

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this "Agreement") is entered into as of this ___ day of December, 2001, by and among National Broadcasting Company, Inc. ("NBC"), Granite Broadcasting Corporation (the "Company") and KNTV Television, Inc. ("KNTV") with respect to the Television Station KNTV-TV (San Francisco-Oakland-San Jose, California) (the "Station").

A G R E E M E N T

WHEREAS, on March 6, 2001, Company and NBC entered into an Amended and Restated Affiliation Agreement with respect to the Station (the "Affiliation Agreement"), whereby the Station would become an affiliate of NBC on January 1, 2002.

WHEREAS, NBC has substantial experience and expertise in television station operations;

WHEREAS, in implementing the transition of the Station from an independent television station to an affiliate of the NBC Network, the Company desires to retain the services and expertise of NBC with respect to the Station on an interim basis;

WHEREAS, NBC is willing to provide consulting and other services to the Company on an interim basis with respect to the Station as set forth herein;

NOW, THEREFORE, in consideration of the premises and of the respective representations and warranties hereafter set forth and of the covenants and agreements herein contained, the parties covenant and agree with each other as follows:

1. Services.

(a) In an effort to improve the operations of the Station as an NBC affiliate, the Company hereby engages NBC, and NBC hereby agrees, to provide the services (the "Services") during the Term (as defined in Section 6 below) with respect to the operations of the Station, as set forth in Schedule A attached hereto and incorporated herein by this reference. The Station shall furnish NBC with all Station information as is necessary to enable NBC to provide the Services.

(b) The Services will be performed by designated NBC employees or consultants retained by NBC (the "NBC Personnel"). The NBC Personnel shall remain employees of NBC at all times during the term of this Agreement. NBC Personnel engaged to provide the Services will report to the General Manager of Station (the "Station General Manager"), and the Services will be provided primarily at the Station or by telephone conference from NBC's offices in New York, New York and

Burbank, California. To the extent Services are provided at the Station, the Company will provide NBC Personnel with reasonable office space at the Station and support services by Station personnel. NBC Personnel and Station General Manager shall develop a detailed transition plan which shall establish specific lines of communications and communications protocols and shall make recommendations regarding actions to be taken by the Station in connection with the transition (the "Transition Plan"). The Transition Plan will be reviewed and updated at weekly meetings to be held among the NBC Personnel, the Station General Manager, the Vice President-News, the Vice President-Finance and the Vice-President-Sales of Station, and a the KBWB representative designated by Robert F. Selwyn, Jr. ("Selwyn") (the "Transition Committee"). The Transition Committee shall keep Selwyn apprised of the matters discussed at its weekly meetings. NBC shall provide its advice and recommendations to the Transition Committee, which shall make recommendations to Selwyn. Transition Committee recommendations shall only be implemented upon approval by Selwyn.

(c) NBC Personnel shall provide Station General Manager with reasonable prior notice before visiting any Station facilities, and shall conduct all such visits during regular business hours (unless authorized by Station General Manager or the Transition Committee) and in a manner that will minimize disruptions to the business and operations of KNTV.

2. Station Control. Nothing in this Agreement shall confer upon NBC or the NBC Personnel any right, directly or indirectly, to control, supervise or direct any aspect of the management or operation of the Station, which shall be and remain the sole responsibility of, and under the control and direction of, the Company. NBC shall not take any action that obligates the Company to incur any expense or obligation, unless NBC obtains from Selwyn or Station General Manager the prior written authorization. The Company will have sole authority and control over the programming and operations of the Station during the term of this Agreement and will bear full responsibility for the Station's compliance with all applicable provisions of the Communications Act of 1934, as amended, and the rules, regulations and policies of the Federal Communications Commission (the "FCC") promulgated thereunder, as the same may be amended from time to time, and all other applicable laws.

3. Expenditures.

(a) Schedule B contains a list of expenditures (the "Scheduled Expenditures") which the Company has determined are necessary and advisable to be made for the benefit of the Station. The Company hereby authorizes NBC to make the Scheduled Expenditures. Any Scheduled Expenditures so incurred shall be at the expense of NBC, subject to the provisions of Section 16 below. The underlying assets or services obtained as a result of any Scheduled Expenditures shall be furnished to the Company for use by the Station at no cost. Upon termination of this agreement, the Station shall have the right to acquire from NBC, at a fair market value, any asset acquired by NBC in its own name in connection with any Scheduled Expenditure.

(b) Any NBC recommendations for expenditures other than Scheduled Expenditures must be approved in advance in writing by the Company, and only upon such approval (including the amount thereof) shall such expenditures become Scheduled Expenditures. The parties

agree that the Scheduled Expenditures shall be in addition to the Promotion Amount, as such term is defined in the Affiliation Agreement.

(c) NBC shall furnish to Company a purchase invoice, lease, agreement or other reasonable documentation setting forth the material terms of each such Scheduled Expenditure. In the event that the Company (or any of its affiliates) is the primary obligor under any such purchase invoice, lease, agreement or other documentation, no such documentation shall be binding unless executed by the Company (or, if applicable, such affiliate).

4. Consulting Fee. The Company shall pay to NBC a consulting and advisory fee of \$100,000 (the "Consulting Fee") for such Services as described in Schedule A. The Company will not deduct any payroll taxes from any payments due pursuant to this Section 4; it being understood that during the Term, NBC will pay all employer taxes and all other employee benefits with respect to NBC Personnel providing Services.

5. Taxes. Except for any income taxes payable by NBC or NBC Personnel providing the Services, the Company shall be responsible for paying all taxes or similar charges, however designated or levied, arising out of NBC's provision of Services hereunder, including without limitation all Federal, state and local privilege, sales, use or excise taxes, and any taxes or amounts in lieu thereof paid or payable by NBC or any NBC Personnel in respect of the foregoing.

6. Term. The term of this Agreement (the "Term") shall commence on the date hereof and expire on the earlier of (x) the date on which the Affiliation Agreement is terminated and (y) March 31, 2003; *provided, however*, that in the event that NBC and the Company have not executed a stock purchase agreement for the acquisition of KNTV by NBC by March 1, 2002, the Company shall have the right to terminate this Agreement upon five days' prior written notice to NBC (such termination to be effective in no event later than March 31, 2003). The foregoing notwithstanding, the Company or NBC may terminate this Agreement immediately upon delivery of written notice to the other party if this Agreement is declared invalid or illegal in whole or substantial part by an order or decree of an administrative agency or court of competent jurisdiction, or there has been a material change in the rules, policies or precedent of the FCC, the Federal Trade Commission or the Department of Justice that, in the reasonable judgment of counsel to such party, would cause this Agreement to be in violation thereof and such change is in effect and has not been stayed pending an appeal or further administrative or judicial review.

7. Indemnification.

(a) **Indemnification by the Company.** Except as set forth in clause (b) below, the Company shall indemnify and hold NBC and its officers, directors, stockholders, agents and employees harmless against any and all damages, losses, expenses, costs (including attorneys' fees) and liabilities (collectively, "Losses") suffered by NBC by reason of any third party claim or enforcement action based upon the fact that NBC Personnel are providing, or have provided, Services hereunder, except for any Losses resulting from the negligence or misconduct of such persons.

(b) Indemnification by NBC. NBC shall indemnify and hold the Company and its officers, directors, stockholders, agents and employees harmless against any and all damages, losses, expenses, costs (including attorneys' fees) and liabilities suffered by the Company: (i) by reason of NBC's failure to make any payment, including any payroll or employer tax required to be paid or withheld by NBC, with respect to NBC Personnel providing the Services; (ii) as a result of the negligence or misconduct of NBC Personnel; or (iii) with respect to any claim that this Agreement is invalid or illegal.

(c) General. Any indemnification hereunder shall include all liability, costs and expenses, including counsel fees (at trial and on appeal). The indemnification obligations under this Section 7 shall survive any termination of this Agreement. The party responsible for indemnification shall select counsel and control the defense, subject to the indemnified party's reasonable approval; provided, however, that no claim may be settled by an indemnifying party without the consent of the indemnified party, which may not be unreasonably withheld or delayed, unless such settlement provides the indemnified party with a full and unconditional release from all liability.

8. Limitation on Liability. WITH RESPECT TO ANY CLAIMS ARISING IN CONNECTION WITH THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER THE COMPANY, NBC NOR ANY OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, AFFILIATES, AGENTS OR SUPPLIERS SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, RELIANCE OR PUNITIVE DAMAGES OR LOST OR IMPUTED PROFITS OR ROYALTIES, OR COST OF PROCUREMENT OF SUBSTITUTE SERVICES, WHETHER FOR BREACH OF WARRANTY OR ANY OBLIGATION ARISING THEREFROM OR OTHERWISE, WHETHER LIABILITY IS ASSERTED IN CONTRACT OR TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY) AND IRRESPECTIVE OF WHETHER ANY PERSON HAS ADVISED OR HAS BEEN ADVISED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE. EACH OF THE PARTIES HEREBY WAIVE ANY CLAIM THAT THESE EXCLUSIONS DEPRIVE IT OF AN ADEQUATE REMEDY.

9. Confidentiality. This Agreement shall be subject to the provisions of the letter agreement between NBC and the Company dated as of November 13, 2001.

10. Timely Performance. The parties acknowledge that the timely provision of assistance and complete and accurate information and data by the parties hereto are essential to the effectiveness of the parties accomplishing the intentions of the parties hereto.

11. No Partnership or Joint Venture.

(a) This Agreement is not intended to be, and shall not be construed as, an agreement to form a partnership, agency relationship or a joint venture between the parties. Except as otherwise specifically provided in this Agreement (including Schedules A and B hereto) neither party shall be authorized to act as an agent of or otherwise to represent the other party.

(b) Under no circumstances shall any NBC Personnel be deemed an employee of the Company, and in no event shall any such person be eligible for benefits generally available to employees of the Company.

12. Governing Law; Entire Agreement. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of New York. This Agreement together with the Affiliation Agreement, the Purchase Agreement, and the documents executed in connection therewith, constitute the entire agreement between the parties with respect to the subject matter hereof. This Agreement may not be modified or amended except in a writing signed by a duly authorized representative of each of the parties hereto.

13. Representations and Warranties. Each of NBC and the Company represents and warrants that (i) it has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations set forth herein, and (ii) the execution and delivery of this Agreement and the performance of the obligations contemplated hereunder do not conflict with, or result in any violation or breach of, or default under, its certificate of incorporation or bylaws or any material contract or other agreement to which it is a party or by which it is bound.

14. Assignment. Neither NBC nor the Company may assign this Agreement or the rights and obligations accruing hereunder without the prior written consent of the other party; provided, however, that NBC shall have the right to assign its rights hereunder to any entity wholly owned, directly or indirectly, by the ultimate parent of NBC.

15. No Restriction. Nothing herein shall be deemed to prevent NBC from doing anything in connection with the ordinary conduct of its business, including without limitation any activity in connection with promoting the NBC Network in the market in which the Station operates.

16. Reimbursement of Scheduled Expenditures. Upon the consummation of an acquisition of KNTV by NBC, the Company shall pay to NBC any portion of the Consulting Fee then unpaid, and shall reimburse NBC for all Scheduled Expenditures set forth on Schedule B hereof or approved pursuant to Section 3(b) and actually incurred by NBC as of the date of such reimbursement .

[signatures continued on following page]

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

GRANITE BROADCASTING CORPORATION

Name:
Title:

NATIONAL BROADCASTING COMPANY, INC.

Name:
Title:

KNTV TELEVISION, INC.

Name:
Title: