

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 2003, by and among Pegasus Broadcast Television, Inc., a Pennsylvania corporation ("Pegasus"), WDBD License Corp., a Delaware corporation ("License Corp." and together with Pegasus individually a "Seller" and collectively "Sellers"), Jackson Television, LLC, a Delaware limited liability company, ("Buyer") and SUNTRUST BANK, a Georgia banking corporation (the "Escrow Agent").

RECITALS:

WHEREAS, contemporaneously herewith, Sellers and Buyer have executed and delivered that certain Purchase and Sale Agreement, dated of even date herewith (the "Purchase Agreement"), pursuant to which Sellers have agreed to sell to Buyer, and Buyer has agreed to purchase from Sellers, substantially all of the assets used by Sellers in the operation of television broadcast stations WDBD-TV, Channel 40, in Jackson, Mississippi and WXMS-LP, Channel 27, Natchez, Mississippi; and

WHEREAS, the Purchase Agreement contemplates the execution and delivery of this Agreement and the deposit by the Buyer with the Escrow Agent of \$670,000.

NOW, THEREFORE, pursuant to the Purchase Agreement and in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

1. APPOINTMENT OF ESCROW AGENT. Buyer and Sellers each hereby irrevocably appoints SunTrust Bank, as Escrow Agent, to receive, hold, invest, administer and deliver the Escrow Fund (as hereinafter defined) in accordance with this Agreement, and the Escrow Agent hereby accepts such appointment, all subject to and upon the terms and conditions set forth herein.

2. ESTABLISHMENT OF ESCROW FUND. Buyer herewith deposits with the Escrow Agent, and the Escrow Agent hereby acknowledges receipt from the Buyer of, Six Hundred Seventy Thousand U.S. Dollars (\$670,000) (the "Deposit"). Any and all cash, earnings, interest and income from the Deposit which may from time to time be held by the Escrow Agent pursuant to the terms hereof are hereinafter referred to as the "Escrow Earnings." The Deposit and the Escrow Earnings (collectively sometimes referred to herein as the "Escrow Fund") shall be held by the Escrow Agent in accordance with the terms and conditions hereinafter set forth. It is the parties' intention that the Escrow Agent shall dispose of the Escrow Fund in accordance with the express provisions of this Agreement, and shall not make, be required to make or be liable in any manner for its failure to make, any determination or perform any duty under the Purchase Agreement, or any other agreement, including, without limitation, any determination of whether Buyer or Sellers have complied with the terms of the Purchase Agreement or are entitled to delivery of payment of any or all of the Escrow Fund or to any other right or remedies thereunder.

3. INVESTMENT OF ESCROW FUND BY ESCROW AGENT. The Escrow Agent shall invest and reinvest the Escrow Fund as jointly directed in writing by Sellers and Buyer in (a) federally insured (up to \$100,000) Certificates of Deposit of SunTrust Bank or any other commercial bank of comparable size; (b) in money market funds such as the STI Classic U.S. Treasury Securities Money Market Fund; (c) securities of the United States of America of not more than three (3) months duration; or (d) or as may be otherwise jointly directed in a writing signed by both Sellers and Buyer. Registered ownership of or other legal title to the Escrow Fund and investments thereof may be maintained in the name of the Escrow Agent, or its nominee. The Escrow Agent may maintain qualifying investments of the Escrow Fund in a Federal Reserve Bank or in any registered clearing agency (including, without limitation, the Depository Trust Company) as the Escrow Agent may select, and may register such investment in the name of the Escrow Agent or its agent or nominee on the records of such Federal Reserve Bank or such registered clearing agency or a nominee of either. The Escrow Agent shall not be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such document, security or endorsement. The Escrow Agent shall not be responsible for the selection, quality or maturity of such investments, or for the timely reinvestment of interest or maturity proceeds thereof. Annex "A" attached hereto sets forth the initial instructions for investment of the Escrow Fund, which shall be subject to change as directed jointly by Buyer and Sellers in writing from time to time.

4. RELEASE OF ESCROW FUND. The Escrow Agent shall hold the Escrow Fund until it delivers all or part of the Escrow Fund as provided in this Section 4, as follows:

(a) If the Escrow Agent receives written instructions in the form of Annex "B" jointly signed by both Sellers and Buyer, stating that the First Closing under the Purchase Agreement shall occur, the Escrow Agent shall deliver the Escrow Fund to Sellers in accordance with said instructions.

(b) If the Escrow Agent receives a written notice signed by Sellers stating that Sellers are entitled to all or any portion of the Deposit, the Escrow Agent shall deliver or mail a copy thereof to Buyer and, unless the Escrow Agent receives a written objection from Buyer on or before the first to occur of five (5) business days after such delivery or ten (10) business days after such mailing, the Escrow Agent shall deliver to Sellers all or a portion of the Deposit (as specified in the notice from Sellers). If the Escrow Agent receives a written objection from Buyer, the Escrow Agent shall continue to hold the Deposit.

(c) If the Escrow Agent receives a written notice signed by the Buyer stating that Buyer is entitled to all or any portion of the Deposit, the Escrow Agent shall deliver or mail a copy thereof to Sellers, and, unless the Escrow Agent receives a written objection from Sellers on or before the first to occur of five (5) business days after such delivery or ten (10) business days after such mailing, the Escrow Agent shall deliver to Buyer all or a portion of the Deposit (as specified in the notice from Buyer). If the Escrow Agent receives a written objection from Sellers, the Escrow Agent shall continue to hold the Deposit.

(d) The Escrow Agent shall add all of the Escrow Earnings to the Escrow Fund on a monthly basis, until such time as the Escrow Agent has received a written notice from Sellers pursuant to Section 4(b) stating that Sellers are entitled to all or a portion of the Deposit. From and after the date of such notice, the Escrow Agent shall hold the Escrow Earnings attributable to the portion of the Deposit claimed by Sellers until such time as either (i) the Escrow Agent fails to receive written objection from Buyer, in which event such Escrow Earnings shall be paid to Sellers, (ii) the Escrow Agent receives joint written instruction from Buyer and Sellers as to the disposition of the Escrow Earnings or (iii) the Escrow Agent disburses the Deposit and Escrow Earnings pursuant to Section 4(a) hereof.

(e) All deliveries of the Deposit and Escrow Earnings by the Escrow Agent to either Sellers or Buyer as provided for herein shall be by wire transfer in immediately available funds in accordance with written instruction provided to Escrow Agent by Buyer or Sellers, as the case may be.

(f) Notwithstanding anything to the contrary in this Agreement:

(1) The Escrow Agent may deposit the Escrow Fund with the clerk of any court of competent jurisdiction upon commencement of an action in the nature of interpleader or in the course of any court proceedings.

(2) If at any time the Escrow Agent receives a final non-appealable order of a court of competent jurisdiction, or written instructions signed jointly by both Sellers and Buyer, directing delivery or payment of any part of the Escrow Fund, the Escrow Agent shall comply with such order or instruction.

(3) Upon any delivery or deposit of the Escrow Fund as provided in this Section 4(f), the Escrow Agent shall thereupon be released and discharged from any and all further obligations arising in connection with this Agreement.

5. ESCROW AGENT.

(a) The Escrow Agent shall be entitled to reimbursement for all reasonable fees, expenses, disbursements and advances incurred or made by it in performance of its duties hereunder (including reasonable fees, expenses and disbursements of its counsel) as set forth on Schedule 1 attached hereto. Such reimbursement for fees, expenses, disbursements and advances shall be paid one-half by Buyer and one-half by Sellers. The Escrow Agent shall be paid \$2,500.00 at the funding of the escrow, which shall constitute its entire fee for one (1) year.

(b) The Escrow Agent's duties and responsibilities shall be limited to those expressly set forth in this Agreement, and the Escrow Agent shall not be subject to, or obligated to recognize, any other agreement between any or all of the parties or any other persons even though reference thereto may be made herein, including, without limitation, the Purchase Agreement. The Escrow Agent shall not be liable for any damages or have any obligations other than the duties prescribed herein in carrying out or executing the purposes and intent of this Agreement; provided, however, that nothing herein contained shall relieve the Escrow Agent from liability arising out of

its own willful misconduct or gross negligence. The Escrow Agent's duties and obligations under this Agreement shall be entirely administrative and not discretionary. The Escrow Agent shall not be liable to any party hereto or to any third party as a result of any action or omission taken or made by the Escrow Agent in good faith through the exercise of its own best judgment. Buyer and Sellers shall jointly and severally indemnify, hold harmless and reimburse the Escrow Agent and each of its officers, directors, agents and employees from, against and for any and all liabilities, costs, fees and expenses (including reasonable attorneys' fees and expenses) the Escrow Agent or such persons may suffer or incur, directly or indirectly, by reason of its execution and actions taken in respect of this Agreement, except for any such liabilities, costs, fees and expenses resulting from the Escrow Agent's own willful misconduct or gross negligence. In the event any legal questions arise concerning the Escrow Agent's duties and obligations hereunder, the Escrow Agent may consult its counsel and rely without liability upon advice given to it by such counsel. The Escrow Agent shall be protected in acting upon any written notice, request, waiver, consent, authorization or other paper or document which the Escrow Agent in good faith believes to be genuine and what it purports to be.

(c) If there shall be any disagreement between any of the parties to this Agreement, or between them or either of any of them and any other person, resulting in adverse claims or demands being made in connection with this Agreement or the Escrow Fund, or in the event that the Escrow Agent, in good faith, shall be in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it or refuse to take any other action hereunder, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue to so refrain from acting until the Escrow Agent receives (i) a final non-appealable order of a court of competent jurisdiction directing delivery of the Escrow Fund or (ii) a written agreement executed by Buyer and Sellers directing delivery of the Escrow Fund, in which event the Escrow Agent shall deliver the Escrow Fund in accordance with such order or agreement.

(d) The Escrow Agent shall not be responsible or liable for the sufficiency or accuracy of the form, execution, validity or genuineness of documents, instruments or securities now or hereafter deposited in escrow pursuant to this Agreement.

(e) The Escrow Agent is authorized, in its sole discretion, to comply with orders issued or process entered by any court with respect to the Escrow Fund, without determination by the Escrow Agent of such court's jurisdiction in the matter. If any portion of the Escrow Fund is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Escrow Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel of its own choosing is binding upon it; and if the Escrow Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

(f) The Escrow Agent may execute any of its duties under this Agreement by and through employees, agents, and attorneys-in-fact.

6. SUCCESSOR ESCROW AGENT. The Escrow Agent (and any successor Escrow Agent) may at any time resign as such by delivering notice of its resignation to Buyer and Sellers and delivering the Escrow Fund to a successor Escrow Agent jointly designated by Buyer and Sellers in writing, or if the parties cannot agree on the successor Escrow Agent within fifteen (15) days of the notice, to any court of competent jurisdiction, whereupon the resigning Escrow Agent shall be discharged of and from any and all further obligations arising in connection with this Agreement. After the resignation of any Escrow Agent, the provision of the Agreement limiting the liability of the Escrow Agent and indemnifying the Escrow Agent against liabilities, costs, fees and expenses shall continue to inure to the benefit of the resigned Escrow Agent with respect to any action or omission taken or made by it while it was the Escrow Agent under this Agreement.

7. NOTICES. All notices, requests, demands and other communications required or permitted hereunder shall be deemed effective when delivered by hand, or when telecopied with receipt confirmed, or when mailed by first class certified or registered mail, return receipt requested, or when properly deposited for delivery by commercial overnight delivery service, prepaid, as follows:

If to Buyer:

Jackson Television, LLC
700 St. John
Suite 300
Lafayette, Louisiana 70501
Attention: D. Wayne Elmore
Telephone: (337)237-1142_
Telecopy No. (337)237-1373
FEIN: 02-0670922

with a copy to:

GREENBERG TRAUERIG
3290 Northside Parkway, Suite 400
Atlanta, Georgia 30327
Attention: James S. Altenbach
Telephone: (678) 553-2100
Telecopy No. (678) 553-2188

If to Sellers:

Pegasus Broadcast Television, Inc.
c/o Pegasus Communications Management Company
225 City Line Avenue
Suite 200
Bala Cynward, PA 19004
Attention: Scott A. Blank
Telephone: (610) 934-7000
Telecopy No. (610) 934-7072
FEIN: 23-2779414

with a copy to:

Drinker Biddle & Reath LLP
One Logan Square
18th and Cherry Streets
Philadelphia, PA 19103-6996
Attention: Michael B. Jordan, Esq.
Telephone: (215) 988-2700
Telecopy No. (215) 988-2757

If to the Escrow Agent:

SUNTRUST BANK
Corporate Trust Department
25 Park Place
24th Floor
Atlanta, GA 30303
Attention: Rebecca Fischer
Telephone: (404)588-7262
Telecopy: (404)588-7335

Such notice addresses and telecopy numbers may be changed upon written notice.

8. SEVERABILITY. Any provision of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. It is expressly understood, however, that the parties hereto intend each and every provision of this Agreement to be valid and enforceable and hereby knowingly waive all rights to object to any provision of this Agreement.

