <sup>(6)</sup><br>(7)                                                                       | I                                                                       | See<br>Footnote<br>(1) (2) (3)                                    |
| Common<br>Stock <sup>(1)</sup><br>(2) (3) (4) (5) | 12/14/2006                              |                                                             | P                                    | 126,000 <sup>(8)</sup><br>A                                             | \$ 6.674<br>4,401,122 <sup>(7)</sup><br>(8)                                                                        | I                                                                       | See<br>Footnote<br>(1) (2) (3)                                    |
| Common<br>Stock <sup>(1)</sup><br>(2) (3) (4) (5) | 12/15/2006                              |                                                             | P                                    | 50,000 <sup>(9)</sup><br>A                                              | \$ 6.6854<br>4,451,122 <sup>(7)</sup><br>(9)                                                                       | I                                                                       | See<br>Footnote<br>(1) (2) (3)                                    |
| Common<br>Stock <sup>(1)</sup><br>(2) (3) (4) (5) | 12/18/2006                              |                                                             | P                                    | 12,000 <sup>(10)</sup><br>A                                             | \$ 6.72<br>4,463,122 <sup>(7)</sup><br>(10)                                                                        | I                                                                       | See<br>Footnote<br>(1) (2) (3)                                    |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number<br>of<br>Derivative<br>Securities<br>Acquired<br>(A) or<br>Disposed<br>of (D)<br>(Instr. 3,<br>4, and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and<br>Amount of<br>Underlying<br>Securities<br>(Instr. 3 and 4) | 8. Price of<br>Derivative<br>Security<br>(Instr. 5) | 9. Nu<br>Deriv<br>Secur<br>Bene<br>Own<br>Follo<br>Repor<br>Trans<br>(Instr |
|-----------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------|
|                                                     |                                                                    |                                         |                                                             | Code                                 | V                                                                                                                  | (A)                                                            | (D)                                                                       | Amount<br>or<br>Number<br>of<br>Shares              |                                                                             |

## Reporting Owners

| Reporting Owner Name / Address                                                         | Relationships                    |
|----------------------------------------------------------------------------------------|----------------------------------|
|                                                                                        | Director 10% Owner Officer Other |
| HIGHLAND CAPITAL MANAGEMENT LP<br>13455 NOEL ROAD<br>SUITE 800<br>DALLAS, TX 75240     | X                                |
| DONDERO JAMES D<br>13455 NOEL ROAD<br>SUITE 800<br>DALLAS, TX 75240                    | X                                |
| Highland Credit Strategies Fund<br>13455 NOEL ROAD<br>SUITE 800<br>DALLAS, TX 75240    | X                                |
| Strand Advisors, Inc.<br>13455 NOEL ROAD<br>SUITE 800<br>DALLAS, TX 75240              | X                                |
| Highland Multi-Strategy Onshore Master SubFund, L.L.C.<br>13455 NOEL ROAD<br>SUITE 800 | X                                |

DALLAS, TX 75240

Highland Multi-Strategy Master Fund, L.P.

13455 NOEL ROAD

SUITE 800

DALLAS, TX 75240

X

Highland Multi-Strategy Fund GP, L.P.

13455 NOEL ROAD

SUITE 800

DALLAS, TX 75240

X

Highland Multi-Strategy Fund GP, L.L.C.

13455 NOEL ROAD

SUITE 800

DALLAS, TX 75240

X

## Signatures

Highland Capital Management, L.P. By: Strand Advisors, Inc., its general partner /s/ James Dondero, President

12/18/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

statement is filed by and on behalf of: (i) Highland Credit Strategies Fund ("Credit Strategies Fund"); (ii) Highland Multi-Strategy Onshore Master SubFund, L.L.C. ("Multi-Strategy SubFund"); (iii) Highland Multi-Strategy Master Fund, L.P. ("Multi-Strategy Fund"); (iv) Highland Multi-Strategy Fund GP, L.P. ("Multi-Strategy Fund GP"); (v) Highland Multi-Strategy Fund GP, L.L.C. ("Multi-Strategy Fund GP LLC"); (vi) Highland Capital Management, L.P. ("Capital Management"); (vii) Strand Advisors, Inc. ("Strand"); and (viii) James D. Dondero. Multi-Strategy Fund is the managing member of Multi-Strategy SubFund. Multi-Strategy Fund may be deemed to beneficially own shares owned and/or held by and/or for the account and/or benefit of Multi-Strategy SubFund. Multi-Strategy Fund GP is the general partner of Multi-Strategy Fund.

Multi-Strategy Fund GP may be deemed to beneficially own shares owned and/or held by and/or for the account and/or benefit of Multi-Strategy Fund. Multi-Strategy Fund GP LLC is the general partner of Multi-Strategy Fund GP. Multi-Strategy Fund GP LLC may be deemed to beneficially own shares owned and/or held by and/or for the account and/or benefit of Multi-Strategy Fund GP.

Capital Management is the general partner of Multi-Strategy Fund GP LLC and serves as an investment adviser and/or manager to other persons, including Credit Strategies Fund and Multi-Strategy SubFund. Capital Management may be deemed to beneficially own shares owned and/or held by and/or for the account and/or benefit of Multi-Strategy Fund GP LLC and other persons, including Credit Strategies Fund and Multi-Strategy SubFund. Strand is the general partner of Capital Management. Strand may be deemed to beneficially own shares owned and/or held by and/or for the account and/or benefit of Capital Management. Mr. Dondero is the President and a director of Strand. Mr. Dondero may be deemed to beneficially own shares owned and/or held by and/or for the account and/or benefit of Strand.

Each of the reporting persons states that neither the filing of this statement nor anything herein shall be deemed an admission that such person is, for purposes of Section 16 of the Act or otherwise, the beneficial owner of any securities covered by this statement. Each of the reporting persons disclaims beneficial ownership of the securities covered by this statement, except to the extent of the pecuniary interest of such person in such securities.

Each of the reporting persons may be deemed to be a member of a group with respect to the issuer or securities of the issuer for the purposes of Section 13(d) or 13(g) of the Act. Each of the reporting persons declares that neither the filing of this statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Act or any other purpose, (i) acting (or has agreed or is agreeing to act together with any other person) as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of the issuer or otherwise with respect to the issuer or any securities of the issuer or (ii) a member of any group with respect to the issuer or any securities of the issuer.

On December 6, 2006, Capital Management acquired 1,400 shares. Following the reported transaction, Capital Management beneficially owned 4,275,122 shares.

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- (7) Includes 259,100 shares owned and/or held by and/or for the account and/or benefit of Credit Strategies Fund. Includes 1,400 shares owned and/or held by and/or for the account and/or benefit of Multi-Strategy SubFund.
- (8) On December 14, 2006, Capital Management acquired 126,000 shares. Following the reported transaction, Capital Management beneficially owned 4,401,122 shares.
- (9) On December 15, 2006, Capital Management acquired 50,000 shares. Following the reported transaction, Capital Management beneficially owned 4,451,122 shares.
- (10) On December 18, 2006, Capital Management acquired 12,000 shares. Following the reported transaction, Capital Management beneficially owned 4,463,122 shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.