

ASSET PURCHASE AGREEMENT

THIS **ASSET PURCHASE AGREEMENT** (this “Agreement”) is made as of August 26, 2014, by and between Gray Television Group, Inc., a Delaware corporation (“Gray”), and Jeff Chang and Gabriela Gomez, husband and wife (“Buyer”).

WHEREAS, Gray has entered into a Put and Call Option Agreement dated as of July 31, 2013, as amended, by and between Excalibur Television Group, LLC (formerly known as Grand Junction, LLC), a Delaware limited liability company (“Excalibur”) and Gray (the “Excalibur Option Agreement”);

WHEREAS, Excalibur or its subsidiary Excalibur License, LLC, owns (a) the licenses, permits and other authorizations (including call signs) issued by the Federal Communications Commission (the “FCC”) for the operation of the broadcast television station described on Schedule A hereto (the “Stations”), including any renewals or modifications thereof and applications therefore between the date hereof and the Closing (the “FCC Licenses”); (b) the personal property listed on Schedule B hereto (the “Personal Property”); and (c) those contracts and agreements listed on Schedule C (the “Station Contracts” and collectively, with the FCC Licenses, the Station Contracts and the Personal Property, the “Station Assets”).

WHEREAS, Gray is not permitted, under the Communications Act of 1934, as amended, and the FCC’s rules and policies promulgated thereunder (the “Communications Act”), to acquire the FCC Licenses of the Stations; and

WHEREAS, pursuant to the terms and subject to the conditions set forth in this Agreement, Gray desires to sell and transfer to Buyer, and Buyer desires to purchase from Gray, all of the Station Assets;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1: PURCHASE OF STATION ASSETS

1.1 Station Assets. On the terms and subject to the conditions hereof, and subject to the terms and conditions of the Excalibur Option Agreement, on the Closing Date (as defined in the “Put and Call Option Agreement”), Gray shall assign, transfer, convey and deliver to Buyer, and Buyer shall acquire from Gray, all right, title and interest of Gray, to the extent acquired pursuant to the Excalibur Agreement, in, to and under the Station Assets. The Station Assets shall be transferred to Buyer free and clear of liens, claims and encumbrances except for the Assumed Obligations (as defined below in Section 1.3).

1.2 Excluded Assets. Buyer shall not, by virtue of this Agreement or otherwise, acquire any rights or interests in or to any assets of Gray or Excalibur other than the Station Assets, including, without limitation, any assets associated with any other Station of Excalibur or Gray, including without limitation, those assets set forth on Schedule D (all such other assets, the “Excluded Assets”).

1.3 Assumption of Obligations. Subject to the terms and conditions hereof and of the Excalibur Option Agreement, on the Closing Date, Buyer shall assume the obligations arising from and relating to the period after the Closing under the Station Contracts, and Buyer shall assume and undertake to pay, discharge and perform all obligations and liabilities arising or accruing after the Closing under the FCC Licenses (collectively, the “Assumed Obligations”). Buyer does not assume or agree to discharge or perform, and will not be deemed by reason of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, to have assumed or to have agreed to discharge or perform, and Gray and Excalibur shall remain liable for, all liabilities, obligations or commitments of Excalibur (the “Retained Liabilities”), other than the Assumed Obligations.

1.4 Purchase Price. In consideration for the sale of the Station Assets to Buyer, at Closing (as defined in Section 1.5), Buyer shall pay Seventy-Five Thousand Dollars (\$75,000) (the “Purchase Price”). Upon execution and delivery of this Agreement and pursuant to the terms and conditions of an Escrow Agreement (the “Escrow Agreement”) among Gray, Buyer and David Honig (the “Escrow Agent”), Buyer shall deposit in escrow with the Escrow Agent in cash an amount equal to \$25,000.00 (the “Deposit Escrow”) to be held by the Escrow Agent in an escrow fund (the Deposit Escrow and the Earnings (as defined below), collectively, the “Escrow Deposit Fund”) pursuant to the terms of this Agreement and the Deposit Escrow Agreement. At the Closing, the Escrow Deposit Fund shall be applied toward the Purchase Price. The parties agree that any taxes related to and all interest on, or other proceeds (the “Earnings”) on the Escrow Deposit Fund shall be paid by Buyer. At Closing, subject to the terms and conditions hereof, Buyer shall deliver the joint instructions to the Escrow Agent regarding the release of the Escrow Deposit Fund to Gray and shall pay the remainder of the Purchase Price (the “Cash Payment”) to Gray by wire transfer of immediately available funds.

1.5 Closing. Subject to any prior termination of this Agreement in accordance with its terms, the consummation of the sale and purchase of the Station Assets pursuant to this Agreement (the “Closing”) shall take place via facsimile or electronic exchange of documents on (i) the fifth (5th) business day after the date on which the FCC Consent (as defined in Section 4.2) shall have been granted and shall be in full force and effect, or (ii) such other date or at such other location as is mutually agreed to Buyer and Gray in writing (as applicable, the “Closing Date”), subject to the satisfaction or waiver of the conditions to Closing set forth herein (other than those conditions that by their nature are to be satisfied at the Closing but subject to the satisfaction or waiver of such conditions at the Closing).

ARTICLE 2: REPRESENTATIONS AND WARRANTIES OF GRAY

Gray makes the following representations and warranties to Buyer:

2.1 Organization and Standing. Gray and Excalibur are duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Gray has the requisite power and authority to execute and deliver this Agreement, the Excalibur Option Agreement and all of the other agreements and instruments to be executed and delivered by Gray in connection with the Closing (collectively, the “Ancillary Agreements”), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof. At Closing, Excalibur shall have the requisite power and authority

to execute and deliver all of the other agreements and instruments to be executed and delivered by Excalibur in connection with the Closing (collectively, the “Excalibur Ancillary Agreements”), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

2.2 Authorization. The execution, delivery and performance of this Agreement, the Excalibur Option Agreement and the Ancillary Agreements by Gray have been duly authorized and approved by all necessary action of Gray and do not require any further authorization or consent of Gray or the shareholders of Gray. This Agreement and the Excalibur Agreement are, and each Ancillary Agreement when executed and delivered by Gray and the other parties thereto will be, a legal, valid and binding agreement of Gray enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors’ rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). At Closing, the execution, delivery and performance of the Excalibur Ancillary Agreements by Excalibur shall have been duly authorized and approved by all necessary action of Excalibur and shall not require any further authorization or consent of Excalibur or Gray. Each Excalibur Ancillary Agreement when executed and delivered by Excalibur and the other parties thereto will be, a legal, valid and binding agreement of Excalibur enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors’ rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.3 No Conflicts. Subject to receipt of the FCC Consent and the receipt of all regulatory approvals contemplated by the Excalibur Option Agreement, neither the execution and delivery by Gray or Excalibur, as applicable, of this Agreement, the Excalibur Agreement, the Ancillary Agreements or the Excalibur Ancillary Agreements nor the consummation by Gray or Excalibur of any of the transactions contemplated hereby or thereby nor compliance by Gray or Excalibur, as applicable, with or fulfillment by Gray or Excalibur of the terms, conditions and provisions hereof or thereof will conflict with any organizational documents of Gray or Excalibur or any law, judgment, order, or decree to which Gray is subject.

2.4 FCC Licenses. Schedule A sets forth a true and complete list of the FCC Licenses. The FCC Licenses are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated, and have either not expired or have expired with renewal applications timely filed and remain pending.

2.5 Except as set forth on Schedule A, the FCC Licenses (i) have been issued for the full terms customarily issued by the FCC for commercial full-power and Class A television stations operating under Part 73 of the FCC’s rules and (ii) are not subject to any condition outside the ordinary course, except for those conditions appearing on the face of the FCC Licenses and conditions generally applicable to full-power and Class A television licenses.

2.6 Brokers. Except for the services of Minority Media and Telecommunications Council to Gray, for which the applicable fee shall be paid by Gray, no broker, investment banker, financial advisor or other third party has been employed or retained by Gray in connection with the transactions contemplated by this Agreement or is or may be entitled to any broker's, finder's, financial advisor's or other similar fee or commission, or the reimbursement of expenses, in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Gray or Excalibur.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Gray:

3.1 Organization and Standing. Buyer is duly organized, validly existing in good standing under the laws of the jurisdiction of its organization, and is or will be by Closing qualified to do business in each jurisdiction in which Assets are located. Buyer has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer pursuant hereto (collectively, the "Buyer Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

3.2 Authorization. The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer have been duly authorized and approved by all necessary action of Buyer and do not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.3 No Conflicts. Subject to receipt of the FCC Consent, neither the execution and delivery by Buyer of this Agreement and the Buyer Ancillary Agreements nor the consummation by Buyer of any of the transactions contemplated hereby or thereby nor compliance by Buyer with or fulfillment by Buyer of the terms, conditions and provisions hereof or thereof will conflict with any organizational documents of Buyer or any law, judgment, order, or decree to which Buyer is subject.

3.4 FCC Qualifications. Buyer is qualified under the Communications Act to hold the FCC Licenses.

4.8 No Brokers. No broker, investment banker, financial advisor or other third party has been employed or retained by Buyer in connection with the transactions contemplated by this Agreement or is or may be entitled to any broker's, finder's, financial advisor's or other similar fee or commission, or the reimbursement of expenses, in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

ARTICLE 4: COVENANTS

Buyer and Gray hereby covenant and agree that between the date hereof and Closing:

4.1 Cooperation. Each party (i) shall use commercially reasonable efforts to obtain any governmental or third party consents necessary to accomplish the transactions contemplated by this Agreement, and to satisfy the conditions to Closing set forth herein , and (ii) shall not take any action that conflicts with its obligations hereunder or that causes its representations and warranties to become untrue in any material respect.

4.2 Application for FCC Consent. Excalibur, at Gray's request pursuant to the terms of the Excalibur Agreement, and Buyer jointly shall prepare and file with the FCC all requisite applications and other necessary instruments and documents (the "Application") requesting the FCC's written consent to the transactions contemplated by this Agreement. Gray, Excalibur, at Gray's request pursuant to the terms of the Excalibur Agreement, and Buyer shall diligently take all steps necessary, proper or desirable to expedite the prosecution of the Application to a favorable conclusion. Excalibur, at Gray's request pursuant to the terms of the Excalibur Agreement, shall promptly provide Buyer and Buyer shall promptly provide Gray and Excalibur with a copy of any pleading, order or other document served on Excalibur, or Buyer relating to the Application. Excalibur, at Gray's request pursuant to the terms of the Excalibur Agreement, and Buyer shall furnish all information required by the FCC and shall be represented at all meetings or hearings scheduled to consider the Application. The FCC's initial written consent to the Application is referred to herein as the "FCC Consent."

4.3 Call Sign Change. Buyer explicitly acknowledges that the call letters associated with the FCC Licenses, as set forth on Schedule D are excluded from the transaction. Within 15 days of the date hereof, Buyer shall submit a request (including payment of any filing fees) via the FCC's online call sign reservation and authorization system to change the call letters for the Station to call letters of Buyer's choosing contingent upon the Closing (the "Call Sign Change"). The Call Sign Change shall become effective at Closing.

ARTICLE 5: GRAY CLOSING CONDITIONS

The obligations of Gray hereunder are, at its option, subject to satisfaction, at or prior to Closing, of each of the following conditions:

5.1 Representations, Warranties and Covenants. Each of the representations and warranties of Buyer contained in this Agreement shall be deemed to be made again on and as of the Closing Date and shall then be true and correct in all material respects except to the extent changes are permitted or contemplated pursuant to this Agreement. Buyer shall have performed and complied in all material respects with the covenants and agreements required by this Agreement to be performed or complied with by it prior to or on the Closing Date. Gray shall have received a certificate dated as of the Closing Date from Buyer executed by an authorized officer of Buyer, to the effect that the conditions set forth in this Section have been satisfied.

5.2 FCC Consent. The FCC Consent shall have been granted without any condition materially adverse to Gray.

5.3 Deliveries. Buyer shall have made or simultaneously shall make the following deliveries:

(a) Joint instructions to the Escrow Agent instructing the release of the Escrow Deposit Fund to Gray;

(b) The Cash Payment to Gray;

(c) duly executed assignment and assumption agreement, pursuant to which Buyer shall assume the obligations described in Section 1.3;

(d) a duly executed tower lease, in the form attached hereto as Exhibit 1; and

(e) An officer's certificate, which shall certify as to the satisfaction of the conditions set forth in Section 5.1 hereof, duly executed by an officer of Buyer.

5.4 Legal Proceedings. No injunction, restraining order or decree of any nature of any court or governmental authority of competent jurisdiction shall be in effect that restrains or prohibits the transactions contemplated by this Agreement; and no material adverse action or proceeding by any governmental authority shall have been instituted or threatened in writing (and not subsequently dismissed, settled or otherwise terminated) which would be reasonably likely to restrain, prohibit or invalidate the transactions contemplated by this Agreement.

ARTICLE 6: BUYER CLOSING CONDITIONS

The obligations of Buyer hereunder are, at its option, subject to satisfaction, at or prior to Closing, of each of the following conditions:

6.1 Representations, Warranties and Covenants. Each of the representations and warranties of Gray contained in this Agreement shall have been true and correct as of the date hereof and shall be deemed to be made again on and as of the Closing Date and shall then be true and correct in all material respects, except to the extent changes are permitted or contemplated pursuant to this Agreement. Gray shall have performed and complied in all material respects with the covenants and agreements required by this Agreement to be performed or complied with by it prior to or on the Closing Date. Buyer shall have received a certificate dated as of the Closing Date from Gray, executed by an authorized officer of Gray to the effect that the conditions set forth in this Section have been satisfied.

6.2 FCC Consent. The FCC Consent shall have been granted.

6.3 Deliveries. Gray shall have made or simultaneously shall make, or shall cause Excalibur to make, the following deliveries:

(a) Joint instructions to the Escrow Agent instructing the release of the Escrow Deposit Fund to Gray

(b) duly executed assignment agreements pursuant to which Gray shall convey to Buyer the FCC Licenses and other Station Assets in accordance with the terms of this Agreement;

(c) a duly executed tower lease, in the form attached hereto as Exhibit 1; and

(d) An officer's certificate to be delivered by Gray, which shall certify as to the satisfaction of the conditions set forth in Section 6.1 hereof, duly executed by Gray.

6.4 Legal Proceedings. No injunction, restraining order or decree of any nature of any court or governmental authority of competent jurisdiction shall be in effect that restrains or prohibits the transactions contemplated by this Agreement; and no material adverse action or proceeding before or by any court, governmental authority, arbitrator or other entity shall have been instituted or threatened in writing (and not subsequently dismissed, settled or otherwise terminated) which would be reasonably likely to restrain, prohibit or invalidate the transactions contemplated by this Agreement.

ARTICLE 7: MISCELLANEOUS PROVISIONS

7.1 Termination. This Agreement may be terminated at any time prior to Closing: (a) by the mutual consent of Buyer and Gray; (b) by any party hereto, by written notice to the other party, if the FCC has denied the approvals contemplated by this Agreement in an order which has become a Final Order; (c) by any party hereto, by written notice to the other party, if the other party is in material breach of its obligations hereunder (including its obligation to proceed to consummate the Closing); or (d) by Gray upon written notice to Buyer of the termination of Gray's right to acquire the Station Assets pursuant to the Excalibur Agreement. In the event that this Agreement is terminated, this Agreement shall become void and of no effect and all rights and obligations of the parties hereunder shall terminate without liability on the part of any party hereunder e; provided however that if a termination shall have resulted from a material breach or fraud of a party (including Buyer's failure to consummate the Closing when required), the termination of this Agreement shall not relieve such breaching party of any liability for such material breach or fraud under this Agreement that occurred prior to the date of termination, and provided further that notwithstanding anything contained herein to the contrary, this Section 7.1, and Article 8 (General Provisions) shall survive any termination of this Agreement. If this Agreement is terminated by Gray due to the Buyer's default or breach of this Agreement, then Gray shall be entitled to the Escrow Deposit Fund as liquidated damages. The parties understand and agree that the amount of the Escrow Deposit Fund represents Gray's and Buyer's reasonable estimate of actual damages and does not constitute a penalty.

7.2 Specific Performance. In the event of a breach or threatened breach by either party of any representation, warranty, covenant or agreement under this Agreement, at the non-breaching party's election, in addition to any other remedy available to it, the non-breaching party shall be entitled to an injunction restraining any such breach or threatened breach and, subject to obtaining any requisite approval of the FCC, to enforcement of this Agreement by a decree of specific performance requiring the breaching party to fulfill its obligations under this Agreement, in each case without the necessity of showing economic loss or other actual damage and without any bond or other security being required.

7.3 Expenses. Each party shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement, except that (i) all taxes (and any other governmental fees and charges) applicable to the transfer of the Station Assets to Buyer hereunder at Closing, shall be paid equally by Buyer and Gray, and (ii) all FCC filing fees in connection with the Application shall be paid equally by Buyer and Gray.

7.4 Further Assurances. After Closing, each party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may be reasonably necessary to complete the transactions contemplated hereby.

7.5 Employees. Buyer shall have no obligation to employ and hire any employees employed in the operation of the Stations.

ARTICLE 8: GENERAL PROVISIONS

8.1 Survival. The representations, warranties and covenants in this Agreement, including the Ancillary Agreements and the Buyer Ancillary Agreements, except in the case of fraud, shall not survive the Closing.

8.2 Assignment. Neither party may assign this Agreement without the prior written consent of the other party hereto. No assignment shall relieve a party of its obligations or liability under this Agreement. All covenants, agreements, statements, representations, warranties and indemnities in this Agreement by and on behalf of any of the parties hereto shall bind and inure to the benefit of their respective successors and any permitted assigns of the parties hereto.

8.3 Amendments. No amendment, waiver of compliance with any provision or condition 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 any waiver, amendment, change, extension or discharge is sought.

8.4 Headings. The headings set forth in this Agreement are for convenience only and do not control or affect the meaning or construction of the provisions of this Agreement.

8.5 Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Delaware without giving effect to the choice of law provisions thereof.

8.6 Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, including by facsimile, and shall be deemed to have been received on the date of personal delivery, on the third day after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt requested, on the day after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery or when delivered by facsimile transmission, and shall be addressed as set below (or to such other address as any party may request by written notice):

if to Gray:

Gray Television Group, Inc.
4370 Peachtree Road NE
Atlanta, GA, 30319
Attention: General Counsel
Fax: 202-747-7791

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

Cooley LLP
1299 Pennsylvania Avenue, N.W., Suite 7800
Washington, DC 20004
Attention: J. Kevin Mills
Fax: (202) 842-7899

If to Buyer:

Jeff Chang
171 Main Street #200
Los Altos, CA 94022
Fax: 310-388-1353

8.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by facsimile transmission or electronic mail in pdf form, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

8.8 Severability. If one or more provisions contained in this Agreement shall be deemed or held to be invalid, illegal or unenforceable in any respect under any applicable law, then, so long as it does not deprive a party 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.

8.9 Entire Agreement. This Agreement and the Schedules hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof, and supersedes all prior agreements, understandings, inducements or conditions, express or implied, oral or written, relating to the subject matter hereof.

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

GRAY:

GRAY TELEVISION GROUP, INC.

By: 
Name: Kevin P. Latek
Title: Senior Vice President

BUYER:

[JEFF CHANG AND GABRIELA GOMEZ]

By: _____
Name:
Title:

By: _____
Name:
Title:

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

GRAY:

GRAY TELEVISION GROUP, INC.

By: _____
Name:
Title:

BUYER:

[JEFF CHANG AND GABRIELA GOMEZ]

By: Jeff Chang
Name: JEFF CHANG
Title: SELF

By: Gabriela Gomez
Name: Gabriela Gomez
Title: Self

Schedule A
FCC Licenses Currently in Effect

FCC Licenses and Pending FCC Applications

Call Sign	Facility ID	FCC File Number	Description	Expiration
KJCT(TV)	52593	BLCDT-20060623AAN	Digital TV License	4/1/2014
KJCT(TV)	52593	BRC DT-20131202BQV	Pending License Renewal	N/A

Schedule B
Tangible Personal Property

Kathrein/Scala three-panel two-bay DTV antenna array

Dielectric 3Kw load 2-Scala HDCA-10 antennae

Larcan DTT-250 digital transmitter 250 watts with Terracom mask filter and GPS

Larcan DTT3M digital transmitter 2.83 KW

Schedule C
Station Contracts

None.

Schedule D
Station Call Signs

KJCT(TV)