9. ASSIGNMENT. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and assigns, and shall not be enforceable by or inure to the benefit of any third party. No party may assign any of its rights or obligations under this Agreement without the written consent of the other parties, except to the extent that Buyer or Sellers may also assign their rights under the Purchase Agreement as may be provided therein; provided, however, that upon any such assignment, the parties (including any such assignee) shall enter into a written amendment to this Agreement, the form of which shall be reasonably acceptable to Escrow Agent, reflecting such assignment.

10. AMENDMENTS. This Agreement may only be modified or terminated by a writing signed by the parties hereto, and no waiver hereunder shall be effective unless in a writing signed by the party to be charged.

11. COUNTERPARTS. This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

12. GOVERNING LAW. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Georgia without regard to principles of conflicts of laws.

13. TIME. Time is of the essence with respect to this Escrow Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written:

"BUYER"

Jackson Television, LLC

By: _____
Name:
Title:

"SELLERS"

Pegasus Broadcast Television, Inc.

By: _____
Name:
Title:

WDBD License Corp.

By: _____
Name:
Title:

"ESCROW AGENT"

SUNTRUST BANK

By: _____
Name:
Title:

Schedule 1

SunTrust Bank, as Escrow Agent

Escrow Agent Fees

The administration fee of **\$2,500.00** for administering this Escrow Agreement is payable in advance at the time of closing and if applicable, will be invoiced each year to the appropriate party(ies) on the anniversary date of the closing of the Escrow Agreement.

Out of pocket expenses such as, but not limited to postage, courier, overnight mail, insurance, money wire transfer, long distance telephone charges, facsimile, stationery, travel, legal or accounting, etc., will be billed at cost.

These fees do not include extraordinary services which will be priced according to time and scope of duties. The fees shall be deemed earned in full upon receipt by the Escrow Agent, and no portion shall be refundable for any reason, including without limitation, termination of the Escrow Agreement.

It is acknowledged that the schedule of fees shown above are acceptable for the services mutually agreed upon.

Note: This fee schedule is based on the assumption that the escrowed funds will be invested in SunTrust's cash sweep account, STI Classic Fund.

ANNEX "A"

SUNTRUST BANK
Corporate Trust Department
25 Park Place
24th Floor
Atlanta, GA 30303
Attention: Rebecca Fischer

Re: Escrow Agreement (the "Escrow Agreement"), dated _____, 2003, by and among Pegasus Broadcast Television, Inc., a Pennsylvania corporation ("Pegasus"), and WDBD License Corp., a Delaware corporation ("License Corp." and together with Pegasus individually a "Seller" and collectively "Sellers"), and Jackson Television, LLC a Delaware limited liability company ("Buyer") and SUNTRUST BANK (the "Escrow Agent").

Gentlemen:

In connection with the Escrow Agreement, SunTrust Bank is hereby directed to invest the entire deposited escrow funds into the STI Classic U.S. Treasury Securities Money Market Fund, until directed otherwise in writing by Buyer and Sellers.

Very truly yours,

"BUYER"

Jackson Television, LLC

By: _____
Title: _____

"SELLERS"

Pegasus Broadcast Television, Inc.

By: _____
Title: _____

WDBD License Corp.

By: _____
Title: _____

ANNEX "B"

[Date]

SUNTRUST BANK
Corporate Trust Department
25 Park Place
24th Floor
Atlanta, GA 30303
Attention: Rebecca Fischer

Re: Escrow Agreement (the "Escrow Agreement"), dated _____, 2003, by and among Pegasus Broadcast Television, Inc. a Pennsylvania corporation ("Pegasus"), and WDBD License Corp., a Delaware corporation ("License Corp." and together with Pegasus individually a "Seller" and collectively "Sellers"), and Jackson Television, LLC a Delaware limited liability company ("Buyer"), and SUNTRUST BANK (the "Escrow Agent").

Gentlemen:

This will confirm that the First Closing under the Purchase and Sale Agreement dated _____, 2003 (the "Purchase Agreement") by and among Sellers and Buyer, shall occur at _____ on _____, 2003

You are hereby directed to cause the delivery to Sellers of the Escrow Fund (as defined in the Escrow Agreement) by transferring the Escrow Fund to _____ simultaneously with the Closing.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

Upon such delivery, the Escrow Agreement shall terminate and you shall be released from all further obligations under the Escrow Agreement.

Very truly yours,

"BUYER"

Jackson Television, LLC

By: _____
Title:

"SELLERS"

Pegasus Broadcast Television, Inc.

By: _____
Title:

WDBD License Corp.

By: _____
Title: