SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2002-05-15** | Period of Report: **2002-03-31**
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FILER

CTN MEDIA GROUP INC

CIK:**876013**| IRS No.: **133557317** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-19997** | Film No.: **02651793**
SIC: **4833** Television broadcasting stations

Mailing Address
3350 PEACAHTREE ROAD NE
STE 1500
ATLANTA GA 30326

Business Address
3350 PEACHTREE ROAD NE
STE 1500
ATLANTA GA 30326
4042564444

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[Mark One]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 0-19997

CTN MEDIA GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**13-3557317**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
3350 Peachtree Rd. Suite 1500 **Atlanta, Georgia**	**30326**
(Address of Principal Executive Offices)	(Zip Code)

(404) 256-9630
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year,
if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Number of shares of common stock outstanding as of May 14, 2002: 15,086,547

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PART I

FINANCIAL INFORMATION

ITEM 1. Financial Statements

CTN MEDIA GROUP, INC.

CONSOLIDATED BALANCE SHEET

(Unaudited)

ASSETS

	March 31, 2002	December 31, 2001
Current assets:		
Cash and cash equivalents	$ 348,295	$ 145,462
Accounts receivable, net of allowance of $50,650 and $50,650, respectively	2,388,068	2,132,926
Prepaid expenses	201,850	146,043
Other current assets	172,160	147,364
Total current assets	3,110,373	2,571,795
Investments	50,000	41,667
Property and equipment, net	9,034,274	9,916,157
Other assets	504,055	508,220
Total assets	$ 12,698,702	$ 13,037,839

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2002	December 31, 2001
Current liabilities:		
Accounts payable	$ 1,504,098	$ 951,950
Accrued expenses	805,723	623,314
Dividends payable	516,666	443,335
Deferred revenue	231,312	–
Current portion of long-term debt	5,000,000	–
Total current liabilities	8,057,799	2,018,599
Long-term dividend payable	55,278	147,776
Debt, less current portion	3,500,000	6,500,000
Total liabilities	11,613,077	8,666,375
Stockholders' equity:		
Common stock – $.005 par; authorized 50,000,000 shares; 15,086,547 and 15,086,547 issued and outstanding, respectively	75,435	75,435
Preferred stock – $.001 par; authorized 2,776,666 shares; 2,443,330 and 2,443,330 issued and outstanding, respectively	42,533,874	42,533,874
Additional paid in capital	40,574,407	40,684,407
Unearned compensation	(21,351)	(44,211)
Accumulated deficit	(82,076,740)	(78,878,041)
Total stockholders' equity	1,085,625	4,371,464
Total liabilities and stockholders' equity	$ 12,698,702	$ 13,037,839

The accompanying notes are an integral part of the consolidated financial statements

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CTN MEDIA GROUP, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Revenue	$ 2,283,753	$ 2,962,992
Expenses		
Operating	1,316,361	2,235,914
Selling, general and administrative	3,050,189	3,662,658
Depreciation and amortization	913,227	885,104
Total expenses	5,279,777	6,783,676
Interest income	1,412	19,784
Interest expense	(204,087)	(452,319)
Cumulative effect of change in accounting principle	–	(197,000)
Net loss from continuing operations	(3,198,699)	(4,450,219)
Loss from discontinued operations, net	–	(91,762)
Net loss	$ (3,198,699)	$ (4,541,981)
Dividends and accretion on preferred stock	–	(488,024)
Net loss available to common stockholders	$ (3,198,699)	$ (5,030,005)
Net loss per share:		
Basic net loss per common share from continuing operations	(0.21)	(0.32)
Discontinued operation	–	(0.01)
Basic net loss per common share	$ (0.21)	$ (0.33)
Diluted net loss per common share from continuing operations	(0.21)	(0.32)
Discontinued operations	–	(0.01)
Diluted net loss per common share	$ (0.21)	$ (0.33)
Weighted average number of common shares outstanding		
Basic	15,086,547	15,075,165
Potential diluted	15,086,547	15,075,165

The accompanying notes are an integral part of the consolidated financial statements

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CTN MEDIA GROUP, INC.
CONSOLIDATED
STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2002	2001
Cash flows from operating activities:		
Net loss from continuing operations	$ (3,198,699)	$ (4,450,219)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	913,227	885,103
Amortization of debt issuance costs	9,165	30,000
Non-cash compensation expense arising from equity awards	22,860	31,956
Loss on disposition of fixed assets	25,000	31,043
Barter revenue	(8,333)	–
Changes in operating assets and liabilities:		
Accounts receivable	(255,142)	2,391,626
Prepaid expenses	(55,807)	11,668
Other assets	(29,796)	9,602
Intangible assets	–	(120,000)
Accounts payable	511,659	(323,986)
Accrued expenses and other liabilities	182,409	(561,169)
Deferred revenue	231,312	146,524
Net cash used in operating activities	(1,652,145)	(1,917,852)
Cash flows from investing activities:		
Purchases of property and equipment	(56,344)	(430,139)
Cash paid for investments	–	(30,000)
Net cash used in investing activities	(56,344)	(460,139)
Cash flows from financing activities:		
Net proceeds from bridge indebtedness	2,000,000	–
Dividends paid	(88,678)	
Proceeds from exercise of warrants and stock options	–	57,146
Prepaid issuance costs for preferred stock	–	(55,898)
Net cash provided by financing activities	1,911,322	1,248
Net cash provided by (used in) continuing operations	202,833	(2,376,743)
Net cash provided by discontinued operations	–	872,751
Net increase (decrease) in cash and cash equivalents	202,833	(1,503,992)
Cash and cash equivalents, beginning of period	145,462	2,806,919
Cash and cash equivalents, end of period	$ 348,295	$ 1,302,927

The accompanying notes are an integral part of the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the Company' s financial statements for the fiscal year ended December 31, 2001 included in the Annual Report as filed on Form 10-K with the United States Securities and Exchange Commission.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position of the Company as of March 31, 2002, and the results of operations and of cash flows for the three months ended March 31, 2002 and 2001 and to reflect the operation of our former subsidiary, Market Place Media ("MPM"), as discontinued operations in fiscal 2001.

The results of operations for the three months ended March 31, 2002 and 2001 are not necessarily indicative of the results of operations for a full fiscal year of the Company. Certain prior period amounts have been reclassified to conform with the current period presentation.

NOTE (A) − The Company

CTN Media Group, Inc. (the "Company") is a targeted media company specializing in reaching young adults. As of March 31, 2002, the Company operated properties in network television and online media.

For the quarter ended March 31, 2001, the Company operated as two reportable segments: CTN and MPM. CTN sold MPM on July 10, 2001. MPM' s separate results for the comparable quarter in the prior year are reported as Discontinued Operations. In prior year quarter results, CTN included the operations of the College Television Network (the "Network"), Link Magazine, iD8 Marketing ("iD8") and Wetair.com. In fiscal 2002, the Company consists solely of the Network.

The Network is a satellite television network that operates on college and university campuses across the United States. Its single channel television system is placed free of charge in campus dining facilities and student unions. The Network' s broadcasts contain music, news, information and entertainment programming. As of March 31, 2002, the Network was installed or contracted for installation in 1,751 locations at approximately 775 colleges and universities. The Network generates revenue through the advertising placed on it.

Link Magazine was a publication distributed to over 650 college campuses. As of April 2001, the Company has elected not to publish new issues of Link Magazine for an unspecified period of time. iD8 was a marketing agency providing creative services and placing media purchases for its clients. iD8 ceased operations on July 31, 2001. Wetair.com was an Internet site for young adults offering entertainment information which was integrated into collegetelevision.com. As of January 2002, Wetair.com LLC was merged into the Company.

The Company maintains a headquarters office in Atlanta and sales offices in New York, Chicago and Los Angeles.

Certain of the Company' s revenues are affected by the pattern of seasonality common to most school-related businesses. Historically, the Company has generated a significant portion of its revenue during the period from September through May and substantially less revenue during the summer months when colleges and universities do not hold regular classes.

NOTE (B) − Preferred Stock

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At March 31, 2002, the Company' s preferred stock consists of Series A Convertible Preferred Stock ("Series A") and Series B Convertible Preferred Stock ("Series B") of which U-C Holdings, LLC ("Holdings") owns (i) all of the 2,176,664 outstanding Series A shares out of the 2,510,000 Series A shares that have been designated and (ii) all of the 266,666 outstanding Series B shares out of the 266,666 Series B shares that have been designated. There is currently pending a proposal to the stockholders of the Company to increase the authorized and unissued preferred stock by 10,000,000 shares. This proposal will be voted upon at the annual stockholders' meeting on May 24, 2002.

Effective March 31, 2001, the redemption feature of the Series A was waived pursuant to an agreement between the Company and Holdings, which ceased the accretion of Series A to its highest redemption value at the end of each reporting period, and the Company will no longer be obligated to redeem, for cash, the outstanding shares of Series A at the option of the Series A holders. This allowed the Company to move the classification of the Series A from Mandatorily Redeemable Preferred Stock to Stockholders' Equity.

On April 5, 2001, the Company issued 266,666 shares of Series B to Holdings for $15.00 per share, or an aggregate purchase price of $3,999,990. The Series B accrues a cumulative dividend of 12% per annum, compounding on a quarterly basis. The Series B is convertible into shares of common stock, as determined by multiplying the number of shares of Series B to be converted by the $15.00 per share purchase price and dividing the product by the conversion price of the Series B then in effect with respect to such shares. On the date of issuance, the conversion price of the Series B was $2.50. Each share of Series B has voting rights based upon the number of shares of common stock into which Series B is convertible. At March 31, 2002, 1,599,996 shares of common stock were reserved for conversion of the Series B. There are an additional 166,896 shares of common stock reserved for the conversion of dividends accrued with respect to the Series B through March 31, 2002.

The Company filed an Amended and Restated Certificate of Incorporation on May 9, 2001 that amended the terms of the Series A to, among other things, (i) eliminate the redemption rights of the holders of the Series A (such rights had previously been waived by Holdings in an agreement dated March 31, 2001), (ii) reduce the conversion price of the Series A from $4.50 to $2.50, and (iii) incorporate into the terms of the Series A the issuance of the Series B having rights and preferences senior to the Series A. The remaining terms of Series A are unchanged and include the 12% cumulative accrual of dividends per year, compounding on a quarterly basis. Each share of Series A has voting rights based upon the number of shares of common stock into which Series A is convertible. Including the effect of the reduction in the conversion price of the Series A, at March 31, 2002, 13,059,984 shares of the Company' s common stock were reserved for conversion. There are an additional 4,203,984 shares of common stock reserved for the conversion of dividends accrued with respect to the Series A through March 31, 2002.

NOTE (C) − Debt

As of August 10, 2001, the Company amended a revolving credit facility from a financial institution (the "CTN Loan") to a borrowing capacity of up to $5.0 million. The CTN Loan previously

had a $12.0 million credit limit of which $10.3 million was paid down as a permanent principal reduction to the credit limit on July 10, 2001 in conjunction with the sale of MPM. As of March 31, 2002, there was a $5.0 million outstanding balance on this facility.

The CTN Loan bears interest at either (i) the Base Rate which is equal to the greater of (a) the Federal Funds rate plus 0.5% or (b) the Prime Rate, plus 2.00% per year; or (ii) the Eurodollar Rate, plus 3.50% per year. The determination of whether to use the Base Rate or the Eurodollar Rate is at the option of the Company. A commitment fee of 0.5% per year on the unused portion of the facility is required. The CTN Loan is due and payable in full on January 31, 2003. For the three months ended March 31, 2002 and 2001, the weighted average interest rate on the CTN Loan was 6.8% and 10.7%, respectively. The CTN Loan is guaranteed by a negative pledge of the outstanding shares of stock of the Company owned by Holdings.

The Company' s debt agreement contains financial covenants that, among other restrictions, require the maintenance of certain financial ratios and cash flows, restrict asset purchases, dividend payments or distributions and accelerate the maturities upon a change in control of the Company.

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In order to obtain financing to meet its short-term working capital needs, on November 26, 2001, CTN and Holdings entered into a Subordinated Bridge Note Purchase Agreement (the "Purchase Agreement") whereby Holdings agreed to purchase up to an aggregate of $3.0 million ("Bridge Indebtedness") of subordinated bridge notes (with an initial purchase at closing of $1.5 million) and CTN agreed to grant to Holdings a junior lien on the assets of CTN as security for the obligations of CTN under the Purchase Agreement.

The Bridge Indebtedness accrued interest at a rate of 12% per year on the unpaid principal amount of the Bridge Indebtedness outstanding on a daily basis. All principal and accrued interest is due and payable by CTN on the earlier to occur of 90 days following the scheduled maturity of the indebtedness owed pursuant to the CTN Loan or the discharge of the indebtedness owed by CTN pursuant to the CTN Loan (the "Maturity Date"). However, since the Bridge Indebtedness was not converted into equity or repaid on or before February 26, 2002, the interest rate increased to 18%. On March 19, 2002, the Purchase Agreement was amended to increase the Bridge Indebtedness to $3.5 million. The Purchase Agreement was also amended on April 3, 2002, increasing the Bridge Indebtedness to $5.5 million and increasing the interest rate to 25% on the additional $2.0 million under the Purchase Agreement. The Company has drawn down an additional $1.7 million as of the date of this report, for a total outstanding under the Bridge Indebtedness of $5.2 million.

In the event of the sale by CTN to independent third parties of additional equity or incurrence of subordinated debt, upon the election by the majority of the holders of the Bridge Indebtedness, the holders of the Bridge Indebtedness may convert all or any portion of the principal amount of the Bridge Indebtedness outstanding at the time (including all accrued but unpaid interest) into the same securities offered in the financing at the same price at which the securities will be sold.

CTN' s obligations under the Purchase Agreement are secured by security interests and liens, which are subordinate to the security interests and liens granted by CTN to LaSalle Bank pursuant to the CTN Loan.

For the three months ended March 31, 2002, the Company was in violation of certain financial covenants associated with the CTN Loan for which a waiver has been received. Additionally, the Company believes that certain requirements under the CTN Loan covenants may not be met during the remaining quarters of fiscal 2002. If the Company fails to meet a covenant under the CTN Loan, the financial institution has the right to declare the loan due upon demand although such financial institution may waive such covenant defaults, as it has done in the past. The Company is exploring other capital-

raising alternatives. The Company can not be certain that any of the alternatives will be consummated. Failure to secure additional capital will significantly impact the Company' s ability to continue as a going-concern.

NOTE (D) − Property and Equipment

Property and equipment consists of the following:

	Estimated Useful Lives	March 31, 2002	December 31, 2001
Entertainment systems	5 years	$ 16,064,108	$ 16,033,057
Machinery and equipment	5-7 years	1,082,507	1,082,215
Capitalized website costs	3 years	1,423,236	1,423,236
Furniture and Fixtures	7 years	508,799	508,799
Leasehold improvements	7-11 years	304,940	304,940
		19,383,590	19,352,247
Less: Accumulated depreciation		(10,349,316)	(9,436,090)
Total		$ 9,034,274	$ 9,916,157

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NOTE (E) – Commitments and Contingencies

In connection with the Company' s acquisition of the rights to and inventory of video jukeboxes in 1991, the Company agreed to pay two former stockholders an aggregate of $100,000, one-half being payable at such time as the Company' s net pre-tax income equals at least $500,000 and the balance being payable at such time as the Company has an additional $500,000 in net pre-tax earnings. The Company will provide for these contingent liabilities at the time at which ultimate payment is considered probable.

The Company has an Origination Services Contract with Crawford Communications, Inc. ("Crawford") . The original agreement provides for payments of approximately $1,320,000 over a five year period ending on July 15, 2003. In accordance with the Origination Services Contract, Crawford is responsible for the transmission via satellite of the Network' s daily programming, including encoding signals, testing, maintaining the Network' s programming library, and obtaining programming from the Network' s sources. Crawford is also responsible for the uplink of the programming to a satellite as well as the downlink of the signal from the satellite at each installation site. As of March 31, 2002, the Company has paid approximately $1,013,200 to Crawford pursuant to the Origination Services Contract.

The Company has an agreement with Turner Private Networks, Inc. and CNN Headline News to provide news and sports programming for the Network through December 31, 2002. The total license fee is approximately $3,156,250. As of March 31,2002, the Company has paid approximately $2,437,000 pursuant to this agreement.

The Company has a Transponder Use Agreement with Public Broadcasting Service ("PBS"). The Company has subleased capacity on a satellite owned and operated by GE American Communications, Inc. ("GE") and leased to PBS by GE. This agreement provides for payments of approximately $3,924,000 over a five-year period that terminates on July 31, 2003. The Company has protected status on this satellite, where in the event of a satellite failure or performance problem, the Company' s programming will preempt transmissions of other users on this satellite or on another satellite. As of March 31, 2002, the Company has paid approximately $2,877,600 pursuant to this agreement.

NOTE (F) Related Party Transactions

Mr. Davenport, a former employee of the Company and equity holder in Holdings, entered into a Termination and Purchase Agreement executed by Holdings, the Company and Mr. Davenport. Mr. Davenport will receive $110,000 from Holdings and return his equity in Holdings. To fund this obligation of Holdings, the Company declared a $110,000 dividend to Holdings pursuant to a promissory note, the payment terms of which match Mr. Davenport' s terms. In connection with this transaction, Mr. Davenport cancelled the obligations of the Company to him under his employment agreement. Mr. Davenport will receive payments from Holdings over an eighteen-month period commencing January 2002.

NOTE (G) Earnings (loss) Per Common Share

The Company computes basic income (loss) per share based upon the weighted average number of issued common shares for each period. Diluted income (loss) per share is based upon the addition of the effect of common stock equivalents (stock options and warrants) to the denominator of the basic income (loss) per share calculation, using the treasury stock method, if their effect is dilutive.

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

Certain forward-looking information contained in this Quarterly Report is being provided in reliance upon the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 as set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such information includes, without limitation, discussions as to estimates,

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expectations, beliefs, plans, strategies and objectives concerning the Company' s future financial and operating performance, including its ability to continue operating as a going-concern. Such forward-looking information is subject to assumptions and beliefs based on current information known to the Company and factors that could yield actual results differing materially from those anticipated. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results. Please see Exhibit 99.1, "Safe Harbor Compliance Statement for Forward-Looking Statements," for additional factors to be considered by stockholders and prospective stockholders.

Overview

The Company commenced operations in January 1991. The Company is a targeted media company specializing in reaching young adults. The Company operates the College Television Network (the "Network"), a proprietary commercial television network that operates on college and university campuses across the United States. The Network is provided to campuses through single-channel television systems placed free of charge primarily in the campus public venues, including dining facilities and student unions. At March 31, 2002, the Network was installed or contracted for installation at approximately 1,751 locations at approximately 775 colleges and universities throughout the United States. Based on our Fall 2001 Nielsen Media Research study, the Network reaches 8.2 million college students every week.

Certain of the Company' s revenue is affected by the pattern of seasonality common to most school-related businesses. Historically, the Company has generated a significant portion of its revenue

during the period of September through May and substantially less revenue during the summer months when colleges and universities do not hold regular classes.

