

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this “**Agreement**”) is dated as of October 24 2014, by and among Prime Cities Broadcasting, Inc. (“**Seller**”), Gray Television Group, Inc. (“**Buyer**”), and Gray Television Licensee, LLC (“**License Sub**”).

RECITALS

WHEREAS, Seller owns and operates television broadcast station KNDX-DT, Bismark, North Dakota (Facility Identification Number 82611), and KXND-DT, Minot, North Dakota (Facility Identification Number 82615) (collectively, the “**Stations**”, and each a “**Station**”) pursuant to certain authorizations (collectively, the “**FCC Licenses**” and each an “**FCC License**”) issued by the United States Federal Communications Commission (the “**FCC**”) to Seller;

WHEREAS, pursuant to the Option Agreement, dated June 11, 2014, between Seller and Buyer, Buyer was granted an option to acquire the FCC Licenses and any other remaining assets used and useful in the operation of the Stations as set forth in *Schedule 1.1* (the “**Assets**”); and

Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the FCC Licenses for the price and on the terms and conditions set forth in this Agreement. Buyer desires the FCC Licenses to be conveyed from Seller to License Sub.

AGREEMENTS

In consideration of the above recitals, the following covenants and agreements, and other good and valuable consideration, including the payment of the purchase price under the LPTV Asset Purchase Agreement, dated as of April 28, 2014, between Buyer, Seller and License Sub, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller, intending to be legally bound, agree as follows:

SECTION 1. PURCHASE AND SALE; ASSUMPTION

1.1 Agreement to Sell and Buy. Subject to the terms and conditions set forth in this Agreement, upon the consummation of the purchase and sale (the “**Closing**”), Seller shall sell, transfer, assign and deliver to Buyer on the date of the Closing (the “**Closing Date**”), free and clear of all debts, liens and encumbrances of any nature, other than Permitted Liens (as defined below) all of Seller’s right, title and interest in and to the Assets.

1.2 Assumption. As of the Closing Date, Buyer shall assume and undertake to pay, discharge, and perform the obligations and liabilities of Seller under the Assets insofar as they relate to the time on and after the Closing Date. Buyer shall not assume any other obligations or liabilities of Seller or the Stations, and Seller shall remain liable for and pay and discharge such other obligations or liabilities.

1.3 FCC Licenses to be Conveyed to License Sub. Notwithstanding any provision herein to the contrary, at the Closing the Seller shall convey the FCC Licenses to License Sub, and License Sub shall perform all obligations under this Agreement with respect to the purchase of the FCC Licenses.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

2.1 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Seller have been duly authorized by all necessary actions on the part of Seller. This Agreement constitutes the legal, valid, and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

2.2 No Conflicts. Subject to obtaining the FCC Consent, the execution, delivery and performance by Seller of this Agreement will not conflict with (i) any law, judgment, order, or ruling of any court or governmental authority applicable to Seller or (ii) the terms of any agreement, instrument, license, or permit to which Seller is a party or by which Seller may be bound. There is no claim, legal action or other legal, administrative or tax proceeding, nor any order, decree or judgment, in progress or pending, or to the Seller's knowledge, threatened, against or relating to Seller or the Stations.

2.3 FCC Licenses. *Schedule 2.3* contains a list of the FCC Licenses and a list, as of the date hereof, of the material pending FCC applications held by Seller for use in the operation of the Stations. Each FCC License has been validly issued and is in full force and effect, and the Seller is the authorized legal holder thereof. There is not pending or, to Seller's knowledge, threatened, any actions by or before the FCC to revoke, suspend, cancel, rescind or materially modify any of the FCC Licenses. There is not issued, pending or outstanding or, to Seller's knowledge, threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability against the Stations or Seller. Seller has not received any written communication from the FCC indicating that Seller or the Stations are in violation of any regulation or policy of the FCC. No FCC License is subject to any restriction or condition that would limit Buyer's ability to operate the Stations, except for such restrictions or conditions that appear on the face of such FCC License. To Seller's knowledge, no application has been filed with the FCC that could reasonably be expected to cause the displacement or adverse modification of the Stations. The Seller is in compliance in all material respects with the FCC Licenses and all federal, state and local laws applicable to the ownership or operation of the Stations.

2.4 Brokers. Seller has not engaged any agent, broker or other person acting pursuant to Seller's authority which is or may be entitled to a commission or broker or finder's fee in connection with the transaction contemplated by this Agreement or otherwise with respect to the sale of the Assets to Buyer and License Sub.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

3.1 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Buyer have been duly authorized by all necessary actions on the part of Buyer. This Agreement constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as the enforceability of this Agreement may

be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

3.2 No Conflicts. Subject to obtaining the FCC Consent, the execution, delivery and performance by Buyer of this Agreement will not conflict with (i) any law, judgment, order, or ruling of any court or governmental authority applicable to Buyer or (ii) the terms of any agreement, instrument, license, or permit to which Buyer is a party or by which Buyer may be bound.

3.2 FCC Qualifications. Buyer is, and as of the Closing will be, legally, financially, and otherwise qualified under FCC rules, regulations and policies to acquire and to hold the FCC Licenses.

3.3 Brokers. Buyer has not engaged any agent, broker or other person acting pursuant to Buyer's authority which is or may be entitled to a commission or broker or finder's fee in connection with the transaction contemplated by this Agreement or otherwise with respect to the sale of the FCC Licenses to Buyer and License Sub.

SECTION 4. COVENANTS PRIOR TO CLOSING

From the date hereof until the Closing:

4.1 Generally. Seller shall not cause or permit, by any act or wrongful failure to act of Seller, the FCC Licenses to expire or to be revoked, suspended, or modified in any material manner or take any action that could cause the FCC to institute proceedings for the suspension, revocation, or modification of the FCC Licenses. Seller shall not waive any right relating to the FCC Licenses or the Stations.

4.2 Compliance with Laws. Seller shall comply in all material respects with all federal, state and local laws applicable to the ownership or operation of the FCC Licenses or Stations.

4.3 Contracts. Seller shall not enter into any contract or commitment relating to the FCC Licenses or the Stations that will be binding on Buyer after Closing.

4.4 Risk of Loss. The risk of any loss, damage, impairment, confiscation, or condemnation of the FCC Licenses from any cause shall be borne by Seller at all times prior to the Closing.

4.5 Access. Seller shall give Buyer and its authorized representatives access, during normal business hours and with reasonable prior notice, to Seller's books and records related to the FCC Licenses.

4.6 Cooperation. Buyer and Seller shall cooperate fully with each other and their respective counsel and accountants in connection with any actions required to be taken as part of their respective obligations under this Agreement, and Buyer and Seller shall take such further actions and execute such other documents as may be necessary and desirable to effectuate the implementation and consummation of this Agreement. Neither Seller nor Buyer shall take any

action that is inconsistent with their respective obligations under this Agreement or that could hinder or delay the consummation of the transactions contemplated by this Agreement.

SECTION 5. FCC CONSENT

5.1 Application. The assignment of the FCC Licenses from Seller to Buyer shall be subject to the prior consent of the FCC (the “**FCC Consent**”). Seller and Buyer shall prepare and file an application for the FCC Consent (the “**Assignment Application**”) within three (3) business days following execution of this Agreement by Buyer and Seller. The parties shall prosecute the Assignment Application with all reasonable diligence and otherwise use their reasonable efforts to obtain a grant of the Assignment Application as expeditiously as practicable. Buyer shall pay the filing fee required for the Assignment Application. If the Closing does not occur within the effective period of the FCC Consent, and neither party shall have terminated this Agreement under Section 8, the parties shall jointly request an extension of the effective period of the FCC Consent. No extension of the FCC Consent shall limit the exercise by either party of its rights under Section 8.

5.2 Conditions. Each party agrees to comply at its expense with any condition imposed on it by the FCC Consent, except that no party shall be required to comply with a condition if (i) the condition was imposed on it as the result of a circumstance the existence of which does not constitute a breach by such party of any of its representations, warranties, or covenants under this Agreement, and (ii) compliance with the condition would require such party to spend in excess of Fifty Thousand Dollars (\$50,000).

SECTION 6. CONDITIONS TO OBLIGATIONS OF BUYER AND SELLER AT CLOSING

6.1 Conditions to Obligations of Buyer. Unless waived by Buyer in writing, all obligations of Buyer at the Closing are subject to the fulfillment by Seller prior to or on the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time.

(b) Covenants and Conditions. Seller shall have performed and complied with in all material respects all covenants, agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or on the Closing Date.

(c) Consents. The FCC Consent shall have been granted without the imposition on Buyer of any conditions that need not be complied with by Buyer under Section 5.2, and Seller shall have complied with any conditions imposed on it by the FCC Consent that need be complied with by Seller under Section 5.2.

(d) FCC Licenses. There shall not have been any termination, suspension or adverse modification of the FCC Licenses. No proceeding shall be pending the effect of which could be to revoke, cancel, fail to renew, suspend, or modify adversely the FCC Licenses.

(e) Material Adverse Change. There shall not have occurred a loss or impairment of the FCC Licenses that has had or could reasonably be expected to have a material adverse effect on the business or operation of the Stations.

(f) Deliveries. Seller shall stand ready to deliver to Buyer on the Closing Date duly executed assignment agreements pursuant to which Seller shall convey to Buyer the FCC Licenses in accordance with the terms of this Agreement and such other certificates and similar documents requested by Buyer that are reasonably required to evidence and confirm Seller's performance of its obligations under, and the sale of the FCC Licenses in accordance with, this Agreement.

(g) No Order. There shall be no order, decree or judgment of any court, arbitrator, agency or governmental authority that enjoins the sale of the FCC Licenses to Buyer.

6.2 Conditions to Obligations of Seller. Unless waived in writing by Seller, all obligations of Seller at the Closing are subject to the fulfillment by Buyer prior to or on the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time.

(b) Covenants and Conditions. Buyer shall have performed and complied with in all material respects all covenants, agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or on the Closing Date.

(c) FCC Consent. The FCC Consent shall have been granted without the imposition on Seller of any material conditions that need not be complied with by Seller under Section 5.2 hereof, and Buyer shall have complied with any conditions imposed on it by the FCC Consent that need be complied with by Buyer under Section 5.2 hereof.

(d) Deliveries. Buyer shall stand ready to deliver to Seller on the Closing Date a duly executed assumption agreement pursuant to which Buyer shall assume the obligations described in Section 1.3 and such other certificates and similar documents requested by Seller that are reasonably required to evidence and confirm Buyer's performance of its obligations under this Agreement.

(e) No Order. There shall be no order, decree or judgment of any court, arbitrator, agency or governmental authority that enjoins the sale of the FCC Licenses to Buyer.

SECTION 7. CLOSING

Subject to the satisfaction or waiver of the conditions of Closing set forth in Sections 6.1 and 6.2, the Closing shall take place on a date set by Buyer on no less than two (2) business days' notice to Seller that is (i) not earlier than the third (3rd) business day after the FCC Consent is granted, and (ii) not later than the fifth (5th) business day after the FCC Consent is granted; provided, that if Buyer fails to provide such notice to Seller, the Closing shall take place on the fifth (5th) business day after the FCC Consent is granted. The Closing shall be held by the

execution and delivery of the documents contemplated hereby by mail, facsimile or electronic transmission in PDF format.

SECTION 8. TERMINATION

8.1 Termination by Seller. This Agreement may be terminated by Seller and the purchase and sale of the FCC Licenses abandoned, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Judgments. If there shall be in effect on the date that would otherwise be the Closing Date any judgment, decree, or order, not caused by Seller that would prevent or make unlawful the Closing.

(b) Conditions. If, on the date that would otherwise be the Closing Date, Seller is not in material breach of any of its representations, warranties or covenants hereunder and any of the conditions precedent to the obligations of Seller set forth in this Agreement have not been satisfied by Buyer or waived in writing by Seller.

(c) Breach. Without limiting Seller's rights under any other clause hereof, if Seller is not in material breach of any of its representations, warranties or covenants hereunder and Buyer has failed to cure any material breach of any of its representations, warranties or covenants under this Agreement within ten (10) days after Buyer has received written notice of such breach from Seller.

(d) Upset Date. If the Closing shall not have occurred by the six (6) month anniversary of the date of this Agreement (the "**Upset Date**").

8.2 Termination by Buyer. This Agreement may be terminated by Buyer and the purchase and sale of the FCC Licenses abandoned, upon written notice to Seller, upon the occurrence of any of the following:

(a) Judgments. If there shall be in effect on the date that would otherwise be the Closing Date any judgment, decree, or order, not caused by Buyer, that would prevent or make unlawful the Closing.

(b) Conditions. If, on the date that would otherwise be the Closing Date, Buyer is not in material breach of any of its representations, warranties or covenants hereunder and any of the conditions precedent to the obligations of Buyer set forth in this Agreement have not been satisfied by Seller or waived in writing by Buyer.

(c) Breach. Without limiting Buyer's rights under any other clause hereof, if Buyer is not in material breach of any of its representations, warranties or covenants hereunder and Seller has failed to cure any material breach of any of its representations, warranties or covenants under this Agreement within ten (10) days after Seller has received written notice of such breach from Buyer.

(d) Upset Date. If the Closing shall not have occurred by the Upset Date.

8.3 Rights on Termination. If this Agreement is terminated pursuant to Section 8.1 or 8.2 and neither party is in material breach of any provision of this Agreement, the parties hereto

shall not have any further liability to each other with respect to the purchase and sale of the FCC Licenses. If this Agreement is terminated pursuant to Section 8.1 or 8.2 and a party is in material breach of any provision of this Agreement, then the other party shall have all rights and remedies available at law and equity with respect to the purchase and sale of the FCC Licenses.

SECTION 9. MISCELLANEOUS.

