

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Option Agreement") is entered into as of June 11, 2014 by and between Gray Television Group, Inc., a Delaware corporation ("Gray"), and Prime Cities Broadcasting, Inc., a Delaware corporation ("PC").

R E C I T A L S

A. PC owns and operates the following full-power television stations (the "Full-Power Stations") pursuant to licenses (the "FCC Licenses") issued by the Federal Communications Commission ("FCC"): KNDX-DT, Bismarck, North Dakota (Facility Identification Number 82611) and KXND-DT, Minot, North Dakota (Facility Identification Number 82615).

B. PC owns and operates the following low-power television stations (the "LPTV Stations") pursuant to licenses issued by the FCC: K38HA-D, Dickinson, North Dakota (Facility Identification Number 130519) and K38HS, Williston, North Dakota (Facility Identification Number 129958).

C. PC, Gray and Gray Television Licensee, LLC have entered into an LPTV Asset Purchase Agreement dated as of April 28, 2014 (the "LPTV APA"), related to the sale and acquisition of certain of the assets of the LPTV Stations.

D. PC and Gray have entered into a Local Programming and Marketing Agreement dated as of April 28, 2014, pursuant to which Gray shall provide programming for the Full-Power Stations until Gray acquires an attributable interest (as defined by the FCC) in any other full-power television station in the Full-Power Stations' designated market area of Minot-Bismarck and for the LPTV Stations until the consummation of the LPTV APA.

E. PC desires to grant to Gray an exclusive and irrevocable option to purchase the FCC Licenses and any other remaining assets used and useful in the operation of the Full-Power Stations after the consummation of the LPTV APA (the "Assets"), on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, including the payment of the purchase price under the LPTV APA, the parties hereto, intending to be legally bound, agree as follows:

I. Grant of Option. PC hereby grants to Gray an exclusive and irrevocable option to acquire the Assets, including the FCC Licenses (the "Option") for no further consideration upon the closing of the Option Purchase Agreement (as defined in Section III below).

II. Notice of Exercise. Gray may deliver to PC written notice of Gray's intention to exercise the Option (the "Option Notice") at any time following the date hereof and prior to the termination of the Option as set forth in Section IV.

III. Option Purchase Agreement. Within three (3) business days following PC's receipt of the Option Notice, PC and Gray shall enter into an Asset Purchase Agreement in substantially the same form and substance of the LPTV APA, *mutatis mutandis*, with an Upset Date (as defined in such Asset Purchase Agreement) to be 6 months from the date of such Asset Purchase Agreement and such other changes that are reasonably acceptable to Gray and PC (the "Option Purchase Agreement"), and thereafter PC and Gray shall perform their respective obligations under the Option Purchase Agreement, including, without limitation, filing and prosecuting an appropriate application for FCC consent to the assignment of the FCC Licenses from PC to Gray (the "FCC Consent").

IV. Termination of Option. The Option shall remain in full force and effect until December 31, 2014.

V. Representations and Warranties of PC. PC represents and warrants to Gray as follows:

(a) PC is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. PC has full corporate power and authority to execute and deliver this Option Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Option Agreement and the consummation of the transactions contemplated hereby by PC have been duly and validly authorized by all necessary corporate action on the part of PC. This Option Agreement has been duly and validly executed and delivered by PC and constitutes a legal, valid and binding agreement of PC enforceable against PC in accordance with its terms, except as such enforceability may be affected by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

(b) Except for the FCC Consent, there is no requirement applicable to PC to make any filing with, or to obtain any permit, authorization, consent or approval of, any governmental or regulatory authority or any other third party as a condition to the consummation by PC of the transactions contemplated by this Option Agreement and the Option Purchase Agreement.

(c) Subject to obtaining the FCC Consent, the execution, delivery and performance of this Option Agreement and the Option Purchase Agreement by PC will not (i) conflict with PC's organizational documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, agreement, or lease to which PC is a party or by which any of the FCC Licenses or the other Assets are bound, or (iii) violate any statute, law, rule, regulation, order, writ, injunction or decree applicable to PC, the FCC Licenses or the other Assets.

VI. Representations and Warranties of Gray. Gray represents and warrants to PC as follows:

(a) Gray has full corporate power and authority to execute and deliver this Option Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Option Agreement and the consummation of the transactions contemplated

hereby by Gray have been duly and validly authorized by all necessary corporate action on the part of Gray. This Option Agreement has been duly and validly executed and delivered by Gray and constitutes a legal, valid and binding agreement of Gray enforceable against Gray in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

(b) Except for the FCC Consent, there is no requirement applicable to Gray to make any filing with, or to obtain any permit, authorization, consent or approval of, any governmental or regulatory authority or any other third party as a condition to the consummation by Gray of the transactions contemplated by this Option Agreement and the Option Purchase Agreement.

(c) Subject to obtaining the FCC Consent, the execution, delivery and performance of this Option Agreement and the Option Purchase Agreement by Gray will not (i) conflict with Gray's organizational documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, agreement, or lease to which Gray is a party or by which any of its assets are bound, or (iii) violate any statute, law, rule, regulation, order, writ, injunction or decree applicable to Gray.

VII. Covenants of PC. PC will not commit any act that is inconsistent with the grant of the Option to Gray or the transactions contemplated by this Option Agreement.

VIII. Cooperation. PC and Gray shall cooperate fully with each other and their respective counsel and accountants in connection with any steps required to be taken as part of their respective obligations under this Option Agreement and the Option Purchase Agreement and will each use their respective best efforts to perform or fulfill all conditions and obligations to be performed or fulfilled by them under this Option Agreement and the Option Purchase Agreement so that the transactions contemplated hereby shall be consummated.

IX. Specific Performance. The parties recognize that if PC breaches this Option Agreement and refuses to perform under the provisions of this Option Agreement, monetary damages alone would not be adequate to compensate Gray for its injury. Gray 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 Option Agreement. If any action is brought by Gray to enforce this Option Agreement, PC shall waive the defense that there is an adequate remedy at law.

X. Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Option Agreement shall be (a) in writing, (b) delivered by personal delivery, or sent by commercial 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 delivery service or on the return receipt, and (d) addressed as follows:

if to PC, then to: Prime Cities Broadcasting, Inc.
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 (which shall not constitute notice) to: Dentons US LLP
1221 Avenue of the Americas
New York, NY 20020-1089
Attn: Anthony J. Carroll
Telephone: 212-632-5554
Facsimile: 212-768-6800

if to Programmer, then to: Gray Television Group, Inc.
4370 Peachtree Rd NE
Atlanta, GA, 30319
Attn: General Counsel
Telephone: 404-504-9828
Facsimile: 202-747-7791

with a copy (which shall not constitute notice) to: Cooley LLP
1299 Pennsylvania Avenue, NW, Suite 700
Washington, DC 20004
Attention: John R. Feore
Telephone: 202-776-2786
Facsimile: 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 10.

XI. Entire Agreement; Amendment. This Option Agreement and the Option Purchase Agreement supersede all prior agreements and understandings of the parties, oral and written, with respect to its subject matter. This Option Agreement and the Option Purchase Agreement may be modified only by an agreement in writing executed by all of the parties hereto. No waiver of compliance with any provision of this Option Agreement or the Option Purchase Agreement will be effective unless evidenced by an instrument evidenced in writing and signed by the parties hereto.

XII. Further Assurances. From time to time after the date of execution hereof, the parties shall take such further action and execute such further documents, assurances and certificates as either party reasonably may request of the other to effectuate the purposes of this Option Agreement.

XIII. Counterparts. This Option Agreement may be executed 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 of the parties hereto shall have delivered to it this Option Agreement duly executed by the other parties hereto.

XIV. Headings. The headings in this Option Agreement are for the sole purpose of convenience of reference and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Option Agreement.

XV. Governing Law. This Option Agreement shall be construed under and in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law.

XVI. Benefit and Binding Effect; Assignability. This Option Agreement shall inure to the benefit of and be binding upon PC, Gray and their respective successors and permitted assigns. No party hereto may assign this Option Agreement without the prior written consent of the other parties hereto, except that Gray at any time prior to the consummation of the transactions contemplated by this Option Agreement may assign its rights and obligations under this Option Agreement without PC's consent to a socially disadvantaged business or a religious broadcaster or other non-profit entity. Upon any permitted assignment by a party in accordance with this Section 16, all references to "Gray" herein shall be deemed to be references to Gray's assignee and all references to "PC" herein shall be deemed to be references to PC's assignee, as the case may be. Notwithstanding the foregoing, PC and Gray may collaterally assign their respective rights, benefits, duties or obligations hereunder to their respective lenders.

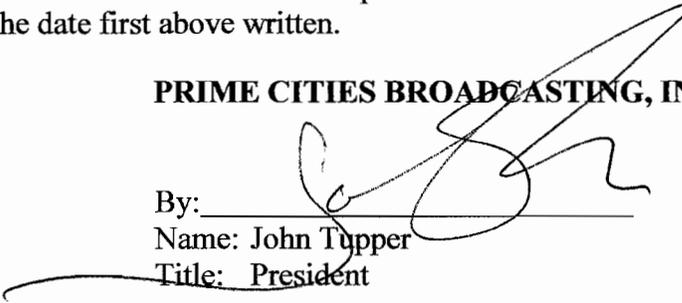
XVII. Confidentiality. Except as necessary for the consummation of the transaction contemplated by this Option Agreement, and except as and to the extent required by law, each party will keep confidential any information obtained from the other party in connection with the transactions contemplated by this Option Agreement. If this Option Agreement is terminated, each party will return to the other party all information obtained by the such party from the other party in connection with the transactions contemplated by this Option Agreement.

XVIII. Press Release. No party shall publish any press release, make any other public announcement or otherwise communicate with any news media concerning this Option Agreement or the transactions contemplated hereby without the prior written consent of the other party.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the date first above written.

PRIME CITIES BROADCASTING, INC.

By: 
Name: John Tupper
Title: President

GRAY TELEVISION GROUP, INC.

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

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the date first above written.

PRIME CITIES BROADCASTING, INC.

By: _____
Name: John Tupper
Title: President

GRAY TELEVISION GROUP, INC.

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