

LOCAL PROGRAMMING AND MARKETING AGREEMENT

THIS LOCAL PROGRAMMING AND MARKETING AGREEMENT (this "Agreement") is made as of September 07, 2005 between P.D. Communications, LLC, a Georgia limited liability company ("Licensee") and Gray Television Group, Inc., a Delaware corporation ("Programmer").

Recitals

A. Licensee owns and operates the following television broadcast station (the "Station") pursuant to licenses issued by the Federal Communications Commission ("FCC"):

WVAG(TV) and WVAG-DT, Valdosta, Georgia

B. Licensee desires to obtain programming for the Station, and Programmer desires to provide programming for broadcast on the Station on the terms set forth in this Agreement.

C. Licensee (as Seller) and Programmer (as Buyer) are parties to an Asset Purchase Agreement dated July 19, 2005 (the "Purchase Agreement") with respect to the Station.

Agreement

NOW, THEREFORE, taking the foregoing recitals into account, and in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Term. The term of this Agreement (the "Term") will begin on September 12, 2005 (the "Commencement Date") and will continue until the date one (1) year after the Commencement Date, or shall end upon closing of the Sell - Purchase Agreement pursuant to the Asset Purchase Agreement dated July 19, 2005 unless earlier terminated in accordance with the terms of this Agreement.

2. Programming. During the Term, Licensee shall make available to Programmer all of the airtime on the Station for programming that Programmer produces, owns or licenses (the "Programs") twenty-four (24) hours per day, seven (7) days per week, excluding the period from 6:00 a.m. to 8:00 a.m. each Sunday morning. During the Term, Programmer will transmit the Programs to the Station's transmitting facilities, and Licensee shall broadcast the Programs on the Station, subject to the provisions of Section 5 below. Without limiting the foregoing, Programmer is entitled to use all of the Station's digital transmission capacity.

3. Advertising. During the Term, Programmer will be exclusively responsible for the sale of advertising on the Station and for the collection of accounts receivable arising therefrom, and Programmer shall be entitled to all revenues of the Station (including without limitation all revenues from the Station's website, if any). Revenue shall be accounted for on the cash basis.

4 Payments. For the benefits made available to the parties pursuant to this Agreement, during the Term, the parties shall make the payments set forth on *Schedule A* attached hereto. To the extent reasonably necessary to perform this Agreement, during the Term, Licensee shall provide Programmer with the benefits of any Station Contracts (as defined in the Purchase Agreement) and Programmer shall perform the obligations of Licensee thereunder, to the extent of the benefits received.

5. Control

(a) Notwithstanding anything to the contrary in this Agreement, Licensee shall have full authority, power and control over the operation of the Station and over all persons working at the Station during the Term. Licensee shall bear responsibility for the Station's compliance with the rules, regulations and policies of the FCC and all other applicable laws. Without limiting the generality of the foregoing, Licensee will: (1) employ a manager for the Station, who will report to Licensee and will direct the day-to-day operations of the Station, and who shall have no employment, consulting, or other relationship with Programmer; (2) employ a second employee for the Station, who will report and be solely accountable to the manager, and (3) retain control over the policies, programming and operations of the Station.

(b) Nothing contained herein shall prevent Licensee from (i) rejecting or refusing programs which Licensee believes to be contrary to the public interest, or (ii) substituting programs which Licensee believes to be of greater local or national importance or which are designed to address the problems, needs and interests of the local communities. Licensee reserves the right to (i) refuse to broadcast any Program containing matter which violates any right of any third party, which constitutes a "personal attack" as that term has been defined by the FCC, or which does not meet the requirements of the rules, regulations, and policies of the FCC; (ii) preempt any Program in the event of a local, state, or national emergency, or (iii) delete any commercial announcements that do not comply with the requirements of the FCC's sponsorship identification policy. If Licensee preempts, rejects or otherwise refuses to broadcast any Program, then Licensee shall broadcast substitute programming of equal or greater value to Programmer.

(c) Programmer shall cooperate with Licensee to ensure that EAS transmissions are properly performed in accordance with Licensee's instructions. Each party shall deliver to the other a copy of any letters of complaint it receives with respect to the Station and Licensee shall include such letters in the Station's public inspection file as appropriate. If any employee is shared by Licensee and Programmer, then when performing services for Licensee, such employee will report to and be supervised and directed solely by Licensee, and when performing services for Programmer, such employee will report to and be supervised and directed solely by Programmer, and Licensee and Programmer shall instruct such employee accordingly.

6. Programs.

(a) Licensee acknowledges that it is familiar with the type of programming Programmer currently produces or licenses and as determined that the broadcast of such

programming on the Station would serve the public interest. Programmer shall ensure that the contents of the Programs shall conform to all FCC rules, regulations and policies. Programmer shall consult with Licensee in the selection of the Programs to ensure that the Programs' content contains matters responsive to issues of public concern in the local communities, as those issues are made known to Programmer by Licensee. Licensee acknowledges that its right to broadcast the Programs is non-exclusive and that ownership of or license rights in the Programs shall be and remain vested in Programmer.

(b) Licensee shall oversee and take ultimate responsibility with respect to the provision of equal opportunities, lowest unit charge, and reasonable access to political candidates, and compliance with the political broadcast rules of the FCC. During the Term, Programmer shall cooperate with Licensee as Licensee complies with its political broadcast responsibilities, and shall supply such information promptly to Licensee as may be necessary to comply with the political time record keeping and lowest unit charge requirements of federal law. Programmer shall release advertising availabilities to Licensee as necessary to permit Licensee to comply with the political broadcast rules of the FCC; provided, however, that revenues received by Licensee as a result of any such release of advertising time shall promptly be remitted to Programmer.

(c) During the Term, subject to Section 4, Licensee and Programmer will maintain music licenses with respect to the Station and the Programs, as appropriate.

7. Expenses. Subject to Section 4, Licensee will pay for its employees contemplated by Section 5, maintenance of all studio and transmitter equipment and all other operating costs required to be paid to maintain the Station's broadcast operations in accordance with FCC rules and policies and applicable law. Subject to Section 4, Licensee will also pay for all utilities supplied to its main studio and transmitter sites. Subject to Section 4, Licensee will provide all personnel necessary for the broadcast transmission of the Programs (once received at its transmitter site) and will be responsible for the salaries, taxes, insurance and related costs for all such personnel.

8. Call Signs. During the Term, Licensee will retain all rights to the call letters of the Station or any other call letters which may be assigned by the FCC for use by the Station, and will ensure that proper station identification announcements are made with such call letters in accordance with FCC rules and regulations. Programmer shall include in the Programs an announcement at the beginning of each hour of such Programs to identify such call letters, as well as any other announcements required by the rules and regulations of the FCC. Programmer is authorized to use such call letters in its Programs and in any promotional material in any media used in connection with the Programs.

9. Facilities.

(a) During the Term, Licensee shall maintain the operating power of the Station at the maximum level authorized by the FCC for the Station and shall repair and maintain Licensee's studio and transmission facilities and equipment in good operating condition.

(b) During the Term, Licensee shall provide Programmer access to and the use of space at the Station's studio and offices (for purposes of providing the Programs) as is reasonably necessary for Programmer to perform this Agreement. When on Licensee's premises, Programmer's personnel shall be subject to the direction and control of Licensee's management personnel and shall not act contrary to the terms of any lease for such premises.

10. Representations. Programmer and Licensee each represent and warrant to the other that (i) it has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, (ii) it is in good standing in the jurisdiction of its organization and is qualified to do business in all jurisdictions where the nature of its business requires such qualification, and (iii) it has duly authorized this Agreement, and this Agreement is binding upon it.

11. Termination.

(a) This Agreement shall terminate upon closing under the Purchase Agreement. This Agreement may be terminated by either party in the event of any expiration or termination of the Purchase Agreement.

(b) Licensee may terminate this Agreement upon written notice to Programmer if: (i) Programmer fails to make any payments when due under this Agreement (if any); (ii) Programmer fails to observe or perform its other obligations contained in this Agreement in any material respect, which is not cured within the Cure Period (defined below); or (iii) Programmer breaches the representations and warranties made by it under this Agreement in any material respect, which is not cured within the Cure Period.

(c) Programmer may terminate this Agreement upon written notice to Licensee if: (i) Licensee fails to make any payments when due under this Agreement (if any); (ii) Licensee fails to observe or perform its obligations contained in this Agreement in any material respect, which is not cured within the Cure Period; (iii) Licensee breaches the representations and warranties made by it under this Agreement in any material respect, which is not cured within the Cure Period; or (iv) the Station's main station FCC license is not renewed for a full term without material adverse conditions by December 31, 2005.

(d) The term "Cure Period" means a period commencing on the date Licensee or Programmer receives written notice from the other of a breach or default hereunder and continuing until the date fifteen (15) calendar days thereafter. If this Agreement is terminated for any reason other than at closing under the Purchase Agreement, the parties agree to cooperate with one another and to take all actions necessary to rescind this Agreement and return the parties to the *status quo ante*.

(e) Termination of this Agreement shall not relieve any party from liability for breach of this Agreement or from any liability or obligation arising under this Agreement relating to the period prior to such termination, including but not limited to any obligation to pay amounts pursuant to Section 4.

12. Indemnification. Programmer shall indemnify and hold Licensee harmless against any and all damages, losses, costs, fines, expenses and liabilities (including reasonable attorney's fees) of any nature whatsoever arising from any claims of indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from the broadcast of the Programs on the Station. Licensee shall indemnify and hold Programmer harmless against any and all damages, losses, costs, fines, expenses and liabilities (including reasonable attorney's fees) of any nature whatsoever arising from any claims of indecency, libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from the broadcast of its programming on the Station. The obligations under this Section shall survive any termination of this Agreement.

13. Assignment. Licensee may not assign this Agreement. Programmer may assign this Agreement to an affiliate. Programmer may not otherwise assign this Agreement without the prior written consent of Licensee, which consent shall not be unreasonably withheld, delayed, or conditioned. The terms of this Agreement shall bind and inure to the benefit of the parties and no assignment shall relieve any party of any obligation or liability under this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to give any right to any person or entity other than the parties hereto and their successors and permitted assigns.

14. Severability. If any court or governmental authority holds any provision in this Agreement invalid, illegal, or unenforceable under any applicable law, then so long as no party is deprived of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby. The obligations of the parties under this Agreement are subject to the rules, regulations and policies of the FCC and all other applicable laws.

15. Notices. Any notice pursuant to this Agreement shall be in writing and shall be deemed delivered on the date of personal delivery or confirmed facsimile transmission or confirmed delivery by a nationally recognized overnight courier service, or on the third day after prepaid mailing by certified U.S. mail, return receipt requested, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Programmer:

Gray Television Group, Inc.
4370 Peachtree Road, NE
Atlanta, Georgia 30319
Attention: Robert S. Prather, Jr.
Facsimile: (404) 251-9607

with a copy (which shall
not constitute notice) to:

Troutman Sanders LLP
600 Peachtree Street, NE
Suite 5200
Atlanta, Georgia 30308
Attention: Neal S. Ray
Facsimile: (404) 662-6857

if to Licensee:

P.D. Communications, LLC
296 Chestnut St.
Meadville, PA 16835
Attention: Paul Shok
Facsimile: 814-333-2434

with a copy (which shall
not constitute notice) to:

Tinko Law Group
899 Grove Street
Meadville, PA 16835
Attention: Joe Tinko
Facsimile: 814-734-7001

16. Miscellaneous. This Agreement may be executed in separate counterparts, each of which will be deemed an original and all of which together will constitute one and the same agreement. No amendment or waiver of compliance with any provision hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of such amendment, waiver or consent is sought. This Agreement is not intended to be, and shall not be construed as, an agreement to form a partnership, agency relationship, or joint venture between the parties. Neither party shall be authorized to act as an agent of or otherwise to represent the other party. The construction and performance of this Agreement shall be governed by the laws of the State of Georgia without giving effect to the choice of law provisions thereof. This Agreement (including the Schedule hereto) constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings with respect to the subject matter hereof.

17. Certifications. Licensee certifies that it maintains ultimate control over the Station's facilities including, specifically, control over the Station's finances, personnel and programming. Programmer certifies that this Agreement complies with the provisions of 47 C.F.R. Sections 73.3555(a) and (c).

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO LOCAL PROGRAMMING AND MARKETING AGREEMENT

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first set forth above

PROGRAMMER:

GRAY TELEVISION GROUP, INC.

By: [Signature]
Name: H. Nick Warner
Title: Regional V.P.

LICENSEE:

P.D. COMMUNICATIONS, LLC

By: [Signature]
Name: Donald W. Trumble
Title: Pres