

ESCROW AGREEMENT

Escrow Agreement dated as of the effective date (the "Effective Date") set forth on schedule 1 attached hereto ("Schedule 1") by and among the purchaser identified on Schedule 1 (the "Purchaser"), the seller identified on Schedule 1 (the "Seller") and David L. Eddy, PA, as escrow agent hereunder (the "Escrow Agent").

WHEREAS, the Purchaser and the Seller have agreed to deposit in escrow certain funds and wish such deposit to be subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Appointment.** The Purchaser and Seller hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

2. **Escrow Fund.** Simultaneous with the execution and delivery of this Escrow Agreement, the Seller is depositing with the Escrow Agent the sum indicated as the escrow deposit on Schedule 1 (the "Escrow Deposit"). The Escrow Agent shall hold the Escrow Deposit and, subject to the terms and conditions hereof, shall invest and reinvest the Escrow Deposit and the proceeds thereof (collectively, the "Escrow Fund") as directed in Section 3.

3. **Investment of Escrow Fund.** During the term of this Escrow Agreement, the Escrow Fund shall be invested and reinvested by the Escrow Agent in the investment indicated on Schedule 1 or such other investments as shall be directed in writing by the Purchaser and the Seller and as shall be acceptable to the Escrow Agent. All investment orders involving U.S. Treasury obligations, commercial paper and other direct investments will be executed through the Escrow Agent, in the investment management division of the Escrow Agent. Subject to principles of best execution, transactions are effected on behalf of the Escrow Fund through broker dealers selected by the Escrow Agent. In this regard, the Escrow Agent seeks to attain the best overall result for the Escrow Fund, taking into consideration quality of service and reliability. No fees or expenses will be assessed in connection with any transaction. Periodic statements will be provided to Purchaser and Seller reflecting transactions executed on behalf of the Escrow Fund. The Purchaser and Seller, upon written request, will receive a statement of transaction details upon completion of any securities transaction in the Escrow Fund without any additional cost. The Escrow Agent shall have the right to liquidate any investments held in order to provide funds necessary to make required payments under this Escrow Agreement. The Escrow Agent shall have no liability, unless such liability is the result of the Escrow Agent's gross negligence or willful misconduct, for any loss sustained as a result of any investment in an investment indicated on Schedule 1 or any investment made pursuant to the instructions of the parties hereto or as a result of any liquidation of any investment prior to its maturity or for the failure of the parties to give the Escrow Agent instructions to invest or reinvest the Escrow Fund.

4. **Claims.**

(a) In the event the Purchaser (or any of its respective successors and assigns, officers, directors, employees, representatives and affiliates) (collectively, the "Claimant")

asserts a claim for delivery of all or a portion of the Escrow Fund, such Claimant shall execute and deliver to the Escrow Agent, a written notice to such effect (a “Claim Notice”; and the claim asserted in a Claim Notice being hereinafter referred to as a “Claim”) setting forth the amount of the Claim, the basis for such Claim under the Asset Purchase Agreement dated as of February [], 2003, among the Seller, Scott A. Gray (the “Stockholder”) and the Purchaser (the “Purchase Agreement”), and instructing the Escrow Agent to deliver that portion of the Escrow Fund as shall equal the amount of the Claim to the Claimant. The Claimant shall deliver to the Seller a copy of any Claim Notice on or prior to the date Claimant delivers such Claim Notice to the Escrow Agent, and the Escrow Agent shall also deliver a copy thereof to the Seller promptly after receipt thereof (provided that the failure of the Escrow Agent to make such delivery to the Seller shall not affect the obligation of the Escrow Agent to release funds pursuant to Section 5(b)(ii) below).

(b) The Seller may object to any Claim Notice by delivering to the Claimant and the Escrow Agent, within 15 days after delivery of the Claim Notice, a written notice (an “Objection Notice”) stating the basis for such objection and that all or a portion of the amount specified in such Claim Notice should not be released to the Claimant. The Seller shall deliver to the Claimant a copy of each Objection Notice on or prior to the date the Seller delivers such Objection Notice to the Escrow Agent, and the Escrow Agent shall also deliver a copy thereof to the Claimant promptly after receipt from the Seller.

5. **Release of Escrow Funds.**

(a) The Escrow Agent shall release funds from the Escrow Fund as follows:

(i) Promptly upon receipt of joint written instructions of the Purchaser and the Seller (“Joint Instructions”) the Escrow Agent shall release the Escrow Fund (or specified portion thereof) in the manner provided for in the Joint Instructions; provided, however, that pursuant to Section 9.5 of the Purchase Agreement, in the event that the Seller or the Stockholder is conclusively deemed to have agreed to the matters set forth in a notice of indemnification pursuant to Section 9.4(b) of the Purchase Agreement, written instructions executed solely by the Purchaser shall be sufficient to direct the Escrow Agent to make payment to any Buyer Indemnitee (as defined in the Purchase Agreement);

(ii) On the sixteenth day following the receipt of any Claim Notice which is received by the Escrow Agent and which is not the subject of an Objection Notice, the Escrow Agent shall release to the Claimant such portion of the Escrow Fund as is claimed in such Claim Notice; or

(iii) Promptly following the first anniversary of the date hereof (the “Survival Period”), but in any event within four Business Days thereof, the Purchaser and the Seller shall give the Escrow Agent joint written instructions to release the remaining Escrow Fund to the Seller; provided, however, that in the event that any Buyer Indemnitee (as defined in the Purchase Agreement) has asserted a claim for indemnification under the Purchase Agreement and such claim has not been settled prior to the expiration of the Survival Period, then an amount reasonably determined by the

Seller and the Purchaser to be sufficient to cover such asserted claim (and any expenses in connection therewith) shall remain with the Escrow Agent pursuant to the terms hereof until such asserted claim is settled.

(b) In the event that the Escrow Agent receives an Objection Notice from the Seller, that portion of the Escrow Fund that is in dispute as reflected in such Objection Notice shall be held by the Escrow Agent until the occurrence of one of the following events:

(i) Receipt by the Escrow Agent of Joint Instructions instructing the Escrow Agent to release the disputed portion of the Escrow Fund to such party or parties and in such amount or amounts as is specified in such Joint Instructions; or

(ii) Receipt by the Escrow Agent of a written notice (a “Certified Judgment Notice”) from the Claimant certifying that a final nonappealable court judgment or settlement with respect to the claim covered by the Claim Notice is attached to such Certified Judgment notice, in which case the Escrow Agent shall distribute the disputed portion of the Escrow Fund in accordance with such judgment on the 16th day following the receipt of any Certified Judgment Notice, unless prior to such date the Escrow Agent receives a written notice (an “Appeal Notice”) from the party not submitting such Certified Judgment Notice stating that the judgment has or can and will be appealed. A party delivering a Certified Judgment Notice or an Appeal Notice shall deliver to the other party hereto a copy thereof on or prior to the date of delivery thereof to the Escrow Agent, and the Escrow Agent shall also deliver a copy of each Certified Judgment Notice or Appeal Notice to the party which did not deliver the same promptly after the Escrow Agent’s receipt thereof (provided that the failure of the Escrow Agent to make such delivery shall not affect the obligation of the Escrow Agent to release funds pursuant to this Section 5(b)(ii)).

6. **Disposition and Termination.** The Escrow Agent shall deliver the Escrow Fund upon, and pursuant to, the provisions set forth in Section 5 hereof. Upon delivery of the entire Escrow Fund by the Escrow Agent, this Escrow Agreement shall terminate, subject to the provisions of Section 11.

7. **Escrow Agent.** The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. Except for a liability or obligation that is the result of the Escrow Agent’s gross negligence or willful misconduct, the Escrow Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Escrow Agreement. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Escrow Agent shall have no duty to solicit any payments which may be due it or the Escrow Fund. The Escrow Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines that the Escrow Agent’s gross negligence or willful misconduct was the primary cause of any loss to the Purchaser or Seller. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through agents or attorneys (and shall

be liable only for the careful selection of any such agent or attorney) and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. In the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Escrow Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in writing by all of the other parties hereto or by a final order or judgment of a court of competent jurisdiction. Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action unless such special, indirect or consequential loss or damage of any kind is the result of the Escrow Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction.

8. **Succession.** The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving thirty (30) days advance notice in writing of such resignation to the other parties hereto or may be removed, with or without cause, by Purchaser and Seller, acting jointly by furnishing a joint written direction to the Escrow Agent, at any time by the giving of ten (10) days' prior written notice to the Escrow Agent. Such resignation or removal shall take effect upon the appointment of a successor Escrow Agent as provided herein below; provided, however, that in the event of a resignation by the Escrow Agent, the resigning Escrow Agent shall continue to serve as escrow agent until its successor accepts the Escrow Fund and assumes all responsibilities as escrow agent thereunder. Upon any such notice of resignation or removal, Purchaser and Seller jointly shall appoint a successor Escrow Agent hereunder, which shall be a commercial bank, trust company or other financial institution with a combined capital and surplus in excess of \$10,000,000. Upon the acceptance in writing of any appointment as the Escrow Agent hereunder by a successor Escrow Agent, such successor Escrow Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Escrow Agent, and the retiring Escrow Agent shall be discharged from its duties and obligations under this Escrow Agreement, but shall not be discharged from any liability for actions taken as the Escrow Agent hereunder prior to such succession. After any retiring Escrow Agent's resignation or removal, the provisions of this Escrow Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Escrow Agent under this Escrow Agreement. The retiring Escrow Agent shall transmit all records pertaining to the Escrow Fund and shall pay all funds held by it in the Escrow Fund to the successor Escrow Agent, after making copies of such records as the retiring Escrow Agent deems advisable.

9. **Fees.** There shall be no fees payable or reimbursable to the Escrow Agent for any (i) services provided by the Escrow Agent hereunder or (ii) expenses, disbursements and advances, including reasonable attorney's fees and expenses, incurred or made by the Escrow Agent in connection with the preparation, execution, delivery, modification and termination of this Escrow Agreement or for the performance of its duties and obligations hereunder.

10. **Security Interests in Escrow Fund.** It is the intent of Purchaser and Seller that each of their respective interests in the Escrow Fund is merely a contingent right to payment from the Escrow Fund, and that neither a voluntary or involuntary case under any applicable bankruptcy, insolvency or similar law nor the appointment of a receiver, trustee, custodian or similar official in respect of Purchaser or Seller (any of which is referred to herein as a "Bankruptcy Event") shall increase its respective interest in the Escrow Fund or affect, modify, convert or otherwise change the contingent nature of its respective right to payment from the Escrow Fund in accordance with the terms of this Escrow Agreement. Accordingly, in order to assure the foregoing result even if it is determined by a court of competent jurisdiction (whether or not in connection with a Bankruptcy Event) that Purchaser and Seller each have an interest in the Escrow Fund that is greater than a contingent right of payment from the Escrow Fund payable only in accordance with the provisions hereof, the parties agree as follows:

(i) Purchaser hereby grants (effective as of the date hereof) Seller a first priority security interest in, and hereby pledges and assigns Seller, all of its right, title and interest in the Escrow Fund to secure Seller's rights and Purchaser's obligations hereunder. The Escrow Agent hereby agrees to act as agent on behalf of Seller in respect of Seller's security interest in Purchaser's rights to the Escrow Fund. The Escrow Agent shall, upon receipt of indemnification satisfactory to it from Seller for its fees and expenses incurred in connection with taking such actions, take all actions as may be reasonably requested in writing of it by Seller to further perfect or maintain the security interest created by Purchaser hereunder in the Escrow Fund. Such security interest shall automatically be released with respect to any funds properly distributed from the Escrow Fund pursuant to the terms of this Escrow Agreement; and

(ii) Seller hereby grants (effective as of the date hereof) Purchaser a first priority security interest in, and hereby pledges and assigns to Purchaser, all of his, her or its right, title and interest in the Escrow Fund to secure Purchaser's rights and Seller's obligations hereunder. The Escrow Agent hereby agrees to act as agent on behalf of Purchaser in respect of Purchaser's security interest in Seller's rights to the Escrow Fund. The Escrow Agent shall, upon receipt of indemnification satisfactory to it from Purchaser for its fees and expenses incurred in connection with taking such actions, take all actions as may be reasonably requested in writing of it by Purchaser to further perfect or maintain the security interest created by Seller hereunder in the Escrow Fund. Such security interest shall automatically be released with respect to any funds properly distributed from the Escrow Fund pursuant to the terms of this Escrow Agreement.

11. **Indemnity.** The Purchaser and the Seller shall indemnify, defend and save harmless the Escrow Agent and its directors, officers, agents and employees (the "indemnitees") from all loss, liability or reasonable expense (including the reasonable fees and expenses of in house or outside counsel) arising out of or in connection with (i) the Escrow Agent's execution and performance of this Escrow Agreement, except in the case of any indemnitee to the extent that such loss, liability or expense is due to the gross negligence or willful misconduct of such indemnitee, or (ii) its following any instructions or other directions from the Purchaser and the Seller, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The parties hereto acknowledge that the foregoing indemnities shall survive the resignation or removal of the Escrow Agent or the termination of this Escrow

Agreement. The parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in the Escrow Fund for the payment of any claim for indemnification, compensation, expenses and amounts due hereunder.

12. **TINs.** The Purchaser and the Seller each represent that its correct Taxpayer Identification Number ("TIN") assigned by the Internal Revenue Service ("IRS") or any other taxing authority is set forth in Schedule 1. Upon execution of this Agreement, the Purchaser and Seller shall provide the Escrow Agent with a fully executed W-8 or W-9 IRS form, which shall include the Purchaser's and Seller's respective TINs. In addition, all interest or other income earned under the Escrow Agreement shall be allocated and/or paid as directed in a joint written direction of the Purchaser and the Seller and reported by the recipient to the Internal Revenue Service or any other taxing authority. Notwithstanding such written directions, Escrow Agent shall report and, as required withhold any taxes as it determines may be required by any law or regulation in effect at the time of the distribution. In the absence of timely direction, all proceeds of the Escrow Fund shall be retained in the Escrow Fund and reinvested from time to time by the Escrow Agent as provided in Section 3. In the event that any earnings remain undistributed at the end of any calendar year, Escrow Agent shall report to the Internal Revenue Service or such other authority such earnings as it deems appropriate or as required by any applicable law or regulation or, to the extent consistent therewith, as directed in writing by the Purchaser and the Seller. In addition, Escrow Agent shall withhold any taxes it deems appropriate and shall remit such taxes to the appropriate authorities.

13. **Notices.** All communications hereunder shall be in writing and shall be deemed to be duly given and received:

- (i) upon delivery if delivered personally or upon confirmed transmittal if by facsimile;
- (ii) on the next Business Day (as hereinafter defined) if sent by overnight courier; or
- (iii) four (4) Business Days after mailing if mailed by prepaid registered mail, return receipt requested, to the appropriate notice address set forth on Schedule 1 or at such other address as any party hereto may have furnished to the other parties in writing by registered mail, return receipt requested.

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to (ii) and (iii) of this Section 13, such communications shall be deemed to have been given on the date received by the Escrow Agent. In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate. "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth on Schedule 1 is authorized or required by law or executive order to remain closed.

14. **Security Procedures.** In the event funds transfer instructions are given (other than in writing at the time of execution of this Escrow Agreement, as indicated in Schedule 1

attached hereto), whether in writing, by telecopier or otherwise, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on schedule 2 hereto ("Schedule 2"), and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the Purchaser or the Seller to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the escrowed funds for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The parties to this Escrow Agreement acknowledge that these security procedures are commercially reasonable.

15. **Miscellaneous.** The provisions of this Escrow Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Escrow Agreement nor any right or interest hereunder may be assigned in whole or in part by any party, except as provided in Section 19, without the prior consent of the other parties. This Escrow Agreement shall be governed by and construed under the laws of the State of Arkansas. The parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising or relating to this Escrow Agreement or the Escrow Fund. No party to this Escrow Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, floods, strikes, equipment or transmission failure, or other causes reasonably beyond its control.

16. **Amendment or Waiver.** This Escrow Agreement may be changed, waived, discharged or terminated only by a writing signed by Purchaser, Seller and/or Escrow Agent as described herein. No delay or omission by any party in exercising any right with respect hereto shall operate as a waiver. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion.

17. **Severability.** To the extent any provision of this Escrow Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Escrow Agreement.

18. **Entire Agreement.** This Escrow Agreement constitutes the entire agreement between the parties relating to the holding, investment and disbursement of the Escrow Fund and sets forth in their entirety the obligations and duties of Escrow Agent with respect to the Escrow Fund.

19. **Binding Effect.** All of the terms of this Escrow Agreement, as amended from time to time, shall be binding upon, inure to the benefit of and be enforceable by the respective heirs, successors and assigns of the Purchaser, Seller and Escrow Agent. Anything contained herein to the contrary notwithstanding, this Escrow Agreement shall not be assignable by any party hereto without the consent of the Purchaser, Seller and Escrow Agent; provided, however,

that the Purchaser may assign its rights hereunder to its affiliates and its lenders and their successors and assigns or any other financing source of the Purchaser or any of its affiliates without any consent from any other party, provided, further, however, that no such assignment shall relieve the Purchaser from any of its obligations or liabilities hereunder.

20. **Execution in Counterparts.** This Escrow Agreement and any written direction or instruction hereunder may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement or direction. Any counterpart or other signature to this Escrow Agreement or any written direction or instruction hereunder that is delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Agreement or such written direction or instruction.

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the date set forth in Schedule 1.

DAVID L. EDDY, P. A
as Escrow Agent

By: _____
David L. Eddy, Esq.
ABG ARKANSAS, LLC

By: _____
Name:
Title:

MALVERN ENTERTAINMENT CORP.

By: _____
Name:
Title:

Schedule 1

Effective Date: February 14, 2003

Name of Purchaser: **ABG Arkansas, LLC**
Purchaser Notice Address: c/o Archway Broadcasting Group, LLC
1221 Avenue of the Americas, 40th Floor
New York, NY 10020-1080

Purchaser TIN: 03-0489569

Wiring Instructions:

Name of Seller: **Malvern Entertainment Corp.**
Seller Notice Address: 4303 County Avenue #77
Texarkana, AR 71854

Seller TIN: 71-0771614

Wiring Instructions:

Escrow Deposit: **\$180,000.00**

Investment: **David L. Eddy, P.A.**
Escrow Money Market

Escrow Agent notice address: **David L. Eddy, P.A.**
805 West 2nd Court St.
Russellville, AR 72801
Phone 479-968-5557
Fax 479-968-1129
e-mail dleddy@cei.net

Wiring Instructions:

Schedule 2

Telephone Number(s) for Call-Backs and Person(s) Designated to Confirm Funds Transfer Instructions

If to Purchaser:

	<u>Name</u>	<u>Telephone Number</u>
1.	Reginald J. Hollinger	(212) 899-3455
2.	Lauren M. Tyler	(212) 899-3458

If to Seller:

	<u>Name</u>	<u>Telephone Number</u>
1.	Scott A. Gray	(501) 454-7675

Telephone call-backs shall be made to Purchaser and Seller if joint instructions are required pursuant to this Escrow Agreement.