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**PUT AND CALL OPTION AGREEMENT
BY AND AMONG
MALARA BROADCAST GROUP INC.,
MALARA BROADCAST GROUP OF DULUTH LLC,
AND
GRANITE BROADCASTING CORPORATION**

_____, 2004

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PUT AND CALL OPTION AGREEMENT

PUT AND CALL OPTION AGREEMENT dated as of _____, 2004 by and among Malara Broadcast Group, Inc. a Delaware corporation ("Malara"), Malara Broadcast Group of Duluth LLC, a Delaware limited liability company ("Seller" and, together with Malara and any of its subsidiaries that hold assets relating exclusively to the Station, the "Malara Entities" or the "Seller Parties"), and Granite Broadcasting Corporation, a Delaware corporation ("Buyer").

RECITALS

WHEREAS, the Seller Parties own and operate television station KDLH(TV), Channel 33, Duluth, Minnesota, and its translator and auxiliary facilities (the "Station"), including all of the Station Assets (as defined below), pursuant to licenses issued by the Federal Communications Commission ("FCC"); and

WHEREAS, Granite Broadcasting Corporation has agreed to guarantee certain indebtedness incurred by the Seller Parties to acquire the Station (the "Guarantee"); and

WHEREAS, as partial consideration for and as a condition to the issuance of the Guarantee, Malara and Seller have agreed to grant Buyer an option to acquire all of the Seller Parties' right, title and interest in, to and under the Station Assets in accordance with the terms and conditions set forth herein; and

WHEREAS, in connection with and as a condition to the grant of the Call Option (as defined below), Buyer has agreed to grant Seller an option to require Buyer to purchase all of the Seller Parties' right, title and interest in, to and under the Station Assets in accordance with the terms and conditions set forth herein; and

NOW, THEREFORE, in consideration of the mutual premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

GRANT OF OPTION; GENERAL TERMS OF SALE

1.1 Put and Call Option Grants.

(a) Call Option. Upon the terms and subject to the conditions of this Agreement, including without limitation those conditions set forth in Section 1.5 of this Agreement, the Seller Parties hereby grant to Buyer, and Buyer hereby accepts, the irrevocable option (the "Call Option") to acquire from the Seller Parties, at any time on or before the tenth anniversary of the date hereof (the "Expiration Date"), all of the right, title and interest of the Seller Parties in, to and under the Station Assets on the terms set forth herein.

(b) Put Option. Upon the terms and subject to the conditions of this Agreement, including without limitation those conditions set forth in Section 1.5 of this

Agreement, Buyer hereby grants to Seller, and Seller hereby accepts, the irrevocable option (the "Put Option") to require Buyer to purchase from the Seller Parties, at any time on or before the Expiration Date, all of the right, title and interest of the Seller Parties in, to and under the Station Assets on the terms set forth herein.

1.2 Assets Covered. Upon and subject to the terms and conditions stated in this Agreement, on the Closing Date, the Seller Parties shall convey, transfer, and deliver to Buyer, and Buyer shall acquire from the Seller Parties, all of the Seller Parties' rights in, to and under the assets and properties of the Seller Parties, real and personal, tangible and intangible, of every kind and description which are used or useful in connection with the business and operations of the Station, as a going concern, including, without limitation, rights under contracts and leases, real and personal property, plant and equipment, inventories, intangibles, licenses and goodwill, including any such assets or rights acquired or contracts entered into prior to the Closing Date in accordance with this Agreement, but excluding all such assets and properties that constitute Excluded Assets. The rights, assets, property, and business of the Seller Parties with respect to the Station to be transferred to Buyer pursuant to this Section 1.2 in connection with the exercise of the Option are referred to as the "Station Assets," and the purchase and sale of the Station Assets pursuant to this Agreement in connection with the exercise of the Option is referred to as the "Sale." Subject to Section 1.3, the Station Assets include, without limitation, the Seller Parties' rights in, to and under the following, in each case if and to the extent in existence and held by the Seller Parties immediately prior to the Closing:

(a) FCC Authorizations. All licenses, construction permits and authorizations issued by the FCC to the Seller Parties with respect to the Station (the "FCC Authorizations"), and all applications therefor, together with any renewals, extensions, or modifications thereof and additions thereto.

(b) Tangible Personal Property and Warranty Rights. All equipment, vehicles, furniture, fixtures, transmitting towers, antennas, transmitters, satellite earth stations, office materials and supplies, spare parts and other tangible personal property of every kind and description used in connection with the business and operations of the Station, and all rights of any Seller Party relating to or arising out of or under express or implied warranties from suppliers of any such tangible property.

(c) Real Property. All real property interests held by the Seller Parties and all buildings, structures, towers, and improvements thereon used in the business and operations of the Station, and all other rights under any Contracts relating to real property (the "Realty Contracts"); provided, that, in the event of destruction of or damage to any such real property interest, any improvement thereon or any property described in Section 1.2(b) which is not repaired or restored prior to the Closing Date, then at the Closing the Seller Parties shall assign to Buyer all of the Seller Parties' interest, if any, in the proceeds (the "Proceeds") of any insurance covering such damage or destruction.

(d) Agreements for Sale of Time. All orders, agreements and other Contracts for the sale of advertising time (including Trade Agreements) on the Station (collectively, the "Time Sales Contracts"), to the extent unperformed as of the Closing Date.

(e) Program Contracts. All program licenses and other Contracts under which the Seller Parties are authorized to broadcast film product or programs on the Station (collectively, the “Program Contracts”).

(f) Other Contracts. All affiliation agreements and other Contracts relating to the Station to which any of the Seller Parties is a party with respect to the Station (other than any Contract described in Section 1.2(c), 1.2(d) or 1.2(e) hereof) (collectively, the “Other Assumed Contracts”).

(g) Trademarks, etc. All trademarks, service marks, trade names, jingles, slogans, logotypes, the goodwill associated with the foregoing, and patents, owned and used by the Seller Parties in connection with the business and operations of the Station, including, without limitation, all of the Seller Parties’ rights to use the call letters “KDLH” and any related or other call letters, names and phrases used in connection with the Station.

(h) Programming Copyrights. All program and programming materials and elements of whatever form or nature owned by the Seller Parties and used solely in connection with the business and operations of the Station, whether recorded on tape or any other substance or intended for live performance, and whether completed or in production, and all related common law and statutory copyrights owned by or licensed to the Seller Parties and used in connection with the business and operations of the Station.

(i) FCC Records. Subject to Section 10.12, all FCC logs and other compliance records of the Seller Parties that relate to the operations of the Station.

(j) Files and Records. Subject to Section 10.12, all files and other records of the Seller Parties relating to the business and operations of the Station prior to the Closing Date, including, without limitation, all books, records, accounts, checks, payment records, tax records (including, without limitation, payroll, unemployment, real estate, and other tax records), and other such similar books and records of the Seller Parties, for five (5) fiscal years immediately preceding the Closing Date (collectively, the “Seller’s Recent Station Records”).

(k) Goodwill. All of the Seller Parties’ goodwill in, and going concern value of, the Station.

(l) Prepaid Items. All prepaid expenses relating to the Station.

(m) Cash. All cash, cash equivalents, and cash items of any kind whatsoever, certificates of deposit, money market instruments, bank balances, and rights in and to bank accounts, marketable and other securities held by the Seller Parties.

(n) Receivables and Other Claims. All notes and accounts receivable and other receivables of the Seller Parties relating to or arising out of the operation of the Station prior to the Closing, all security, insurance, and similar deposits, and all other claims of the Seller Parties with respect to transactions or other conduct of the business of the Station prior to the Closing, including, without limitation, claims for tax refunds and claims of the Seller Parties under all Contracts with respect to events for the period prior to the Closing.

(o) Causes of Action. All causes of action, judgments, claims, demands and other rights of any Seller Party of every kind or nature to the extent the same relate to the business and operation of the Station except to the extent that such causes of action, judgments, claims, demands or other rights relate to the Excluded Assets.

(p) URL. All rights of the Seller Parties in and to the url "www.kdlh.com."

1.3 Excluded Assets. There shall be excluded from the Station Assets and, to the extent in existence on the Closing Date, retained by the Seller Parties, the following assets (the "Excluded Assets"):

(a) Insurance. Subject to Section 1.2(c), all contracts of insurance and all insurance plans and the assets thereof, together with all rights and claims thereunder.

(b) Name. All of the Seller Parties' rights to use the name "Malara Broadcasting," any variation thereof, or any related logo, name or phrase.

(c) Certain Contracts and Assets. All Realty Contracts, Time Sales Contracts, Program Contracts and Other Assumed Contracts which expire and are not renewed, or which otherwise terminate, on or prior to the Closing Date, and all assets that constitute Station Assets that are sold by any of the Seller Parties prior to the Closing Date in accordance with this Agreement.

(d) Corporate Books and Records. Subject to Section 10.12, all account books of original entry other than duplicate copies of such files and records, if any, that are maintained at any executive office of the Seller Parties or the offices of any Seller Party's direct or indirect equity owners, and all materials of the Seller Parties which constitute attorney work product or contain information which is protected by attorney-client privilege, wherever located, relating to matters at or prior to the Closing; provided, that, the Seller Parties will provide Buyer with access to such work product or privileged information to the extent necessary for Buyer to defend any claim brought against Buyer by a Person which is not, or is not an Affiliate of, a party to this Agreement.

(e) Transaction Documents. All rights of the Seller Parties, or any successor to any of the Seller Parties, pursuant to any Transaction Document.

1.4 Option Purchase Price.

(a) Payment. In consideration of the grant of the Call Option, Buyer shall pay to Seller an amount which is equal to the Option Purchase Price. The Option Purchase Price shall be paid by Buyer to Seller on or prior to the tenth day after the execution of this agreement by wire transfer of immediately available funds to such bank account(s) as Seller may designate.

(b) Definition of Option Purchase Price. The "Option Purchase Price" shall be as described on the attached Schedule 1.4.

1.5 Option Exercise. Each exercise of the Option will be permitted solely in accordance in all respects with the Communications Act and all applicable rules, regulations and policies of the FCC.

(a) Call Option. In order to exercise the Call Option, Buyer must deliver to Seller (prior to the Expiration Date) written notice (an “Exercise Notice”) of Buyer’s intention to do so. Buyer may withdraw any Exercise Notice prior to the Closing by written notice to that effect to Seller. No such withdrawal (and no withdrawal of any subsequent Exercise Notice) will affect Buyer’s right subsequently to exercise the Call Option by delivering to Seller (prior to the Expiration Date) one or more other Exercise Notices, subject in all events to the condition that such Option exercise and ownership interests that result therefrom are in compliance and accordance in all respects with the Communications Act and all applicable rules, regulations and policies of the FCC. Upon its withdrawal of any Exercise Notice, Buyer shall reimburse Seller for all reasonable out-of-pocket expenses (including reasonable attorneys’ fees) incurred by Seller in connection with its compliance with Section 6.2 with respect to such Exercise Notice.

(b) Put Option. In order to exercise the Put Option, Seller must deliver to Buyer (prior to the Expiration Date) an Exercise Notice of Seller’s intention to do so. Seller may withdraw any Exercise Notice prior to the Closing by written notice to that effect to Buyer. No such withdrawal (and no withdrawal of any subsequent Exercise Notice) will affect Seller’s right subsequently to exercise the Put Option by delivering to Buyer (prior to the Expiration Date) one or more other Exercise Notices, subject in all events to the condition that such Option exercise and ownership interests that result therefrom are in compliance and accordance in all respects with the Communications Act and all applicable rules, regulations and policies of the FCC. Upon its withdrawal of any Exercise Notice, Seller shall reimburse Buyer for all reasonable out-of-pocket expenses (including reasonable attorneys’ fees) incurred by Buyer in connection with its preparations for the Closing as a result of Seller’s delivery of an Exercise Notice.

1.6 Liabilities.

(a) Permitted Encumbrances. At the Closing, after the application of the Exercise Price as may be required to repay the Existing Station Indebtedness not assumed by Buyer at the Closing, the Station Assets shall be sold and conveyed to Buyer (or its designee, as determined by Buyer in its sole discretion) free and clear of all Liens (including all Liens which secure the repayment of Existing Station Indebtedness), other than (i) Liens for current taxes in respect of the Station and the Station Assets and other amounts which are not then due and payable and which arise by operation of law, (ii) Liens on the Station Assets which are in existence on the date of this Agreement and which do not secure indebtedness or borrowed money, (iii) Liens on the Station’s assets arising by operation of law or in the ordinary course of the Seller Parties’ business after the date of this Agreement and not securing indebtedness for borrowed money, and (iv) Liens on the Station Assets which, in the aggregate, would not be expected to have a material effect on the Station Assets after the Sale.

(b) Assumption of Liabilities Generally. The “Assumed Liabilities” will be all liabilities and obligations of the Seller Parties relating to the operation of the Station or the ownership or operation of the Station Assets, in each case as of the Closing Date, whether contingent or absolute, known or unknown, accrued or not accrued, or matured or unmatured,

including all liabilities and obligations pursuant to any Realty Contract, Time Sales Contract, Program Contract or Other Assumed Contract (collectively, the “Assumed Contracts”) in effect on the Closing Date and taxes incurred by the Seller Parties as a result of the Sale, excluding any taxes owed by Seller Parties on actual cash received pursuant to such Sale. On the Closing Date, Buyer (or its designee, as determined by Buyer in its sole discretion) will assume and agree to pay, satisfy, perform and discharge all Assumed Liabilities. From and after the Closing, Buyer (or such designee) will discharge and reimburse and hold harmless the Seller Parties against, and the Seller Parties will not be responsible or otherwise liable for, any Assumed Liability. Without limiting the foregoing, except as otherwise provided in this Agreement, the “Assumed Liabilities” will not include, and on the Closing Date Buyer shall not assume or thereafter be liable for, any liability or obligation of the Seller Parties relating to any Existing Station Indebtedness (it being understood that all Existing Station Indebtedness will be satisfied prior to, or contemporaneously with, the consummation of the Sale). The revenues, expenses and liabilities of the Seller Parties or attributable to the Station and the Station Assets will not be prorated between Buyer, on the one hand, and the Seller Parties, on the other hand, in connection with the Sale.

1.7 Indemnification. Buyer shall indemnify and hold harmless Seller for any income tax liabilities directly resulting from such Option exercise, excluding any tax liability incurred on actual net cash received after payment of any indebtedness securing the assets being acquired. In the event that Buyer determines, in its sole and absolute discretion, that at the time of the exercise of the Option that such indemnity would be less costly to Buyer if Buyer were to purchase all issued and outstanding shares of Seller or Malara, Buyer shall be entitled to elect on 5 days prior written notice to Seller Parties, to purchase all the issued and outstanding shares of (a) Seller, or (b) Malara; provided, that, if Malara or any of its affiliates then own Ft. Wayne, Indiana television station WPTA(TV), Channel 21 (the “Ft. Wayne Station”), Buyer shall simultaneously exercise and close the Ft. Wayne Station Put and Call Option Agreement of even date herewith.

ARTICLE II

CLOSING

2.1 Exercise Price.

(a) Payment. In consideration of the transfer and delivery of the Station Assets to Buyer at the Closing, (i) Buyer will pay to Seller an amount (“Exercise Price”) equal to the Cash Purchase Price less: (a) the Option Purchase Price, (b) all then Existing Station Indebtedness assumed by Buyer at the Closing, and (c) any amounts previously unpaid or then due to Buyer as of the Closing Date under the Shared Services Agreement, the Advertising Representation Agreement or otherwise and (ii) Buyer (or its designee, as determined by Buyer in its sole discretion) will assume the Assumed Liabilities. The Exercise Price shall be paid by Buyer to Seller on the Closing Date by wire transfer of immediately available funds to such bank account(s) as Seller may designate on or prior to the Closing Date.

(b) Definition of Cash Purchase Price. The “Cash Purchase Price” shall be as described on the attached Schedule 2.1.

(c) Determination of Cash Purchase Price. Each of Buyer and the Malara Entities will use reasonable efforts to assist in the determination of the Existing Station Indebtedness. Notwithstanding Section 10.1(a) of this Agreement, the Malara Entities may not terminate this Agreement at any time at which an Exercise Notice has been given (and not withdrawn) and the related Existing Station Indebtedness has not been determined, or during the twenty business days after any such determination.

(d) Allocation of Exercise Price After Sale. Buyer and Seller will allocate the Exercise Price among the Station Assets in accordance with a report of such allocation prepared in good faith by Buyer based upon the valuation report of an independent appraiser retained by Buyer and in accordance with all applicable provisions of the Internal Revenue Code of 1986, as in effect from time to time. Buyer will submit such reports of Buyer and such independent appraiser to Seller prior to the Closing of the Sale. Buyer and Seller agree to file (at such times and in such manner as may be required by applicable Legal Requirements) all relevant returns and reports (including, without limitation, Forms 8594, Asset Acquisition Statements, and all income and other tax returns) on the basis of such allocations.

2.2 The Closing. Subject to Section 10.1, the closing of the Sale, the assumption of the Assumed Liabilities (the "Assumption"), and the consummation of all related transactions to be consummated contemporaneously therewith pursuant to this Agreement (collectively, the "Closing"), shall be held after the satisfaction or waiver in writing of each of the conditions set forth in Article VIII and at the time and location and on the date specified by Buyer in writing to Seller delivered not less than fifteen business days prior to such date, or at such other place and/or at such other time and day as Seller and Buyer may agree in writing.

2.3 Deliveries at Closing. All actions at the Closing shall be deemed to occur simultaneously, and no document or payment to be delivered or made at the Closing shall be deemed to be delivered or made until all such documents and payments are delivered or made to the reasonable satisfaction of Buyer, Seller and their respective counsel.

(a) Deliveries by Seller. At the Closing, Seller shall deliver to Buyer such instruments of conveyance and other customary documentation as shall in form and substance be reasonably satisfactory to Buyer and its counsel in order to effect the Sale, including, without limitation, the following:

(i) one or more bills of sale or other instruments (including assignments of FCC Authorizations, call letters, service marks, leases and other contracts) conveying the Station Assets;

(ii) any releases of Liens that are necessary in order to transfer the Station Assets in the manner contemplated by Section 1.5(a);

(iii) a certified copy of the resolutions or proceedings of Seller's board of directors and stockholders (or similar Persons) authorizing Seller's consummation of the Sale;

(iv) a certificate as to the existence and/or good standing of each of the Seller Parties issued by the Secretary of State of each state under the laws of which each Seller Party is incorporated, organized, formed or authorized to do business (including, with respect to

the Seller, the state in which the Station is located), in each case dated on or after the fifth Business Day prior to the Closing Date, certifying as to the good standing and/or qualification of Seller in such jurisdiction;

(v) a certificate of Seller dated the Closing Date to the effect that the conditions set forth in Section 8.2 have been fulfilled;

(vi) a receipt for the Exercise Price;

(vii) all Consents received by the Seller Parties through the Closing Date;

(viii) a certificate of Seller to the effect that, except as set forth in such certificate, each of the representations and warranties of Seller contained in this Agreement is true and accurate in all material respects (except to the extent changes are permitted or contemplated pursuant to this Agreement) as if made on and as of the Closing Date; and

(ix) such other documents as Buyer may reasonably request.

(b) Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller the Exercise Price as provided in Section 2.1 and such instruments of assumption and other customary documentation as shall in form and substance be reasonably satisfactory to Seller and its counsel in order to effect the Sale and the Assumption, including, without limitation, the following:

(i) a certificate of Buyer dated the Closing Date to the effect that the conditions set forth in Section 8.1 have been fulfilled;

(ii) a certified copy of the resolutions or proceedings of Buyer authorizing the consummation of the Sale and the Assumption;

(iii) a certificate issued by the Secretary of State of the state under the laws of which Buyer is incorporated, organized or formed and of any other state (including, at a minimum, the state in which the Station is located) in which Buyer will be required to be qualified to do business, in each case dated on or after the fifth Business Day prior to the Closing Date, certifying as to the organization and/or qualification of Buyer in each such jurisdiction; and

(iv) such other documents as Seller may reasonably request.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

3.1 **Formation; Power.** Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and in good standing under the laws of the State of Delaware. Seller has the corporate power to enter into and consummate the transactions contemplated by this Agreement. Malara is the beneficial and record owner of all of the issued and outstanding membership interests of Seller, and there are not outstanding any Equity Securities of Seller (other than its membership interests of which Malara is the beneficial and record owner).

3.2 **Corporate Action.** All actions necessary to be taken by or on the part of Seller in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby to be consummated and presently necessary to make the same effective have been duly and validly taken. This Agreement has been duly and validly authorized, executed, and delivered by Seller and constitutes a valid and binding agreement, enforceable against Seller in accordance with and subject to its terms.

3.3 **No Defaults.** On the Closing Date (after giving effect to all Consents which have been obtained), neither the execution and delivery by Seller of this Agreement, nor the consummation by Seller of the transactions contemplated by this Agreement to be consummated on or prior to the Closing Date, will constitute, or, with the giving of notice or the passage of time or both, would constitute, a material violation of or would conflict in any material respect with or result in any material breach of or any material default under, any of the terms, conditions, or provisions of any Legal Requirement to which Seller is subject, or of Seller's certificate of formation or limited liability company agreement or similar organizational documents, or of any material contract, agreement, or instrument to which Seller is a party or by which Seller is bound.

3.4 **Brokers.** There is no broker or finder or other Person who would have any valid claim against Seller for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or understanding of or action taken by Seller or any Affiliate of Seller.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF MALARA

Malara represents and warrants to Buyer as follows:

4.1 **Formation; Power.** Malara is a corporation duly organized, validly existing, and in good standing under the laws of the state of Delaware, and Malara has the corporate or other power to enter into and consummate the transactions contemplated by this Agreement.

4.2 Action. All actions necessary to be taken by or on the part of Malara in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby to be consummated and presently necessary to make the same effective have been duly and validly taken. This Agreement has been duly and validly authorized by Malara, has been duly executed and delivered by Malara, and constitutes a valid and binding agreement that is enforceable against Malara in accordance with and subject to its terms.

4.3 No Defaults. On the Closing Date (after giving effect to all Consents which have been obtained), neither the execution and delivery by Malara of this Agreement, nor the consummation by Malara of the transactions contemplated by this Agreement to be consummated on or prior to the Closing Date, will constitute, or, with the giving of notice or the passage of time or both, would constitute, a material violation of or would conflict in any material respect with or result in any material breach of or any material default under, any of the terms, conditions, or provisions of any Legal Requirement to which Malara is subject, or Malara's certificate of formation or limited liability company agreement or similar organizational documents, or of any material contract, agreement, or instrument to which Malara is a party or by which Malara is bound.

4.4 Brokers. There is no broker or finder or other Person who would have any valid claim against Seller, Malara or Buyer for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or understanding of or action taken by Seller or Malara or any Affiliate of Seller or Malara.

4.5 Capitalization. Schedule 4.5 hereto sets forth the capitalization of each Malara entity and the record and beneficial owners thereof.

4.6 Tax Certification. Malara Duluth is treated as a flow-through entity for U.S. federal income tax purposes.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller and Malara as follows:

5.1 Incorporation. Buyer is a corporation duly organized or constituted, validly existing, and in good standing under the laws of the state of Delaware, and Buyer has the corporate or other power to enter into and consummate the transactions contemplated by this Agreement.

5.2 Action. All actions necessary to be taken by or on the part of Buyer in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby to be consummated and presently necessary to make the same effective have been duly and validly taken. This Agreement has been duly and validly authorized, executed and delivered by Buyer and constitutes a valid and binding agreement, enforceable against Buyer in accordance with and subject to its terms.

5.3 No Defaults. On the Closing Date (after giving effect to all approvals and consents which have been obtained), neither the execution and delivery by Buyer of this Agreement, nor the consummation by Buyer of the transactions contemplated by this Agreement to be consummated on or prior to the Closing Date, will constitute, or, with the giving of notice or the passage of time or both, would constitute, a material violation of or would conflict in any material respect with or result in any material breach of or any material default under, any of the terms, conditions, or provisions of any Legal Requirement to which Buyer is subject, or of Buyer's certificate of incorporation or by-laws or similar organizational documents, if any, or of any material contract, agreement, or instrument to which Buyer is a party or by which Buyer is bound.

5.4 Brokers. There is no broker or finder or other Person who would have any valid claim against Seller for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or understanding of or action taken by Buyer or any Affiliate of Buyer.

ARTICLE VI

COVENANTS OF SELLER AND MALARA

6.1 Covenants of Seller and Malara Generally. Seller and Malara covenant and agree, from the date of this Agreement until the Closing, except as Buyer may otherwise consent, to act or refrain from acting as follows:

(a) FCC Authorizations and Other Matters. Seller and Malara will comply in all material respects with all rules and regulations of the FCC pertaining to the operation of the Station and all other applicable laws, rules, ordinances and regulations pertaining to the operation of the Station, and Seller and Malara will promptly execute any necessary applications for renewal of FCC Authorizations necessary for the operation of the Station as presently conducted and will use reasonable efforts to cooperate with Buyer in any other respect in which Buyer may reasonably request in order to enhance, protect, preserve or maintain the Station Assets and/or the business and operation of the Station.

(b) Restrictions. Seller will not (to the extent the following restrictions are permitted by the FCC and all other applicable Legal Requirements), and Malara will not cause or permit Seller or any other Seller Party to:

(i) other than in the ordinary course of business, sell, lease (as lessor), transfer, or agree to sell, lease (as lessor), or transfer any material Station Assets (other than in the ordinary course of its business) without replacement thereof with functionally equivalent or superior assets;

(ii) enter into any amendment or other modification of any agreement, instrument or other document governing or relating to Existing Station Indebtedness;

(iii) apply to the FCC for any construction permit that would materially restrict the Station's present operations or make any material adverse change in the buildings or leasehold improvements owned by Seller;

(iv) redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration any of Seller's shares of any class or other Equity Securities outstanding or limited liability company interests;

(v) enter into any arrangement or contract with Malara or its affiliates, other than the Management Services Agreement; or

(vi) incur, or suffer or permit to exist, any Lien on any Station Asset(s) such that, after any application of the Exercise Price that may be necessary at the time of the Closing to repay Existing Station Indebtedness, the Station Assets could not be conveyed as described in Section 1.5(a); or

(vii) without the prior written consent of Buyer, increase the principal amount of any Indebtedness described in clause (i) of the definition of "Existing Station Indebtedness" set forth in this Agreement or enter into any amendment, restatement, supplement, renewal, extension, rearrangement and substitution described in clause (ii) of such definition that increases the principal amount of the Existing Station Indebtedness.

provided that the foregoing does not disrupt or interfere with the business and operations of Seller or Malara or the Station.

(c) Reports; Access to Facilities, Files, and Records. From time to time, at the request of Buyer, Seller and Malara shall give or cause to be given to the officers, employees, accountants, counsel, and representatives of Buyer:

(i) access, upon reasonable prior notice, during normal business hours, to all facilities, property, accounts, books, deeds, title papers, insurance policies, licenses, agreements, contracts, commitments, records, equipment, machinery, fixtures, furniture, vehicles, accounts payable and receivable, and inventories of the Seller Parties related to the Station, and

(ii) all such other information in any Seller Party's possession concerning the affairs of the Station as Buyer may reasonably request,

provided that the foregoing does not disrupt or interfere with the business and operations of Seller or Malara or the Station.

(d) Notice of Proceedings. Each of Seller and Malara will promptly notify Buyer in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of the Sale, or upon receiving any notice from any governmental department, court, agency, or commission of its intention to institute an investigation into or institute a suit or proceeding to restrain or enjoin the consummation of the Sale, or to nullify or render ineffective this Agreement (or the Sale, if consummated).

(e) Notice of Certain Developments. Each of Seller and Malara shall give prompt written notice to Buyer, promptly after it becomes aware of the same, (i) if the Station Assets shall have suffered damage on account of fire, explosion, or other cause of any nature

which is sufficient to prevent operation of the Station in any material respect for more than ten (10) consecutive days, or (ii) if the regular broadcast transmission of the Station in the normal and usual manner in which it heretofore has been operating is interrupted in a material manner for a period of more than ten (10) consecutive days.

(f) Issuance or other Transfer of Stock or Equivalents. Seller will not issue any shares or any other Equity Security of Seller, and Malara will not sell or otherwise transfer or dispose of any Equity Security of Seller, to any Person, unless (i) such Person is a party to this Agreement or thereupon becomes a party to this Agreement with respect to all Equity Securities of Seller that such Person holds by executing and delivering to Buyer a counterpart of this Agreement by which such Person agrees to be bound by the provisions hereof by which Malara is bound to the same extent and effect as Malara and (ii) each applicable representation or warranty set forth in Article IV is true and correct in all respects with respect to such Person. The execution of any such counterpart of this Agreement by any such Person will be deemed to constitute a representation and warranty of such Person to the effect that all applicable representations and warranties set forth in Article IV are true and correct with respect to such Person in all respects; provided, that, this Section 6.1(f) shall not apply to any transfer or disposal of Equity Securities of Seller pursuant to any pledge agreement entered into by Seller or Malara to secure any Existing Station Indebtedness.

(g) No Premature Assumption of Control. Nothing contained in this Section 6.1 shall give Buyer any right to control the programming, operations, or any other matter relating to the Station prior to the Closing Date, and Seller shall have complete control of the programming, operations, and all other matters relating to the Station up to the time of the Closing.

(h) Tax Classification. None of the Seller Entities will take any action or fail to take any action that cause Malara Duluth not to be treated as a flow-through entity for U.S. federal income tax purposes.

6.2 Covenants of Seller and Malara during the Exercise Period. Each of Seller and Malara covenants and agrees that, after its receipt or delivery, as applicable, of each and every Exercise Notice and until either the Closing occurs or such Exercise Notice is withdrawn pursuant to Section 1.4:

(a) Application for Commission Consent. As promptly as practicable, Seller and/or Malara, as applicable, will complete the seller's or transferor's portion of all necessary applications to the FCC requesting the Required FCC Consents (if any), and upon receipt of Buyer's portion of such applications, will promptly file such applications with the FCC jointly with Buyer. Each of Seller and Malara will diligently take or cooperate in the taking of all reasonable steps that are necessary, proper, or desirable to expedite the preparation of such applications (including withdrawal and/or re-filing, or any amendment or supplement thereto, which Buyer may request) and their prosecution to a final grant. Seller and Malara will promptly provide Buyer with a copy of any pleading, order, or other document served on Seller and/or Malara relating to such applications.

(b) Consents. Seller will use reasonable efforts (without being required to make any payment not specifically required by the terms of any licenses, leases, and other contracts) to (i) obtain or cause to be obtained prior to the Closing Date all Consents or, in the absence of any Consent, one or more replacement agreements which would be effective on or prior to the Closing and would grant Buyer (after the Closing) substantially the same benefits with respect to the Station as Seller enjoys with respect to the Station immediately prior to the Closing under the replaced Contract(s), and (ii) cause each Consent or replacement agreement to become effective as of the Closing Date (whether it is granted or entered into prior to or after the Closing).

(c) Consummation of Sale. Subject to the provisions of Article VIII and Section 10.1, each of Seller and Malara shall use reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the conditions set forth in Article VIII to be fulfilled and cause the Sale and the Assumption to be consummated.

(d) Hart-Scott-Rodino. As and when Buyer reasonably requests, each of Seller and Malara shall prepare and file such documents with the Federal Trade Commission and the United States Department of Justice as may be required to comply with the Hart-Scott-Rodino Act in connection with the Sale and the Assumption, and shall promptly furnish all materials thereafter requested by any of the regulatory agencies having jurisdiction over such filings in connection with the Sale and the Assumption. Each of Seller and Malara will take all reasonable actions, and will file and use reasonable efforts to have declared effective or approved all such documents and notifications with any governmental or regulatory bodies, as may be necessary or may reasonably be requested under federal antitrust laws for the consummation of the Sale and the Assumption.

ARTICLE VII

COVENANTS OF BUYER

7.1 Covenants of Buyer Generally. Buyer covenants and agrees that Buyer will promptly notify Seller in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of the Sale or the Assumption, or upon receiving any notice from any governmental department, court, agency, or commission of its intention to institute an investigation into or institute a suit or proceeding to restrain or enjoin the consummation of the Sale or the Assumption, or to nullify or render ineffective this Agreement or the Sale or the Assumption if consummated.

7.2 Covenants of Buyer during Exercise Period. Buyer covenants and agrees that, after it gives or receives, as applicable, any Exercise Notice and unless and until such Exercise Notice is withdrawn pursuant to Section 1.4, Buyer will use reasonable efforts (both prior to and after the Closing Date) jointly with Seller to obtain or cause to be obtained prior to the Closing Date all Consents and to execute such assumption instruments as may be required or requested in connection with obtaining any Consent (or, in the alternative, to enter into one or more replacement agreements that would be effective on or prior to the Closing and would grant Buyer

substantially the same benefits with respect to the Station as Seller enjoys with respect to the Station under the replaced Contract(s) immediately prior to the Closing).

ARTICLE VIII

CONDITIONS PRECEDENT TO SELLER'S AND BUYER'S OBLIGATIONS

8.1 Conditions to Seller's Obligations. The obligation of Seller to consummate the Sale and the Assumption on the Closing Date is, at Seller's option, subject to the fulfillment of the following conditions at or prior to the time of the Closing:

(a) Representations, Warranties, Covenants. (i) Each of the representations and warranties of Buyer contained in this Agreement shall be true and accurate in all material respects (except to the extent changes are permitted or contemplated pursuant to this Agreement) as if made on and as of the Closing Date; and (ii) Buyer shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or at the Closing (including the delivery of the Exercise Price).

(b) Proceedings. (i) No action or proceeding shall have been instituted and be pending before any court or governmental body to restrain or prohibit, or to obtain a material amount of damages in respect of, the consummation of the Sale or the Assumption that, in the reasonable opinion of Seller, may reasonably be expected to result in a preliminary or permanent injunction against such consummation or, if the Sale or the Assumption were consummated, an order to nullify or render ineffective this Agreement or the Sale or the Assumption or for the recovery against Seller of a material amount of damages; and (ii) none of the parties to this Agreement shall have received written notice from any governmental body of (A) such governmental body's intention to institute any action or proceeding to restrain or enjoin or nullify this Agreement or the Sale or the Assumption, or to commence any investigation (other than a routine letter of inquiry, including, without limitation, a routine Civil Investigative Demand) into the consummation of the Sale or the Assumption, or (B) the actual commencement of such an investigation, in each case which remains pending or open.

(c) FCC Authorization. The FCC Approval Date shall have occurred with respect to all Required FCC Consents, and all Required FCC Consents shall be in full force and effect.

(d) Hart-Scott-Rodino. Any applicable waiting period under the Hart-Scott-Rodino Act shall have expired or been terminated.

(e) Other Instruments. Buyer shall have delivered, or shall stand ready to deliver, to Seller such instruments, documents, and certificates as are contemplated by Section 2.3(b).

8.2 Conditions to Buyer's Obligations. The obligation of Buyer to consummate the Sale and the Assumption on the Closing Date is, at Buyer's option, subject to the fulfillment of the following conditions at or prior to the time of the Closing:

(a) Representations, Warranties, Covenants. (i) Each of the representations and warranties of Seller and Malara contained in this Agreement shall be true and accurate in all material respects (except to the extent changes are permitted or contemplated pursuant to this Agreement) as if made on and as of the Closing Date; and (ii) each of Seller and Malara shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or at the Closing.

(b) Proceedings. (i) No action or proceeding shall have been instituted and be pending before any court or governmental body to restrain or prohibit, or to obtain a material amount of damages in respect of, the consummation of the Sale or the Assumption that, in the reasonable opinion of Buyer, may reasonably be expected to result in a preliminary or permanent injunction against such consummation or, if the Sale or the Assumption were consummated, an order to nullify or render ineffective this Agreement or the Sale or the Assumption or for the recovery against Buyer of a material amount of damages; and (ii) none of the parties to this Agreement shall have received written notice from any governmental body of (A) such governmental body's intention to institute any action or proceeding to restrain or enjoin or nullify this Agreement or the Sale or the Assumption, or to commence any investigation (other than a routine letter of inquiry, including, without limitation, a routine Civil Investigative Demand) into the consummation of the Sale or the Assumption, or (B) the actual commencement of such an investigation, in each case which remains pending or open.

(c) FCC Authorization. The FCC Approval Date shall have occurred with respect to all Required FCC Consents, and all Required FCC Consents shall be in full force and effect.

(d) Hart-Scott-Rodino. Any applicable waiting period under the Hart-Scott-Rodino Act shall have expired or been terminated.

(e) Other Instruments. Seller shall have delivered, or shall stand ready to deliver, to Buyer such instruments, documents, and certificates as are contemplated by Section 2.3(a).

ARTICLE IX

REMEDIES

9.1 Bulk Sales Indemnity. Buyer and Seller have jointly determined that there will be no attempt to comply with the notice provisions of any bulk sales law which may apply to the purchase and sale of the Station Assets pursuant to this Agreement. Buyer will indemnify and hold Seller harmless from and against any and all damages, claims, losses, expenses, costs, obligations, and liabilities, including, without limiting the generality of the foregoing, liabilities for reasonable attorneys' fees and expenses, suffered directly or indirectly by Seller by reason of or arising out of non-compliance with any such bulk sales law.

9.2 Acknowledgment by Buyer. Buyer has conducted, to its satisfaction, an independent investigation and verification of the financial condition, results of operations, assets,

liabilities, properties and projected operations of the Station and the Station Assets. In determining to proceed with the transactions contemplated by this Agreement, Buyer has relied, and will rely, on the representations, warranties and covenants of Seller and Malara set forth in this Agreement and the results of such independent investigation and verification. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY OTHER PROVISIONS OF THIS AGREEMENT, IT IS THE EXPLICIT INTENT OF EACH PARTY HERETO THAT SELLER AND MALARA ARE NOT MAKING ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT. SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, BUYER TAKES THE STATION ASSETS "AS IS AND WHERE IS."** WITHOUT LIMITING THE IMMEDIATELY PRECEDING TWO SENTENCES, SELLER AND MALARA HEREBY EXPRESSLY DISCLAIM AND NEGATE (AND BUYER UNDERSTANDS, ACKNOWLEDGES AND AGREES WITH SUCH DISCLAIMERS AND NEGATION) ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE, RELATING TO (1) THE CONDITION OF THE REAL OR TANGIBLE PERSONAL PROPERTIES (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF CONFORMITY TO MODELS OR SAMPLES OR MATERIALS); (2) ANY INFRINGEMENT BY SELLER OR ANY OF ITS AFFILIATES OF ANY PATENT, INTELLECTUAL PROPERTY OR PROPRIETARY RIGHT OF ANY THIRD PARTY; AND (3) THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY ESTIMATES, PROJECTIONS AND EVALUATIONS, INCLUDING, WITHOUT LIMITATION, THE PROJECTED, FUTURE OR HISTORICAL FINANCIAL CONDITION, RESULTS OR OPERATIONS, ASSETS OR LIABILITIES RELATING TO THE STATION.

ARTICLE X

TERMINATION; MISCELLANEOUS

10.1 Termination of Agreement Prior to the Closing Date. This Agreement may be terminated at any time on or prior to the Closing as follows:

(a) By Seller. By Seller, by written notice to Buyer at any time after the Expiration Date, if (i) the Closing has not occurred on or prior to the date upon which such notice is given, and (ii) there is no condition to closing set forth in Article VIII that has not been satisfied solely as result of a breach by Seller and/or Malara of its obligations under this Agreement.

(b) By Buyer. By Buyer, by written notice to Seller at any time after the Expiration Date, if (i) the Closing has not occurred on or prior to the date upon which such notice is given, and (ii) there is no condition to closing set forth in Article VIII that has not been satisfied solely as a result of a breach by Buyer of its obligations under this Agreement.

(c) By Either Party. By either Party, on the Expiration Date, unless renewed for an additional ten-year period by either Party prior thereto.

None of Buyer, Seller nor Malara shall have any liability to any of the other of them for costs, expenses, damages (consequential or otherwise), loss of anticipated profits, or otherwise as a result of a termination pursuant to this Section 10.1. This Article X will survive the termination of this Agreement pursuant to this Section 10.1.

10.2 Remedies. In the event of a breach of any of Seller's or Malara's obligations under this Agreement, Buyer, in addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, will be entitled to specific performance of Seller's and/or Malara's obligations under this Agreement. The parties hereto agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach of any such obligations of Seller or Malara.

10.3 Expenses. Except as otherwise expressly provided in this Agreement, each of Seller, Malara and Buyer shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, accounting and legal fees incurred in connection herewith; provided, that, (a) Buyer will reimburse Seller and Malara for all reasonable out-of-pocket expenses incurred by them in connection with the preparation, negotiation and implementation of this Agreement and all related agreements, (b) Buyer will reimburse Seller and Malara for all reasonable out-of-pocket expenses incurred by them in connection with or in preparation for the Closing (including those incurred in performing their respective obligations under Section 6.2), and (c) Buyer will pay all filing fees associated with any filing contemplated by Section 6.2(a) or Section 6.2(d).

10.4 Assignments; Exercise in Part. This Agreement shall not be assigned by Seller or Malara without the prior written consent of Buyer; provided, that, after the Closing, Seller or Malara may assign its rights pursuant to this Agreement to any other Person in connection with the dissolution, liquidation or winding up or administration of its affairs; and further, provided, that, whether or not any requisite consent of Buyer has been obtained, this Agreement will be binding upon all respective successors of Seller and Malara, whether by operation of law or otherwise. Any attempt by Seller or Malara to assign this Agreement without first obtaining the consent of Buyer shall be void. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may be assigned in whole or in part by Buyer without the prior written consent of Seller or Malara to any Person (provided, that, no such assignment shall relieve Buyer of any of its obligations or liabilities hereunder), and Buyer will inform Seller and Malara of any such assignment. Any assignee of Buyer will be deemed to be "Buyer" for purposes of this Agreement as to the rights assigned to such assignee.

10.5 Further Assurances. From time to time prior to, at, and after the Closing Date, each party hereto will execute all such instruments and take all such actions as another party hereto, being advised by counsel, shall reasonably request in connection with carrying out and effectuating the intent and purpose hereof and all transactions and things contemplated by this Agreement, including, without limitation, the execution and delivery of any and all confirmatory

and other instruments, in addition to those to be delivered on the Closing Date, and any and all actions which may reasonably be necessary to complete the transactions contemplated hereby.

10.6 Notices. All notices, demands, and other communications which may or are required to be given hereunder or with respect hereto shall be in writing, shall be delivered personally or sent by nationally recognized overnight delivery service, charges prepaid, or by registered or certified mail, return-receipt requested, and shall be deemed to have been given or made when personally delivered, the next business day after delivery to such overnight delivery service, three (3) days after deposited in the mail, first class postage prepaid, as the case may be, addressed as follows:

(a) If to Seller or Malara:

Malara Broadcast Group Inc.
5880 Midnight Pass Road
Apartment 701
Siesta Key, Florida 34242
Telephone: (941) 312-0214
Fax: (941) 346-8354

with a copy (which will not constitute
notice to Seller or Malara) to:

Wolf, Block, Schorr & Solis-Choen, LLP
250 Park Avenue
Suite 1000
New York, New York 10177
Attention: Stuart A. Shorenstein
Telephone: (212) 883-4923
Fax: (212) 986-0604

or to such other address and/or with such other copies as Seller or Malara may from time to time designate by notice to Buyer given in accordance with this Section 10.6; and

(b) If to Buyer:

c/o Granite Broadcasting Corporation
767 Third Avenue
34th Floor
New York, New York 10017
Attention: President
Telephone: (212) 826-2530
Fax: (212) 826-2858

with a copy (which will not constitute notice to Buyer) to:

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036
Attention: Russell W. Parks, Jr.
Telephone: (202) 887-4000
Fax: (202) 887-4288

or to such other address and/or with such other copies as Buyer may from time to time designate by notice to Seller given in accordance with this Section 10.6.

10.7 Captions. The captions of the Articles and Sections of this Agreement are for convenience only, and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

10.8 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICT OF LAWS, EXCEPT TO THE EXTENT THAT THE FEDERAL LAW OF THE UNITED STATES GOVERNS THE TRANSACTIONS CONTEMPLATED HEREBY.

10.9 Waiver of Provisions. The terms, covenants, representations, warranties, and conditions of this Agreement may be waived only by a written instrument executed by the Person waiving compliance. The failure of any party hereto at any time or times to require performance of any provision of this Agreement shall in no manner affect such party's right at a later date to enforce the same provision or any other provision. No waiver by any party hereto of any condition or of the breach of any provision, term, covenant, representation, or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver by such party of any such condition or of the breach of any other provision, term, covenant, representation, or warranty of this Agreement.

10.10 Counterparts. This Agreement may be executed in two or more counterparts, and all counterparts so executed shall constitute one agreement binding on all of the parties hereto, notwithstanding that all the parties hereto are not signatory to the same counterpart.

10.11 Entire Agreement/Amendments. This Agreement (including the Schedules hereto) constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, between them relating to the subject matter hereof. No amendment to any provision of this Agreement shall be binding unless executed in writing by the party to be bound thereby. The parties intend that this Agreement be in full compliance with all published rules, policies and orders of the FCC. If the FCC orders that the parties change any term of this Agreement, then the parties will attempt to do so, consistent with said FCC order and the overall intent of this Agreement.

10.12 Access to Books and Records.

(a) Buyer shall preserve for not less than seven (7) years after the Closing Date all books and records included in the Station Assets. After such seven-year period, Buyer will not destroy any books or records relating to the conduct of business of the Station prior to the Closing unless Buyer first offers to transfer such books and records to Malara, and if Buyer is requested to do so, Buyer will transfer such books or records to Malara.

(b) After the Closing, neither Seller nor Malara will destroy any books or records relating to the conduct of business of the Station prior to the Closing Date unless Malara first offers to transfer such books and records to Buyer, and if Malara is requested to do so, Malara shall transfer such books or records to Buyer.

(c) At the request of any other party to this Agreement, Buyer, Seller and Malara will permit each other (including such other party's officers, employees, accountants, and counsel) any access, upon reasonable prior written notice during normal business hours, to all of its property, accounts, books, contracts, records, accounts payable and receivable, records of employees, FCC logs and other information concerning the affairs or operation of the Station as such other party to this Agreement may reasonably request for any reasonable purpose, and to make extracts or copies from the foregoing at the requesting party's expense.

10.13 Public Announcements. Prior to the Closing, no party to this Agreement shall, except by mutual agreement with all other parties to this Agreement (including agreement as to content, text and method or distribution or release), make any press release or other public announcement or disclosure concerning the transactions contemplated by this Agreement, except as may be required by any Legal Requirement (including, without limitation, filings and reports required to be made with or pursuant to the rules of the Securities and Exchange Commission); provided, that, prior to making any such announcement or disclosure required by any Legal Requirement, to the extent practicable, the disclosing Person gives each other party to this Agreement prior written notice of the text and content of, the method of distribution or release of, and all other material facts concerning, such disclosure. After the Closing, neither Seller nor Malara will, except with Buyer's prior written consent (including agreement as to content, text and method or distribution or release), make any press release or other public announcement or disclosure concerning the transactions contemplated by this Agreement, except as may be required by any Legal Requirement (including, without limitation, filings and reports required to be made with or pursuant to the rules of the Securities and Exchange Commission); provided that, prior to making any such announcement or disclosure required by any Legal Requirement, to the extent practicable, Seller or Malara (as the case may be) gives Buyer prior written notice of the text and content of, the method of distribution or release of, and all other material facts concerning, such disclosure.

10.14 Definitional Provisions.

(a) Terms Defined in Appendix. Each capitalized term which is used and not otherwise defined in this Agreement or any Schedule to this Agreement has the meaning which is specified for such term in the Appendix which is attached to this Agreement.

(b) Gender and Number. Words used in this Agreement, regardless of the gender and number specifically used, will be deemed and construed to include any other gender, masculine, feminine or neuter, and any other number, singular or plural, as the context requires.

10.15 Consent to Jurisdiction. Each of the parties hereto hereby consents to the exclusive jurisdiction and venue of the courts of the State of New York located in the County of New York and the United States District Court for the Southern District of New York with respect to any matter relating to this Agreement and performance of the parties' obligations hereunder, the documents and instruments executed and delivered concurrently herewith or pursuant hereto and the performance of the parties' obligations thereunder, and each of the parties hereto hereby consents to the personal jurisdiction of such courts and shall subject itself to such personal jurisdiction. Any action, suit or proceeding relating to such matters shall be commenced, pursued, defended and resolved only in such courts and in any appropriate appellate court having jurisdiction to hear an appeal from any judgment entered in such courts. Service of process in any action, suit or proceeding relating to such matters may be made and served within or outside the State of New York, County of New York or the Southern District of New York by registered or certified mail to the parties and their representatives at their respective addresses specified in Section 10.6 hereof, provided that a reasonable time, not less than 30 days, is allowed for response. Service of process may also be made in such other manner as may be permissible under the applicable court rules.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

MALARA BROADCAST GROUP INC.

By: _____
Name: _____
Title: _____

MALARA BROADCAST GROUP OF DULUTH LLC

By: _____
Name: _____
Title: _____

GRANITE BROADCASTING CORPORATION

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED:

Anthony Malara

TCM MEDIA ASSOCIATES LLC

By: _____
Name: _____
Title: _____

APPENDIX

The following capitalized terms have the following meaning when used in this Agreement and the Schedules attached to this Agreement:

“AAA Rules” has the meaning set forth in Section 10.15(a).

“Arbitration Notice” has the meaning set forth in Section 10.15(b).

“Assumed Contracts” has the meaning set forth in Section 1.6(b).

“Assumed Liabilities” has the meaning set forth in Section 1.6(b).

“Assumption” has the meaning set forth in Section 2.2.

“Business Day” means any day other than a Saturday, Sunday or other day upon which banks in New York City are not open for business.

“Buyer” has the meaning set forth in the Recitals to this Agreement.

“Call Option” has the meaning set forth in Section 1.1(a).

“Cash Flow” means the gross revenues of Seller from operations of the Station minus the aggregate amount of all amounts paid or payable by Seller in respect of the reasonable operating and business expenses of the Station, including, but not limited to, expenditures for: (i) programming, (ii) salaries and benefits for Seller’s officers and employees, (iii) utilities, insurance, rent, taxes, professional fees and FCC fees, (iv) equipment repairs, maintenance and replacements, (v) payments accrued or unpaid under the Management Services Agreement (vi) principal and interest payments on Seller’s indebtedness incurred in connection with its acquisition of the Station, and (vii) amounts accrued during such period to Buyer or its affiliates under the Shared Services Agreement dated of even date, the Advertising Representation Agreement of even date herewith and any other amounts accrued during such period to Buyer or its Affiliates from Seller or its Affiliates relating to the Station.

“Cash Purchase Price” has the meaning set forth in Section 2.1(b).

“Closing” has the meaning set forth in Section 2.2.

“Closing Date” means the date on which the Closing occurs.

“Communications Act” means the Communications Act of 1934, as in effect from time to time, and any successor statute thereto.

“Consent,” with respect to any Contract, means any consent or approval of any Person other than any party to this Agreement that is required pursuant to the terms of such Contract prior to or in connection with the consummation of the Sale or the Assumption.

“Contract” means any agreement, lease, arrangement, commitment, or understanding to which Seller or Malara, with respect to the Station, is a party.

“Disputing Parties” has the meaning set forth in Section 10.15(b).

“Disputing Person” has the meaning set forth in Section 10.15(b).

“Disputes” has the meaning set forth in Section 10.15(a).

“Equity Securities” of any Person means (i) any of such Person’s capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or non-voting, whether preferred, common or otherwise, and including any stock appreciation, contingent interest or similar right) and (ii) any option, warrant, security or other right (including debt securities) directly or indirectly convertible into or exercisable or exchangeable for, or otherwise to acquire directly or indirectly, any stock, interest, participation or security described in clause (i) of this definition.

“Excluded Assets” has the meaning set forth in Section 1.3.

“Exercise Notice” has the meaning set forth in Section 1.4(a).

“Exercise Price” has the meaning set forth in Section 2.1(a).

“Existing Station Indebtedness” means (i) the principal of and interest on all Indebtedness of Seller and/or Malara, arising out of or relating to the purchase or operation of the Station, whether now or hereafter existing or arising, due or to become due to, or held or to be held by, the lenders under or pursuant to **[the Credit Facility dated as of _____ by and between Seller and _____]**, as amended, supplemented and otherwise modified from time to time, including, without limitation, all extensions, renewals, restatements, rearrangements and refundings thereof (the “Existing Credit Agreement”), and any and all other amounts payable in connection therewith or in connection with the other Loan Documents (as that term is defined in the Existing Credit Agreement), whether on account of fees, indemnities, reimbursement obligations in respect of letters of credit, costs, expenses or otherwise; and (ii) the principal of and interest on any Indebtedness, hereafter existing or arising under any amendment, restatement, supplement, renewal, extension, rearrangement and substitution, in whole or in part, of any obligation described in the preceding clause (i) or this clause (ii); provided, that, the principal amount of Existing Station Indebtedness shall be limited in dollar amount to the dollar amount initially borrowed to acquire the Station, plus any amounts borrowed thereafter exclusively for the benefit of the Station and approved in writing by Buyer, less any repayments of principal made with respect thereto.

“Expiration Date” has the meaning set forth in Section 1.1(a).

“FCC” has the meaning set forth in the Recitals to this Agreement.

“FCC Approval Date” means the first day upon which all of the Required FCC Consents required for the consummation of the Sale and Assumption are effective.

“FCC Authorizations” has the meaning set forth in Section 1.2(a).

“Guarantee” has the meaning set forth in the Recitals to this Agreement.

“Hart-Scott-Rodino Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as in effect from time to time.

“Indebtedness” means, without duplication, (i) any indebtedness for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) any indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business which are not more than six months past due), (iv) any commitment by which a Person assures a creditor against loss (including, without limitation, contingent reimbursement obligations with respect to letters of credit), (v) any indebtedness guaranteed in any manner by a Person (including, without limitation, guarantees in the form of an agreement to repurchase or reimburse), (vi) any obligations under capitalized leases with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations a Person assures a creditor against loss, (vii) any indebtedness secured by a Lien on a Person’s assets and (viii) any unsatisfied obligation for “withdrawal liability” to a “multiemployer plan” as such terms are defined under ERISA.

“Legal Requirements” means the Communications Act, the rules, regulations and published policies of the FCC, and all other federal, state and local laws, rules, regulations, ordinances, judgments, orders and decrees.

“Lien” means any mortgage, pledge, hypothecation, encumbrance, lien (statutory or otherwise), preference, priority or other security agreement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing and any assignment or deposit arrangement in the nature of a security device).

“Malara” has the meaning set forth in the Recitals to this Agreement.

“Management Services Agreement” means that certain agreement dated as of _____, _____ by and between TCM Media Associates LLC, a New York limited liability company and Seller.

“Option” means the Put Option or the Call Option, or both, as the context requires.

“Other Assumed Contracts” has the meaning set forth in Section 1.2(f).

“Person” means any individual, partnership, joint venture, corporation, limited liability company, trust, unincorporated association or government or department thereof.

“Proceeds” has the meaning set forth in Section 1.2(c).

“Program Contracts” has the meaning set forth in Section 1.2(e).

“Put Option” has the meaning set forth in Section 1.1(b).

“Realty Contracts” has the meaning set forth in Section 1.2(c).

“Required FCC Consent” means any action or order by the FCC granting its consent to the consummation of a Sale pursuant to this Agreement without any condition which in the reasonable judgment of Buyer or Seller is adverse to Buyer or Seller, as the case may be, in any material respect.

“Sale” has the meaning set forth in Section 1.2.

“Seller” has the meaning set forth in the recitals to this Agreement.

“Seller’s Recent Station Records” has the meaning set forth in Section 1.2(j).

“Shared Services Agreement” means that certain Shared Services Agreement, dated as of _____ between Seller and KBJR, Inc., a wholly-owned subsidiary of Buyer.

“Station” has the meaning set forth in the Recitals to this Agreement.

“Station Assets” has the meaning set forth in Section 1.2.

“Time Sales Contracts” has the meaning set forth in Section 1.2(d).

“Transaction Documents” means this Agreement and all other documents executed and delivered in connection herewith, in each case as in effect from time to time.

Schedule 1.4

Option Purchase Price

The "Option Purchase Price" will be an amount equal to [\$_____].

Schedule 2.1

Cash Purchase Price

The "Cash Purchase Price" will be an amount equal to the greater of:

- (a) six (6) times the Cash Flow (as defined in this Agreement) of the Station during the twelve most recent complete months prior to the date on which the relevant Exercise Notice was delivered; or
- (b) the aggregate amount of the Existing Station Indebtedness.