9.1 Representations and Warranties. All representations and warranties in this Agreement shall be continuing representations and warranties and shall survive the closing for a period of one year, and any claim for a breach of a representation or warranty must be brought prior to the expiration of such one-year period. Any investigation by or on behalf of a party hereto shall not constitute a waiver as to enforcement of any representation, warranty or covenant contained in this Agreement. No notice or information delivered by Seller shall affect Buyer's right to rely on any representation or warranty made by Seller or relieve Seller of any obligations under this Agreement as the result of a breach of any of its representations and warranties. The covenants and agreements in this Agreement to be performed after the Closing shall survive the Closing until fully performed. Any monetary damages payable hereunder shall not exceed Fifty Thousand Dollars (\$50,000).

9.2 Specific Performance. If Seller breaches this Agreement, monetary damages alone would not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled, in addition to any other remedies that may be available, including money damages, to obtain specific performance of the terms of this Agreement. If any action is brought by Buyer to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law.

9.3 Time is of the Essence. Time is of the essence with respect to each party's performance of its obligations hereunder.

9.4 Attorneys' Fees. In the event of a default by either party which results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses.

9.5 Fees and Expenses. Buyer and Seller shall each pay one-half of any federal, state, or local sales or transfer tax arising in connection with the conveyance of the FCC Licenses by Seller to Buyer pursuant to this Agreement. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives, and each party shall be responsible for all fees or commissions payable to any finder, broker, advisor, or similar person retained by or on behalf of such party.

9.5 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be (a) in writing, (b) delivered by personal delivery, or sent by commercial overnight delivery service or registered or certified mail, return receipt requested, (c) deemed to have been given on the date of personal delivery or the date set forth in the records of the overnight delivery service or on the return receipt, and (d) addressed as follows:

if to the Seller, to:

c/o Kepper, Tupper and Company
2 Galleon
Hilton Head Island, SC 29928
Attn: John B. Tupper
Telephone: 203-431-3366
Email: JTupper@Kepper-Tupper.com

with a copy to:

Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020-1089
Attn.: Anthony J. Carroll
Telephone: (212) 632-5554
Facsimile: (212) 768-6800

if to the Buyer, to:

Gray Television Group, Inc.
4370 Peachtree Rd NE
Atlanta, GA 30319
Attention: General Counsel
Fax: 202-747-7791
Email: kevin.latek@gray.tv

with a copy to:

Cooley LLP
1299 Pennsylvania Avenue, NW Suite 700
Washington, DC 20004
Attn: John R. Feore
Fax: (202) 842-7899

or to any other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section 9.5.

9.6 Entire Agreement; Amendment. This Agreement, the schedules hereto and all documents and certificates to be delivered pursuant hereto collectively represent the entire understanding and agreement between Buyer and Seller with respect to the subject matter hereof. This Agreement may be modified only by an agreement in writing executed by the parties. No waiver of compliance with any provision of this Agreement shall be effective unless evidenced by an instrument evidenced in writing and signed by the party consenting to such waiver.

9.7 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission or electronic transmission in PDF format) in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and shall become effective when each party hereto shall have delivered to it this Agreement duly executed by the other party hereto.

9.8 Governing Law; Venue. This Agreement shall be construed in a manner consistent with federal law and otherwise under and in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law. The parties unconditionally and irrevocably agree to submit to the exclusive jurisdiction of the U.S. federal and state courts of competent jurisdiction located within the State of Delaware and any appellate court from any such court, for the resolution of any such claim or dispute.

9.9 Benefit and Binding Effect; Assignability. This Agreement shall inure to the benefit of and be binding upon Seller, Buyer and their respective heirs, successors, and permitted assigns. Neither Buyer nor Seller may assign this Agreement without the prior written consent of the other; provided, however, that, without the consent of Seller, Buyer may assign its rights under this Agreement, in whole or in part to any direct or indirect wholly-owned subsidiary of Buyer.

9.10 Press Releases. Neither party shall publish any press release, make any other public announcement or otherwise communicate with any news media concerning this Agreement or the transactions contemplated hereby.

9.11 Neutral Construction. This Agreement was negotiated fairly between the parties at arms' length and the terms hereof are the product of the parties' negotiations. Each party has retained legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. This Agreement shall be deemed to have been jointly and equally drafted by the parties, and the provisions of this Agreement shall not be construed against a party on the grounds that such party drafted or was more responsible for drafting such provisions.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have duly executed this Asset Purchase Agreement as of the day and year first above written.

PRIME CITIES BROADCASTING, INC.

By: 

Name: John P. Lippman

Title: President

GRAY TELEVISION GROUP, INC.

By: 

Name: Kevin P. Latek

Title: Senior Vice President

LICENSE SUB¹:

Gray Television Licensee, LLC



By: _____

Name: Kevin P. Latek

Title: Senior Vice President

¹ License Sub joins the Agreement solely with respect to its rights and obligations pursuant to Section 1.4.