Results of Operations

The following table sets forth certain financial data derived from the Company' s statement of operations for the three months ended March 31, 2002 and March 31, 2001:

	Three Months Ended			
	March 31, 2002		March 31, 2001	
		% of Revenue		% of Revenue
Revenue	$ 2,283,753	100	$ 2,962,992	100
Operating expenses	1,316,361	58	1,619,543	55
Publishing expenses	–	–	123,590	4
Advertising agency expense	–	–	492,781	17
Selling, general, & administrative expenses	3,050,189	134	3,662,658	124
Depreciation & amortization	913,227	40	885,104	30
Interest expense, net	(202,675)	9	(432,535)	15
Cumulative effect of change in accounting principle	–	–	(197,000)	7
Net loss from continuing operations	(3,198,699)	140	(4,450,219)	150
Loss from discontinued operations	–	–	(91,762)	3

Revenue from continuing operations decreased to $2,283,753 for the three months ended March 31, 2002, as compared to $2,962,992 for the comparable period in the prior year. For the three month period ended March 31, 2002 Network advertising revenue of $2,283,753 remained relatively constant as compared to $2,324,284 for the three month period in the prior year. A slowly recovering advertising market has hampered an increase in sales for the current quarter. The Company hopes to increase Network sales during the year ending December 31, 2002 through a healthier advertising market and by continuing to expand its advertiser base and sell-out levels and by further increasing the fee charged for its advertising spots. Although the Company has agreements with national advertisers, no assurance can be given that these or

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other advertisers will continue to purchase advertising time from the Company, or that future significant advertising revenues will ever be generated. A failure to significantly increase advertising revenues could have a material impact on the operations of the Company.

Operating expenses relating only to the Network and Wetair.com decreased 19% for the three month period ended March 31, 2002, as compared to $1,619,543 for the three month period ended March 31, 2001. This decrease is attributable to cost cutting efforts implemented in the current year and the cessation of Wetair.com operations. There were no costs in the current period related to publishing or advertising agency expenses due to the cessation of their operations in the prior year.

Selling, general and administrative expenses from continuing operations decreased to $3,050,189 for the three month period ended March 31, 2002 as compared to $3,662,658 for the same period in the prior year. The affiliate department has decreased expense due to the scale-back of new installations. Also, general and administrative expenses were significantly lower due to the reduction in employees and the related expenses.

Depreciation and amortization expense from continuing operations totaled $913,227 for the three month period ended March 31, 2002 as compared to $885,104 for the same period in the prior year. This

small increase is attributable to the minimal addition of DVB (“Digital Video Broadcast”) systems in school locations in the prior year.

The Company recorded net interest expense from continuing operations of $202,675 for the three month period ended March 31, 2002 as compared to $432,535 in the same period of the prior year. The decrease in interest expense relates to the lower level of debt due to the paydown of CTN credit facilities in conjunction with the sale of MPM, coupled with a decrease in current quarter interest rates. Also, the Company recorded debt issuance costs of $30,000 in the prior year that are classified as interest expense. There is an offset of approximately $100,000 for accrued interest in the current quarter related to the Company’ s Bridge Indebtedness with Holdings.

The Company incurred a net loss from continuing operations of $3,198,699 in the three month period ended March 31, 2002 as compared to $4,450,219 in the same period in the prior year.

The Company did not incur a loss from discontinued operations in the current quarter as compared to a loss of $91,762 for the same period in the prior year. This amount reflects the results of MPM reported on a stand-alone basis during the first quarter of 2001. The disposition date of MPM was July 10, 2001.

Financial Condition and Liquidity

At March 31, 2002, the Company had working deficit of ($4,947,426) as compared to working capital of $553,196 as of December 31, 2001. The primary reason for this decrease is attributable to the reclassification of $5,000,000 of debt to current liabilities.

Cash used in operations decreased to $1,652,145 during the three months ended March 31, 2002, from $1,917,852 for the comparable period in the prior year. The impact of a decrease in net loss of $1,250,000 and an increase in accounts payable and accrued expenses of approximately $1,550,000 offset by a decrease in collections of accounts receivable of approximately $2,600,000 in the first three months compared to the same period in the prior year was the primary cause of this decrease.

Cash used in investing activities decreased to $56,344 during the three months ended March 31, 2002 from $460,139 used in investing activities for the comparable period in the prior year. This decrease is primarily attributable to the decline in purchasing equipment for system installations.

Cash provided by financing activities increased to $1,911,322 during the three months ended March 31, 2002 compared to $1,248 provided by financing for the same period in the prior year. The Company borrowed $2,000,000 of the Bridge Indebtedness line in the current quarter. In the comparable quarter of the prior year there was approximately $57,000 of proceeds from the exercise of stock options offset by approximately $56,000 of issuance costs related to preferred stock.

There was no cash provided by discontinued operations in the current three months ended March 31, 2002 as compared to cash provided by discontinued operations of approximately $872,751 for the comparable period in the prior year.

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At March 31, 2002, the Company did not meet a financial covenant under its credit facility for which the Company has obtained a waiver. Based upon the Company' s current projections, the Company will need to raise additional capital for 2002. In order to obtain financing to meet its short-term working capital needs, on November 26, 2001, the Company and Holdings entered into the Purchase Agreement whereby Holdings agreed to purchase up to an aggregate of $3.0 million of subordinated bridge notes (with an initial purchase at closing of $1.5 million) and the Company agreed to grant Holdings a junior lien on the assets of the Company as security for the obligations of the Company under the Purchase Agreement. As of March 6, 2002, the facility was fully drawn. Pursuant to an amendment to the bridge facility dated March 19, 2002, the Company increased the available line on the Subordinated Bridge Note to $5.5 million. The Company is exploring capital-raising alternatives,

including, but not limited to, receiving additional capital from Holdings. The Company cannot be certain that any of the alternatives will be consummated and there can be no assurances that these efforts will be successful. Failure to secure additional capital will significantly impact the Company' s ability to continue as a going-concern, as expressed in the audit opinion of the independent auditors for the Company in connection with the 2001 year end audit.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in interest rates related to variable-rate debt outstanding under the $5,000,000 loan from a financial institution and the fixed rate Bridge Indebtedness, which is $3,500,000. This risk arises in the normal course of business rather than from trading. At March 31, 2002, the Bridge Indebtedness is subject to either an 18% or 25% fixed interest rate. The Company views its market risk as immaterial.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, in the normal course of business, various claims are made against the Company. Except for the proceeding described below, there are no material proceedings to which the Company is a party and management is unaware of any material contemplated actions against the Company.

On March 22, 2001, a lawsuit styled James Harder v. CTN Media Group, Inc. and U-C Holdings, LLC, was filed in the United States District Court, Eastern Division of the Northern District of Illinois. The lawsuit alleges that the Company violated the Age Discrimination in Employment Act by terminating Mr. Harder. The complaint seeks in excess of $500,000 in compensatory damages as a result of the Company' s alleged discrimination, as well as punitive damages and reimbursement for the plaintiff' s attorney' s fees and associated costs and expenses of the lawsuit.

Management believes that it has meritorious defenses with respect to the foregoing matters and intends to pursue its positions vigorously. Litigation is inherently subject to many uncertainties; however, management does not believe that the outcome of this case, individually, or in the aggregate, will have a material adverse effect on the financial position of the Company. However, depending on the amount and timing of an unfavorable resolution(s) of the contingencies, it is possible that the Company' s future results of operations or cash flows could be materially affected in a particular quarterly period.

Item 2. Changes in Securities.

No events occurred during the quarter covered by this Report that would require a response to this Item.

Item 3. Defaults Upon Senior Securities.

No events occurred during the quarter covered by this Report that would require a response to this Item.

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Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

(a) Neil Dickson, Chief Operating Officer, Treasurer and General Counsel, left the employ of the Company effective April 15, 2002. As severance, Mr. Dickson will receive the difference in pay from his new job and what he would have been paid at the Company. This arrangement will continue through April 15, 2004, the original termination date of Mr. Dickson' s employment agreement. Mr. Dickson retained certain equity in U-C Holdings, L.L.C.

(b) As set forth in the Company' s Proxy Statement for the Company' s annual stockholders' meeting on May 24, 2002, the Board of Directors of the Company has approved a one-for-six reverse stock split of the Company' s common stock and related change of the par value of the common stock to $0.03 per share. This matter will be voted on at the stockholders' meeting and it is believed that it will be approved. In addition, there is also pending a proposal which has been approved by the Company' s Board of Directors to increase the Company' s authorized and unissued preferred stock by 10,000,000 shares. It is also believed that this proposal will be approved.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

The following exhibits are filed with this Report:

Exhibit 10.1 Payment Agreement and General Release dated as of April 11, 2002 among Neil Dickson, the Company and U-C Holdings, L.L.C.

Exhibit 10.2 Termination and Purchase Agreement dated as of February 4, 2002 among Daniel D. Davenport, the Company and U-C Holdings, L.L.C.

Exhibit 10.3 Subordinated Promissory Note dated February 4, 2002 payable from the Company to U-C Holdings, L.L.C.

Exhibit 10.4 Subordination and Intercreditor Agreement dated as of February 4, 2002, by and among the Company, U-C Holdings, L.L.C., LaSalle Bank National Association and Daniel Davenport.

Exhibit 99.1 Safe Harbor Compliance Statement for Forward-Looking Statements.

(b) Reports on Form 8-K:

A report on Form 8-K disclosing potential NASDAQ SmallCap Market delisting was filed on February 27, 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CTN MEDIA GROUP, INC.
Registrant

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Date: May 15, 2002	/s/ Thomas Rocco
	Thomas Rocco *President* *(Principal Executive Officer)*
Date: May 15, 2002	/s/ Patrick Doran
	Patrick Doran *Chief Financial Officer and Secretary* *(Principal Accounting and Financial Officer)*

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EXHIBIT 10.1

PAYMENT AGREEMENT AND GENERAL RELEASE

THIS PAYMENT AGREEMENT AND GENERAL RELEASE (this "Agreement") is made and entered into as of April 11, 2002 by and among U-C Holdings, L.L.C., a Delaware limited liability company ("Holdings"), CTN Media Group, Inc., a Delaware corporation (the "Company"), and Neil H. Dickson ("Executive"). Holdings, the Company and Executive are sometimes referred to herein as the "Parties." Unless otherwise provided herein, capitalized terms shall have the meanings set forth in that certain Fifth Amended and Restated Limited Liability Company of U-C Holdings, L.L.C. (as amended from time to time, the "LLC Agreement"), dated April 5, 2001, by and among the members of Holdings.

Effective as of April 14, 2002 (the "Termination Date"), Executive will no longer be employed by the Company, and the Parties have agreed to the terms set forth herein with respect to such termination. This Agreement will become effective upon the Effective Date (as defined below). The Company shall have no obligations to make payments to Executive under this Agreement prior to the Effective Date (as defined below).

Executive holds 275 Class A Management Units of Holdings (collectively referred to as the "Executive Securities").

In consideration of the mutual covenants and agreements made herein, and of the mutual benefit derived hereby, the Parties, intending to be legally bound, hereby agree as follows:

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TERMINATION

1. Termination of Employment; Severance.

(a) Effective as of the Termination Date, Executive will no longer be employed by the Company, and the Parties hereby waive the notice provisions set forth in that certain Employment Agreement dated April 15, 2000, as amended on February 1, 2001 among Holdings, the Company and Executive (the "Employment Agreement").

(b) Except (i) as required by law, (ii) as specifically provided in this Section 1, (iii) for the payment of earned but unpaid Base Salary (as defined in the Employment Agreement) through the Termination Date and (iv) for the payment of incurred but unreimbursed expenses that have been previously submitted to and approved by the Company, through the Termination Date, all of the Company' s obligations under the Employment Agreement (including, but not limited to, with respect to making payments or providing any other benefits) shall terminate automatically as of the Termination Date.

(c) Executive has obtained new employment (at the request of Holdings and the Company) at a salary expected to be less than his Base Salary. Accordingly, during the Termination Period (as defined below), the Company hereby agrees to pay to Executive, in accordance with the standard payroll policies and practices of the Company from time to time, an aggregate amount per month equal to the excess, if any, of (i) the portion of Executive' s Base

Salary which would have been owing to Executive at such time had Executive remained employed by the Company over (ii) the portion of Estimated Income (as defined below) to which Executive is entitled at such time. Promptly following the end of each Payment Period (as defined below), Executive shall certify as to the amount of his Actual Income for such Payment Period and provide such other information as reasonably requested by the Company. Within 30 days after Executive' s Actual Income is finally determined and Executive has certified as to the amount of his Actual Income, either (I) the Company shall pay to Executive an amount, if any, equal to the lesser of (A) the excess, if any, of Estimated Income over Actual Income for such period and (B) the excess, if any, of Base Salary over Actual Income for such period, or (II) Executive shall pay to the Company, to the extent Executive has received payments from the Company, an amount, if any, equal to the lesser of (A) the excess, if any, of Actual Income over Estimated Income for such period and (B) the excess, if any, of Base Salary over Estimated Income for such period. The Company shall have the right to reduce future monthly payments to Executive up to and to the extent Executive fails to pay to the Company amounts due (if any) under clause (II) above. The "2002 Payment Period" shall be the period from April 15, 2002 to January 31, 2003. The "2003 Payment Period" shall be the period from February 1, 2003 to January 31, 2004. The "2004

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Payment Period" shall be the period from February 1, 2004 to April 14, 2004. The 2002 Payment Period, 2003 Payment Period and 2004 Payment Period are collectively referred to herein as the "Payment Periods." The Parties acknowledge that Executive' s Base Salary with respect to each Payment Period is in accordance with Schedule A.

(d) The Parties acknowledge that the Company intends to retain Executive and Executive' s law firm as its counsel for all matters for which Executive' s law firm is qualified (as determined in good faith by the Company' s board of directors); it being understood that the Company will receive competitive pricing from Executive' s law firm and such retention will be at all times subject to the Company' s satisfaction with such law firm' s performance, as determined in good faith by the Company' s board of directors. Further, the Parties acknowledge that Executive may undertake legal representation of Jason Elkin or an entity formed by Mr. Elkin. Although the Parties do not believe that there is currently a conflict of interest in said representation, a potential conflict or an appearance of a conflict may exist. The Company and Holdings agree to Executive' s representation of Mr. Elkin or an entity formed by Mr. Elkin, and waive and such potential conflict; provided however, Executive shall not represent Mr. Elkin in a matter against or otherwise adverse to the Company or any of its affiliates, including Holdings, Willis Stein & Partners and any of their affiliates.

(e) Notwithstanding the foregoing, during the Termination Period, Executive shall be entitled, at the Company' s expense, to elect COBRA under the Company' s health, dental and vision plan.

(f) Effective as of the Closing Date, Executive agrees that Sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19 and 20 of the Employment Agreement (as amended by this paragraph, the "Surviving Provisions") shall remain in full force and effect except that the term "Employment Period," where used therein, shall be read as "Termination Period" (as defined below). Executive agrees and acknowledges that, in the event of a breach by Executive of Section 8, 9 or 10 of the Employment Agreement, Executive shall no longer be entitled to receive any payments or benefits hereunder. Notwithstanding the foregoing, the Parties acknowledge that Executive' s legal representation of companies, even if competitive with the

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Company, shall not be in violation of Section 10 of the Employment Agreement provided that Executive is not an employee, officer, director or manager of, a partner in, or a holder of more than 2% of the equity interests of, a competitor of the Company; it being understood that this acknowledgement shall not be deemed a waiver by any of the Parties of Executive' s obligations under Section 10 of the Employment Agreement.

(g) On the Effective Date, the Company shall transfer ownership to Executive of the laptop computer currently utilized by Executive.

(h) The following terms have the meanings set forth below:

(i) "Actual Income" means the aggregate amount of gross income, including all payments, in whatever form, in the nature of compensation (including, without limitation, guaranteed payments or distributive shares of income from a partnership (determined on the basis of book income where book income differs from taxable income), salary, bonus, profit-sharing and fringe benefits (excluding firm and department retreats and parties, malpractice insurance and other insurance benefits provided to all employees of the same class, reimbursement or payment of parking, meal and other similar work-related expenses, reimbursable expenses or payment for equipment, tools and supplies, cafeteria plans funded by Executive and seminar fees)) to which Executive is entitled from his employment with any person or entity during a Payment Period (including, without limitation, any taxes and other amounts withheld with respect to the foregoing).

(ii) "Estimated Income" means, with respect to any Payment Period, the Parties mutually agreed estimate of what Executive' s Actual Income will be for such period (as adjusted in good faith by the Parties to reflect significant changes in Executive' s compensation during any such Payment Period). The Parties agree that Executive' s Estimated Income with respect to the 2002 Payment Period will be $197,916.64. If the Parties cannot agree on the determination of Executive' s Estimated Income following the 2002 Payment Period, so long as Executive is employed by Executive' s new law firm, then the Parties agree that Executive' s Estimated Income will be $250,000.00 with respect to the 2003 Payment Period and $52,083.33 with respect to the 2004 Payment Period.

(iii) "COBRA" means the Consolidated Omnibus Reconciliation Act of 1985, as amended from time to time.

(iv) "Termination Period" means the period commencing on the Effective Date and ending on the April 14, 2004.

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PURCHASE OF EXECUTIVE SECURITIES

2. Purchase and Sale of Executive Securities.

(a) On the terms set forth herein, Executive hereby agrees to sell to Holdings, and Holdings hereby agrees to purchase from Executive, 175 Class A Management Units (the "Repurchased Executive Securities") free and clear of all Encumbrances (as defined below) and

all rights with respect thereto. The Company and Holdings agree that the repurchase option shall be terminated with respect to, and shall not apply to, the 100 Class A Management Units (the "Retained Executive Securities") retained by Executive. The purchase price for the Repurchased Executive Securities shall be $175.

(b) At the closing of the purchase and sale of the Repurchased Executive Securities (the "Closing"), Holdings will purchase the Repurchased Executive Securities. The Closing shall take place at the Company' s offices on the Effective Date (the date that the Closing occurs is referred to as the "Closing Date"), or at such other place as may be mutually agreeable to the parties hereto.

(c) Executive acknowledges that he has had an opportunity to ask questions and receive answers concerning the terms and conditions of the sale of, and the value of, the Repurchased Executive Securities, and has had full access to such financial or other information concerning the Company and Holdings as he has requested. Neither the Company nor Holdings makes any representation or warranty regarding the value of the Repurchased Executive Securities.

MUTUAL RELEASES

3. Mutual Releases.

(a) In consideration of the payments and covenants of Holdings and the Company set forth herein, Executive (on behalf of himself and his respective heirs, assigns or executors) hereby releases Holdings, the Company, and their respective predecessors, successors and assigns, and their respective present and former direct or indirect affiliates, shareholders, subsidiaries, officers, directors, partners, members, managers, employees, agents and attorneys (collectively, the "Releasees") from any and all claims, actions, lawsuits, obligations, agreements, contracts, commitments and liabilities which exist or may exist of any kind whatsoever, whether known or unknown (collectively, "Claims"), which Executive (including any heirs, assigns or executors) now has or may in the future have against any of the Releasees which relate in any way to Executive' s employment with the Company, Executive' s ownership of the Executive Securities or

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otherwise relate to Executive' s association with any of the Releasees prior to the Effective Date; provided that "Claims" shall not include, and this Section 3(a) shall not be deemed a release of, any obligations of Holdings or the Company expressly set forth in this Agreement or in the LLC Agreement with respect to the Retained Executive Securities. Notwithstanding the foregoing, Executive shall be entitled to the benefits of the indemnity provided by the LLC Agreement and the Company' s certificate of incorporation or bylaws as of the date hereof, and any subsequent changes to the certificate of incorporation or bylaws enlarging or reducing the indemnity granted to Executive shall not affect the rights of Executive existing as of the date hereof.

(b) In consideration of the covenants of Executive set forth herein, Holdings, the Company and Willis Stein & Partners, L.P. each hereby releases Executive from any and all Claims which Holdings and/or the Company (including their respective predecessors, successors and assigns, and their respective present and former direct or indirect subsidiaries) and/or Willis Stein & Partners, L.P. (also referred to as "Releasees") now has or may in the future have against

Executive which relate in any way to Executive' s employment with the Company, Executive' s ownership of the Repurchased Executive Securities or otherwise relate to Executive' s association with any of the Company or Holdings prior to the Effective Date; provided that "Claims" shall not include, and this Section 3(b) shall not be deemed a release of, any obligations of Executive expressly set forth in this Agreement, the LLC Agreement or the Surviving Provisions of the Employment Agreement (as amended hereby).

(c) By entering into this Agreement, each of the Parties intends that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. Each of the Parties expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims. Each of the Parties acknowledges and agrees that the provisions hereof are reasonable in context and scope and that this waiver is an essential and material term of this Agreement and without such waiver the Parties would not have made the promises described in this Agreement.

(d) Each of the Parties further agrees that in the event such Party brings its own Claim in which it seeks damages against the Releasees or in the event such Party seeks to recover against any other Party or any of the Releasees in any Claim brought by a governmental agency on such person' s behalf, the releases set forth in this Agreement shall serve as a complete defense to such Claims.

(e) Executive acknowledges that the Company has provided Executive at least twenty-one (21) days to decide whether to execute this Agreement. Executive understands he has up to seven (7) days to revoke this Agreement after its execution, and that this Agreement, including the release and waiver in Section 3(a) above, shall not be effective and enforceable until the eighth day following its

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execution provided that Executive has not revoked this Agreement prior to such time (the "Effective Date"). Executive hereby agrees and acknowledges that the Company shall have no obligations to make payments to him hereunder unless and until the Effective Date occurs.

REPRESENTATIONS AND WARRANTIES

4. Representations and Warranties of Executive. Executive represents and warrants to Holdings and the Company as follows:

(a) Authorization. Executive has the power and capacity to execute and deliver this Agreement, to perform fully his obligations hereunder and to consummate the actions contemplated hereby. Executive has duly executed and delivered this Agreement and this Agreement is a legal, valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, except as such enforceability may be limited by (a) applicable insolvency, bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and (b) applicable equitable principles (whether considered in a proceeding at law or in equity).

(b) Ownership of the Executive Securities. All of the Executive Securities are owned of record and beneficially by Executive, and Executive has good and marketable title to

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such Executive Securities, free and clear of any security interests, claims, liens, options, pledges, charges, encumbrances, voting trusts, proxies or other restrictions of any kind whatsoever ("Encumbrances"). Executive shall transfer to Holdings good and marketable title to the Repurchased Executive Securities.

(c) Executive' s Understanding; Instruction to Consult Counsel. Executive acknowledges that he understands the contents of this Agreement, that he is competent to enter into this Agreement and that he had been advised to consult, and has consulted, with an attorney concerning this Agreement, and that his signature has not been obtained by duress.

(d) Return of Confidential Information, Etc. In accordance with Section 8 of the Employment Agreement, Executive shall deliver on or prior to the Termination Date to the Company all memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents (and copies thereof) relating to Confidential Information, Work Product (as such terms are defined in the Employment Agreement) or the business of Holdings, the Company or any Subsidiary which he possesses or has under his control; provided however that, Executive shall retain copies of legal files necessary for Executive' s representation of the Company.

5. Representation and Warranty of the Company and Holdings. Each of the Company and Holdings represents and warrants to Executive that the Company and Holdings have the power and authority to execute and deliver this Agreement, to perform fully their obligations hereunder and to consummate the actions contemplated hereby. Each of the Company and Holdings has duly executed and delivered this Agreement and this Agreement is a legal, valid and binding obligation of the Company and Holdings enforceable against the Company and Holdings in accordance with its terms, except as such enforceability may be limited by (a) applicable insolvency, bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and (b) applicable equitable principles (whether considered in a proceeding at law or in equity).

MISCELLANEOUS

6. Nondisparagement. Each Party agrees that it will not make negative or disparaging comments regarding each other, except as may be required under law.

7. Survival of Representations and Warranties. All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the transfer of the Repurchased Executive Securities hereunder.

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8. Governing Law. This Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

9. Further Assurances; Assistance and Cooperation. After the execution hereof, as and when requested by Holdings, Executive shall, without further consideration, execute and deliver all such instruments of conveyance and transfer and shall take such further actions as

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may be reasonably necessary in order to confirm the transfer of the Repurchased Executive Securities to Holdings and the other matters provided herein. Further, Executive agrees to reasonably assist and cooperate with the Company and Holdings and their attorneys and advisors in connection with any litigation, arbitration or other proceeding involving the Company, Holdings or any of the Releasees (including, without limitation, all currently pending litigation); provided that the Company shall reimburse Executive for any reasonable travel or other incidental out-of-pocket expenses incurred by Executive in connection with the provision of such assistance subject to prior approval by the Company of the incurrence of such expenses.

10. Complete Agreement. This Agreement constitutes the entire agreement between the Parties hereto regarding the subject matter of this Agreement and supersedes and preempts any prior understandings, agreements or representations, written or oral, which may have related to the subject matter hereof.

11. Headings. The headings used in this Agreement are for the purpose of reference only and will not affect the meaning or interpretation of any provision of this Agreement.

12. Counterparts. The Parties may execute this Agreement in separate counterparts (no one of which need contain the signatures of all Parties), each of which will be an original and all of which together will constitute one and the same instrument.

13. Remedies. Each of the Parties will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including attorney' s fees) caused by any breach of any provision of this Agreement, and to exercise all other rights existing in its favor. The Parties agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any Party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement and/or the Surviving Provisions of the Employment Agreement.

14. Arbitration. Except as set forth in Section 13, any controversy or claim arising out of or relating to this Agreement shall be settled exclusively by final and binding arbitration in accordance with the rules of the American Arbitration Association and shall take place in Delaware. Judgment upon the arbitration award may be enforced in any court having jurisdiction thereover. The Party against whom any

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proceeding hereunder is finally resolved shall bear the costs of (a) each Party' s respective attorneys, witnesses and experts in connection with such arbitration and (b) the arbitrator.

15. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by each of the Parties and their respective successors, heirs, executors and assigns.

16. No Admission. This Agreement, and any negotiations or discussions connected with it, shall not, in any event or respect, constitute or be construed as, or be deemed to be evidence of, an admission of, or concession of, any wrongdoing by any Party. The Parties acknowledge, understand and agree that the fact of, terms of, and negotiations and discussions

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leading up to this Agreement are covered by Federal Rule of Evidence 408, and any state law equivalents, as offers of compromise, and thus are not evidence and may not be used or referred to in any litigation, except to enforce this Agreement and its terms.

17. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

18. Press Release. Any press release or public announcement regarding this Agreement or the termination of Executive' s employment shall be in a form mutually acceptable to the Parties, except as required by law.

19. D&O Insurance. The Company agrees to continue through the Termination Period, at a reasonable cost to the Company, Executive' s coverage under its director and officer insurance policy with respect to the period during which Executive was an officer of the Company and to the extent permitted by such policy.

20. Severability. Should any provision of this Agreement adjudged to any extent invalid by any court or tribunal of competent jurisdiction or arbitrator, each provision shall be deemed modified to the minimum extent necessary to render it enforceable.

* * * *

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first above written.

/s/ Neil H. Dickson
Neil H. Dickson

U-C HOLDINGS, L.L.C.

By: WILLIS STEIN & PARTNERS, L.P.
Its: Managing Member

By: Willis Stein & Partners, L.L.C.
Its: General Partner

By: /s/ Avy H. Stein

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Its: Managing Director

CTN MEDIA GROUP, INC.

By: /s/ Pat Doran
Name: Pat Doran
Its: Chief Financial Officer

(SIGNATURE PAGE TO PAYMENT AGREEMENT AND GENERAL RELEASE)

Solely with respect to Section 3 of this Agreement,
agreed to on this day of April, 2002 by:

WILLIS STEIN & PARTNERS, L.P.

By: Willis Stein & Partners, L.L.C.
Its: General Partner

By: /s/ Avy H. Stein
Its: Managing Director

SCHEDULE A

PRORATED BASE SALARY

April 15, 2002 to April 30, 2002	$	17,645.84
May 2002	$	35,291.67
June 2002	$	35,291.66
July 2002	$	35,291.67
August 2002	$	35,291.66
September 2002	$	35,291.67
October 2002	$	35,291.66
November 2002	$	35,291.67
December 2002	$	35,291.66
January 2003	$	35,291.67
February 2003	$	35,291.66
March 2003	$	35,291.67
April 1, 2003 to April 14, 2003	$	17,645.84
April 15, 2003 to April 30, 2003	$	19,410.41
May 2003	$	38,820.83

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June 2003	$	38,820.84
July 2003	$	38,820.83
August 2003	$	38,820.84
September 2003	$	38,820.83
October 2003	$	38,820.84
November 2003	$	38,820.83
December 2003	$	38,820.84
January 2004	$	38,820.83
February 2004	$	38,820.84
March 2004	$	38,820.83
April 1, 2004 to April 14, 2004	$	19,410.41

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EXHIBIT 10.2

TERMINATION AND PURCHASE AGREEMENT

THIS TERMINATION AND PURCHASE AGREEMENT (this "Agreement") is made and entered into as of February 4, 2002 by and between U-C Holdings, L.L.C., a Delaware limited liability company (the "Purchaser"), CTN Media Group, Inc., a Delaware corporation (the "Company"), and Daniel D. Davenport ("Executive"). The Purchaser, the Company and Executive are sometimes referred to herein as the "Parties." Unless otherwise provided herein, capitalized terms shall have the meanings set forth in that certain Fifth Amended and Restated Limited Liability Company of U-C Holdings, L.L.C. (as amended from time to time, the "LLC Agreement"), dated April 5, 2001, by and among the members of the Purchaser.

Effective as of October 19, 2001 (the "Termination Date"), Executive' s employment by the Company was terminated without cause, and the Parties have agreed to the terms set forth herein with respect to such termination. The Company shall have no obligations to make payments to Executive hereunder prior to the Closing Date.

Executive holds 595,374 Class A and B Investor Units of the Purchaser (collectively referred to as the "Executive Securities").

In consideration of the mutual covenants and agreements made herein, and of the mutual benefit derived hereby, the Parties, intending to be legally bound, hereby agree as follows:

TERMINATION

1. Termination of Employment; Severance.

(a) Effective as of the Termination Date, Executive will no longer be employed by the Company, and the Parties hereby waive the notice provisions set forth in that certain Employment Agreement dated July 19, 1999, as amended on July 12, 2000, among the Company and Executive (the "Employment Agreement").

(b) Except (i) as required by law, (ii) as specifically provided in this Section 1, (iii) for the payment of earned but unpaid Base Salary (as defined in the Employment Agreement) through the Termination Date, and (iv) payment of accrued but unused vacation through the Termination Date (which Executive and the Company acknowledge has already been paid), all of the Company' s obligations under the Employment Agreement (including, but not limited to, with respect to making payments or providing any other benefits) shall terminate automatically as of the Termination Date.

(c) Effective as of the Closing Date, Executive agrees that Sections 5 through 17 of the Employment Agreement (as amended by this paragraph, the "Surviving Provisions") shall remain in full force and effect except that the term "Employment Period," where used therein, shall be read as "Termination Period" (as defined below); provided, however, that the parties agree that the restrictive covenants set forth in Section 7 of the Employment Agreement shall terminate at the end of the Termination Period, except for the restrictions set forth in Section 7(b)(i) and (ii) shall terminate six (6) months from the date of this Agreement. The Company also agrees that the restrictions set forth in Section 7(b)(i) and (ii) shall not apply to any employee whose employment with the Company has terminated, provided that such employee was not solicited by Executive prior to the termination of such employee' s employment with the Company. Executive agrees and acknowledges that, in the event of a breach by Executive of Sections 5, 6 or 7 (as modified herein) of the Employment Agreement, Executive shall no longer be entitled to receive any benefits hereunder or any amounts owing under the Company Note. Notwithstanding anything else in this Section 1 (c), if the Company fails to make a payment pursuant to the Company Note (as defined below) on its due date or within 20 days thereafter at any time between

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the date of this Agreement through April 30, 2002 (after taking into account a twenty (20) day cure period) the restrictive covenants relating to non-competition and non-solicitation contained in Section 7(b)(i) and (ii) of the Employment Agreement shall thereby be terminated and from that period forward be of no further force or effect.

(d) The Company shall transfer ownership to Executive of the personal computer located in Executive' s office at the time of termination.

(e) "Termination Period" means the period commencing on the Termination Date and ending on April 30, 2003.

PURCHASE OF EXECUTIVE SECURITIES

2. Purchase and Sale of Executive Securities.

(a) On the terms set forth herein, Executive hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase from Executive, the Executive Securities free and clear of all Encumbrances (as defined in Section 4(b) below) and all rights with respect thereto.

(b) At the closing of the purchase and sale of the Executive Securities (the "Closing"), the Purchaser will purchase the Executive Securities for the consideration described in Section 2(c) below (the "Purchase Price"); provided that, the Purchaser shall not be obligated to purchase the Executive Securities and Executive shall not be obligated to perform hereunder prior to receipt of (collectively, the "Consents") (i) the consent of LaSalle Bank National Association to the transactions contemplated hereunder (including subordination language acceptable to LaSalle Bank National Association with respect to the Company Note, as defined in Section 2(c) below) (the "LaSalle Consent"), and (ii) the

approval of the Dividend (as defined in Section 2(d) below), issuance of the Company Note and other terms contemplated hereunder by the finance committee or other disinterested committee of the board of directors of the Company.

(c) The Closing shall take place at the Company' s offices contemporaneously with the execution of this Agreement (the date that the Closing occurs is referred to as the "Closing Date"), or at such other place as may be mutually agreeable to the parties hereto. At the Closing, the Purchaser shall deliver to Executive the Purchase Price as follows: (i) the Executive Notes (as defined below), in the aggregate principal amount of $476,415, together with all accrued but unpaid interest thereon, marked as canceled, (ii) the transfer and assignment to Executive of a subordinated promissory note issued by the Company to the Purchaser (the "Company Note") in the aggregate principal amount of $110,000, which note shall be in the form and substance set forth on Exhibit A attached hereto. Effective simultaneously with the Closing, the Unit Pledge Agreement dated as of February 1, 2000, between the Purchaser and Executive shall be deemed to be terminated. "Executive Notes" means the four outstanding notes payable by Executive to the Purchaser in the original principal amount of $180,834, $47,620, $94,352 and $153,609, respectively, each dated as of February 1, 2000.

(d) Immediately prior to the Closing, the Company' s board of directors shall declare a dividend (the "Dividend") in the aggregate amount of $110,000 on its outstanding Series A Convertible Preferred Stock (pro rata based on the amount of accumulated but unpaid dividends thereon). Payment of such dividend shall be satisfied by the issuance by the Company of the Company Note to the Purchaser.

(e) Executive acknowledges that he has had an opportunity to ask questions and receive answers concerning the terms and conditions of the sale of, and the value of, the Executive Securities, and has had full access to such financial or other information concerning the Company and the Purchaser as he has requested. Neither the Company nor the Purchaser makes any representation or warranty regarding the value of the Executive Securities.

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MUTUAL RELEASES

3. Mutual Releases.

(a) In consideration of the payments and covenants of the Purchaser set forth herein, Executive (on behalf of himself and his respective heirs, assigns or executors) hereby releases the Purchaser, the Company, and their respective predecessors, successors and assigns, and their respective present and former direct or indirect affiliates, shareholders, subsidiaries, officers, directors, partners, members, managers, employees, agents and attorneys (collectively, the "Releasees") from any and all claims, actions, lawsuits, obligations, agreements, contracts, commitments and liabilities which exist or may exist of

any kind whatsoever, whether known or unknown (collectively, "Claims"), which Executive (including any heirs, assigns or executors) now has or may in the future have against any of the Releasees which relate in any way to Executive' s employment with the Company, Executive' s ownership of the Executive Securities or otherwise relate to Executive' s association with any of the Releasees; provided that "Claims" shall not include, and this Section 3(a) shall not be deemed a release of, any obligations of the Purchaser or the Company expressly set forth in this Agreement or in the Company Note. Notwithstanding the foregoing, Executive shall be entitled to the benefits of the indemnity provided by the LLC Agreement and the Company' s certificate of incorporation or bylaws as of the date hereof, and any subsequent changes to the certificate of incorporation or bylaws enlarging or reducing the indemnity granted to Executive shall not affect the rights of Executive existing as of the date hereof.

(b) In consideration of the covenants of Executive set forth herein, the Purchaser and the Company each hereby releases Executive and his respective heirs, successors or executors, from any and all Claims which the Purchaser and/or the Company (including their successors and assigns) (also referred to as "Releasees") now has or may in the future have against Executive which relate in any way to Executive' s employment with the Company, Executive' s ownership of the Executive Securities, or otherwise relate to Executive' s association with any of the Company or the Purchaser; provided that "Claims" shall not include, and this Section 3(b) shall not be deemed a release of, any obligations of Executive expressly set forth in this Agreement or the Surviving Provisions of the Employment Agreement (as amended hereby).

(c) By entering into this Agreement, each of the Parties intends that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. Each of the Parties expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims. Each of the Parties acknowledges and agrees that the provisions hereof are reasonable in context and scope and that this waiver is an essential and material term of this Agreement and without such waiver the Parties would not have made the promises described in this Agreement.

(d) Each of the Parties further agrees that in the event such Party brings its own Claim in which it seeks damages against the Releasees or in the event such Party seeks to recover against any other Party or any of the Releasees in any Claim brought by a governmental agency on such person' s behalf, the releases set forth in this Agreement shall serve as a complete defense to such Claims.

(e) Executive acknowledges that the Company has provided Executive at least twenty-one (21) days to decide whether to execute this Agreement. Executive hereby agrees and acknowledges that the Company shall have no obligations to make payments to him hereunder prior to the Closing Date.

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REPRESENTATIONS AND WARRANTIES

4. Representations and Warranties of Executive. Executive represents and warrants to the Purchaser as follows:

(a) Authorization. Executive has the power and capacity to execute and deliver this Agreement, to perform fully his obligations hereunder and to consummate the actions contemplated hereby. Executive has duly executed and delivered this Agreement and this Agreement is a legal, valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, except as such enforceability may be limited by (a) applicable insolvency, bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and (b) applicable equitable principles (whether considered in a proceeding at law or in equity).

(b) Ownership of the Executive Securities. All of the Executive Securities are owned of record and beneficially by Executive, and Executive has good and marketable title to such Executive Securities, free and clear of any security interests, claims, liens, options, pledges, charges, encumbrances, voting trusts, proxies or other restrictions of any kind whatsoever ("Encumbrances"), other than Encumbrances created hereunder or under the Unit Pledge Agreement. Executive shall transfer to the Purchaser good and marketable title to the Executive Securities.

(c) Executive' s Understanding; Instruction to Consult Counsel. Executive acknowledges that he understands the contents of this Agreement, that he is competent to enter into this Agreement and that he had been advised to consult, and has consulted, with an attorney concerning this Agreement, and that his signature has not been obtained by duress.

(d) Return of Confidential Information, Etc. In accordance with Section 5 of the Employment Agreement, Executive shall deliver on or prior to the Termination Date to the Company all memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents (and copies thereof) relating to Confidential Information, Work Product (as such terms are defined in the Employment Agreement) or the business of the Purchaser, the Company or any Subsidiary which he possesses or has under his control.

5. Representation and Warranty of the Company and the Purchaser. Each of the Company and the Purchaser represents and warrants to Executive that the Company and the Purchaser have the power and authority to execute and deliver this Agreement and the exhibits attached hereto, to perform fully their obligations hereunder and to consummate the actions contemplated hereby. Each of the Company and the Purchaser has duly executed and delivered this Agreement and this Agreement is a legal, valid and binding obligation of the Company and the Purchaser enforceable against the Company and the Purchaser in accordance with its terms, except as such enforceability may be limited by (a) applicable insolvency, bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and (b) applicable equitable principles (whether considered in a proceeding at law or in equity).

MISCELLANEOUS

6. Nondisparagement. Each Party agrees that it will not make negative or disparaging comments regarding each other, except as may be required under law.

7. Survival of Representations and Warranties. All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the transfer of the Executive Securities hereunder.

8. Governing Law. The corporate law of the State of Delaware will govern all questions concerning the relative rights of the Purchaser and its unit holders. All other questions concerning the construction, validity and interpretation of this Agreement will be governed

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by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

9. Further Assurances; Assistance and Cooperation. After the Closing, as and when requested by a Party, the other Parties shall, without further consideration, execute and deliver all such instruments of conveyance and transfer and shall take such further actions as may be reasonably necessary in order to confirm the transfer of the Executive Securities to the Purchaser (as applicable) and the other matters provided herein. Further, Executive agrees to reasonably assist and cooperate with the Company and the Purchaser and their attorneys and advisors in connection with any litigation, arbitration or other proceeding involving the Company, the Purchaser or any of the Releasees (including, without limitation, all currently pending litigation); provided that the Company shall reimburse Executive for any reasonable travel or other incidental out-of-pocket expenses incurred by Executive in connection with the provision of such assistance subject to prior approval by the Company of the incurrence of such expenses.

10. Complete Agreement. This Agreement constitutes the entire agreement between the Parties hereto regarding the subject matter of this Agreement and supersedes and preempts any prior understandings, agreements or representations, written or oral, which may have related to the subject matter hereof.

11. Headings. The headings used in this Agreement are for the purpose of reference only and will not affect the meaning or interpretation of any provision of this Agreement.

12. Counterparts. The Parties may execute this Agreement in separate counterparts (no one of which need contain the signatures of all Parties), each of which will be an original and all of which together will constitute one and the same instrument.

13. Remedies. Each of the Parties will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including attorney' s fees) caused by any breach of any provision of this Agreement, and to exercise all other rights existing in its favor. The

Parties agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any Party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement and/or the Surviving Provisions of the Employment Agreement.

14. Arbitration. Except as set forth in Section 13, any controversy or claim arising out of or relating to this Agreement shall be settled exclusively by final and binding arbitration in accordance with the rules of the American Arbitration Association and shall take place in Delaware or Georgia. Judgment upon the arbitration award may be enforced in any court having jurisdiction thereover. The Party against whom any proceeding hereunder is finally resolved shall bear the costs of (a) each Party' s respective attorneys, witnesses and experts in connection with such arbitration and (b) the arbitrator.

15. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by each of the Parties and their respective successors, heirs, executors and assigns.

16. No Admission. This Agreement, and any negotiations or discussions connected with it, shall not, in any event or respect, constitute or be construed as, or be deemed to be evidence of, an admission of, or concession of, any wrongdoing by any Party. The Parties acknowledge, understand and agree that the fact of, terms of, and negotiations and discussions leading up to this Agreement are covered by Federal Rule of Evidence 408, and any state law equivalents, as offers of compromise, and thus are not evidence and may not be used or referred to in any litigation, except to enforce this Agreement and its terms.

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17. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

18. Press Release. Any press release or public announcement regarding this Agreement or the termination of Executive' s employment shall be in a form mutually acceptable to the Parties, except as required by law.

19. Severability. Should any provision of this Agreement adjudged to any extent invalid by any court or tribunal of competent jurisdiction or arbitrator, each provision shall be deemed modified to the minimum extent necessary to render it enforceable.

* * * *

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first above written.

/s/ Daniel D. Davenport

Daniel D. Davenport

U-C HOLDING, L.L.C.

By: WILLIS STEIN & PARTNERS, L.P.
Its: Managing Member

By: Willis Stein & Partners, L.L.C.
Its: General Partner

By: /s/ Avy H. Stein
Name: Avy H. Stein
Its: Managing Director

CTN MEDIA GROUP, INC.

By: /s/ Neil H. Dickson
Name: Neil H. Dickson
Its: Chief Operating Officer

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This instrument and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement dated as of February 4, 2002 among Purchaser (as defined below), the Company (as defined below) and LaSalle Bank National Association, to the indebtedness (including interest) owed by the Company pursuant to that certain Amended and Restated Credit Agreement dated as of August 14, 2001 among the Company and LaSalle Bank National Association, as such Credit Agreement has been and hereafter may be amended, supplemented or otherwise modified from time to time and to indebtedness refinancing the indebtedness under that agreement as contemplated by the Subordination and Intercreditor Agreement; and each holder of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination and Intercreditor Agreement.

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SUBORDINATED PROMISSORY NOTE

$110,000 February 4, 2002

FOR VALUE RECEIVED, CTN Media Group, Inc., a Delaware corporation (the "Company"), hereby promises to pay to the order of U-C Holdings, L.L.C. ("Purchaser") the principal sum of

One hundred ten thousand and 00/100 Dollars ($110,000)

or such lesser principal amount then outstanding, together with all accrued and unpaid interest thereon. Interest on the principal amount of this Note will accrue from and including the date hereof to and including the date such principal amount is paid, at 2.73% per annum or, if lower, the highest rate established by applicable law (based on a year of 360 days and computed on the number of days actually elapsed).

The Company shall pay the principal amount of $6,111.11 (or such lesser principal amount then outstanding) to the holder of this Note on the last business day of each month, together with all accrued and unpaid interest on the principal amount being repaid, starting as of February, 2002. On April 30, 2002, in addition to the above mentioned payment of the principal amount of $6,111.11, the Company shall make an additional one-time payment in the principal amount of $12,222.22, so that the total principal amount to be paid by the Company to the holder of this Note on April 30, 2002 shall be $18,333.33. Also, on or before February 15, 2002 the Company shall make an additional one-time payment in the principal amount of

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$6,111.11 so that the total principal amount to be paid by the Company to the holder of this Note for the month of February, 2002 shall be $12,222.22.

The Company may prepay amounts due on this Note in whole or in part without penalty or premium at any time. Any payment of principal by the Company will be accompanied by all accrued and unpaid interest on the principal sum being repaid. The holder of this Note will note all partial payments of principal and accompanying payments of interest on the face or reverse side of this Note. All such prepayments shall be applied to reduce future installments in order of maturity.

This Note is subject to the terms and conditions of a Termination and Purchase Agreement dated as of the date hereof, as amended, by and between Purchaser, Daniel D. Davenport ("Executive") and the Company (the "Termination Agreement"), which agreement (as amended in accordance with its terms) is hereby incorporated herein in full by reference. Except as otherwise indicated herein, capitalized terms used in this Note have the same meanings set forth in the Termination Agreement.

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This instrument is subject to the terms and conditions of a Subordination and Intercreditor Agreement (the "Subordination Agreement") dated as of the date hereof in favor of LaSalle Bank National Association, which agreement (as amended in accordance with its terms) is incorporated herein by reference.

In the event of a material breach, at any time, by Executive of the Termination Agreement or a breach, at any time, by Executive the Surviving Provisions of the Employment Agreement, Executive shall not be entitled to receive any amounts owing under this Note (assuming Executive is the holder of this Note at such time).

This Note shall not be assignable by Purchaser other than to Executive and, upon such receipt by Executive, shall inure to the benefit of Executive. So long as the Subordination Agreement is in effect, this Note shall not be assignable by Executive, in whole or in part, except in accordance with Section 2.6 of the Subordination Agreement. The Company' s obligations hereunder shall be binding upon its successors and assigns; provided that no assignment (including, without limitation, by operation of law or otherwise) shall relieve the Company from its obligations hereunder, which shall remain the primary obligations of the Company. Notwithstanding the foregoing, in the event of Executive' s death, Executive' s heir or legatee shall take the rights herein granted subject to the terms and conditions hereof.

Subject to the terms of the Subordination Agreement, if Executive cannot collect this Note without the assistance of an attorney at law, he shall be entitled to reimbursement of reasonable attorney' s fees and court costs.

This Note shall be governed by and construed in accordance with the domestic laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

* * * * *

IN WITNESS WHEREOF, the undersigned has duly executed this Subordinated Promissory Note as of the date first written above.

CTN MEDIA GROUP, INC.

By: /s/ Neil H. Dickson

Name: Neil H. Dickson

Title: Chief Operating Officer

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EXHIBIT 10.4

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "**Agreement**") is entered into as of this 4th day of February, 2002, by and among U-C HOLDINGS, L.L.C., a Delaware limited liability company ("**Holdings**"), CTN MEDIA GROUP, INC., f/k/a College Television Network, Inc., a Delaware corporation (the "**Borrower**"), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association, as "**Lender**" under the Senior Credit Agreement described below.

R E C I T A L S

A. The Borrower and Senior Lender (as hereinafter defined) have entered into a certain Amended and Restated Credit Agreement dated as of August 14, 2001 (as the same may be amended, supplemented or otherwise modified from time to time, the "**Senior Credit Agreement**") pursuant to which, among other things, Senior Lender has agreed, subject to the terms and conditions set forth in the Senior Credit Agreement, to make certain loans and financial accommodations to the Borrower. All of the Borrower' s obligations to Senior Lender under the Senior Credit Agreement and the other Senior Debt Documents (as hereinafter defined) are secured by liens on and security interests in substantially all of the now existing and hereafter acquired real and personal property of the Borrower (the "**Collateral**").

B. The Borrower' s board of directors has declared a dividend (the "**Dividend**") in the aggregate principal amount of $110,000 on its outstanding Series A Convertible Preferred Stock, payment of which Dividend shall be satisfied by the issuance by Borrower of a subordinated promissory note to Holdings in the aggregate principal amount of $110,000 (the "**Dividend Note**"), which will then be transferred pursuant to and in accordance with the terms and provisions of that certain Termination and Purchase Agreement (the "**Termination Agreement**"), dated as of the date hereof, by and between Holdings, Borrower and Daniel D. Davenport ("**Davenport**").

C. Concurrently herewith Borrower and Senior Lender are entering into, among other things, a certain Consent and Waiver (Dividend Note) of even date herewith (the "**Consent**") whereby Senior Lender consents (i) to the issuance by Borrower of the Dividend Note and (ii) the assignment of the Dividend Note by Holdings to Davenport.

D. As an inducement to and as one of the conditions precedent to the agreement of Senior Lender to consummate the transactions contemplated by the Consent, Senior Lender has required the execution and delivery of this Agreement by Holdings and the Borrower in order to set forth the relative rights and priorities of Senior Lender and Subordinated Creditor (as hereinafter defined) under the Senior Debt Documents and the Subordinated Debt Documents (as hereinafter defined).

NOW, THEREFORE, in order to induce Senior Lender to consummate the transactions contemplated by the Consent, in consideration of the premises set forth above (which are incorporated herein by this reference thereto as though fully set forth below), and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** The following terms shall have the following meanings in this Agreement:

"**Bankruptcy Code**" shall mean Chapter 11 of Title 11 of the United States Code, as amended from time to time and any successor statute and all rules and regulations promulgated thereunder.

"**Distribution**" means, with respect to any indebtedness, obligation or security, (a) any payment or distribution by any Person of cash, securities or other property, by set-off or otherwise, on account of such indebtedness, obligation or security, (b) any

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redemption, purchase or other acquisition of such indebtedness, obligation or security by any Person or (c) the granting of any lien or security interest to or for the benefit of the holders of such indebtedness, obligation or security in or upon any property of any Person.

"**Dividend Note**" shall have the meaning set forth in paragraph B of the Recitals.

"**Enforcement Action**" shall mean (a) to take from or for the account of the Borrower or any guarantor of the Subordinated Debt, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by the Borrower or any such guarantor with respect to the Subordinated Debt, (b) to sue for payment of, or to initiate or participate with others in any suit, action or proceeding against the Borrower or any such guarantor to (i) enforce payment of or to collect the whole or any part of the Subordinated Debt or (ii) commence judicial enforcement of any of the rights and remedies under the Subordinated Debt Documents or applicable law with respect to the Subordinated Debt, (c) to accelerate the Subordinated Debt, (d) to exercise any put option or to cause the Borrower or any such guarantor to honor any redemption or mandatory prepayment obligation under any Subordinated Debt Document or (e) to take any action under the provisions of any state or federal law, including, without limitation, the Uniform Commercial Code, or under any contract or agreement, to enforce, foreclose upon, take possession of or sell any property or assets of the Borrower or any such guarantor.

"**Family Group**" shall mean Davenport' s spouse and descendants (whether or not adopted) and any trust solely for the benefit of Davenport, Davenport' s spouse and/or Davenport' s descendants.

"**Permitted Assignee**" shall mean Daniel Davenport or any assignee permissible under Section 2.6 hereunder.

"**Person**" means any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

"**Proceeding**" shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

"**Refinancing Senior Debt Documents**" shall mean any financing documentation which replaces the Senior Loan Documents and pursuant to which the Senior Debt under the Senior Loan Documents are refinanced, as such financing documentation may be amended, supplemented or otherwise modified from time to time in compliance with this Agreement.

"**Senior Debt**" shall mean all obligations, liabilities and indebtedness of every nature of the Borrower from time to time owed to Senior Lender under the Senior Debt Documents, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding under the Bankruptcy Code together with (a) any amendments, modifications, renewals or extensions thereof to the extent not prohibited by the terms of this Agreement and (b) any interest accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest is an allowed claim. Senior Debt shall be considered to be outstanding whenever any loan commitment under the Senior Debt Document is outstanding.

"**Senior Debt Documents**" shall mean the Senior Loan Documents and, after any refinancing of the Senior Debt under the Senior Loan Documents, the Refinancing Senior Debt Documents.

"**Senior Default**" shall mean any "Event of Default" under the Senior Debt Documents, or any condition or event that, after notice or lapse of time or both, would constitute such an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period set forth therein.

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"**Senior Lender**" shall mean LaSalle Bank National Association, as Lender under the Senior Credit Agreement, or any successor or assign thereof.

"**Senior Loan Documents**" shall mean the Senior Credit Agreement and all other agreements, documents and instruments executed from time to time in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time.

"**Subordinated Creditor**" shall mean Holdings or any Permitted Assignee.

"**Subordinated Debt**" shall mean all of the obligations of the Borrower to Subordinated Creditor evidenced by or incurred pursuant to the Subordinated Debt Documents.

"**Subordinated Debt Documents**" shall mean the Dividend Note, the Termination Agreement, any other note or instrument now or hereafter issued pursuant to the Termination Agreement, any guaranty with respect to the Subordinated Debt and all other documents, agreements and instruments now existing or hereinafter entered into evidencing or pertaining to all or any portion of the Subordinated Debt.

"**Subordinated Debt Default**" shall mean a default in the payment of the Subordinated Debt or in the performance of any term, covenant or condition contained in the Subordinated Debt Documents or any other occurrence permitting Subordinated Creditor to accelerate the payment of all or any portion of the Subordinated Debt.

"**Subordinated Debt Default Notice**" shall mean a written notice from Subordinated Creditor or the Borrower to Senior Lender pursuant to which Senior Lender is notified of the occurrence of a Subordinated Debt Default, which notice incorporates a reasonably detailed description of such Subordinated Debt Default and which notice expressly states that it is a "Subordinated Debt Default Notice" hereunder.

2. Subordination.

2.1 Subordination of Subordinated Debt to Senior Debt. The Borrower covenants and agrees, and each of Subordinated Creditor and any Permitted Assignee by its acceptance of the Subordinated Debt Documents (whether upon original issue or upon transfer or assignment) likewise covenants and agrees, notwithstanding anything to the contrary contained in any of the Subordinated Debt Documents, that the payment of the Subordinated Debt shall be subordinate and subject, to the extent and in the manner hereinafter set forth, to the payment of the Senior Debt. Each holder of Senior Debt, whether such Senior Debt is now outstanding or hereafter

created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Debt in reliance upon the provisions contained in this Agreement.

2.2 Liquidation, Dissolution, Bankruptcy. In the event of any Proceeding involving the Borrower:

(a) All Senior Debt shall first be indefeasibly paid in full in cash and all commitments to lend under the Senior Debt Documents shall be terminated before any Distribution, whether in cash, securities or other property, shall be made to Subordinated Creditor on account of any Subordinated Debt, except as expressly set forth in Section 2.3 hereof.

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(b) Any Distribution, whether in cash, securities or other property which would otherwise, but for the terms hereof and other than as expressly permitted under Section 2.3 hereof, be payable or deliverable in respect of the Subordinated Debt shall be paid or delivered directly to Senior Lender (to be held and/or applied by Senior Lender in accordance with the terms of the Senior Debt Documents) until all Senior Debt is indefeasibly paid in full in cash and all commitments to lend under the Senior Debt Documents shall have been terminated. Subordinated Creditor irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator or other Person having authority, to pay or otherwise deliver all such Distributions to Senior Lender. Subordinated Creditor also irrevocably authorizes and empowers Senior Lender, in the name of Subordinated Creditor, to demand, sue for, collect and receive any and all such Distributions.

(c) Subordinated Creditor agrees not to initiate, prosecute or participate in any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of the Senior Debt or any liens and security interests securing the Senior Debt.

(d) Subordinated Creditor agrees to execute, verify, deliver and file any proofs of claim in respect of the Subordinated Debt requested by Senior Lender in connection with any such Proceeding and hereby irrevocably authorizes, empowers and appoints Senior Lender its agent and attorney-in-fact to (i) execute, verify, deliver and file such proofs of claim upon the failure of Subordinated Creditor promptly to do so prior to 30 days before the expiration of the time to file any such proof of claim and (ii) vote such claim in any such Proceeding upon the failure of Subordinated Creditor to do so prior to 15 days before the expiration of the time to vote any such claim; provided Senior Lender shall have no obligation to execute, verify, deliver, file and/or vote any such proof of claim. In the event that Senior Lender votes any claim in accordance with the authority granted hereby, Subordinated Creditor shall not be entitled to change or withdraw such vote.

(e) The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Senior Lender and Subordinated Creditor even if all or part of the Senior Debt or the security interests securing the Senior Debt are subordinated, set aside, avoided, invalidated or disallowed in connection with any such Proceeding, and this Agreement shall be reinstated if at any time any payment of any of the Senior Debt is rescinded or must otherwise be returned by any holder of Senior Debt or any representative of such holder.

2.3 Subordinated Debt Payments. Notwithstanding anything in this Agreement or the Senior Loan Documents to the contrary and subject to Section 2.2 above, Borrower shall be entitled to make regularly scheduled payments of principal and interest on the Dividend Note in accordance with the express terms thereof and Subordinated Creditor shall be entitled to reimbursement of reasonable attorney' s fees and court costs (if any) in accordance with the express terms of the Dividend Note. Subject to Section 2.4 below, all other payments on the Subordinated Debt are hereby prohibited without the prior written consent of the Senior Lender.

2.4 Subordinated Debt Standstill Provisions. Until the Senior Debt is indefeasibly paid in full in cash and all commitments to lend under the Senior Debt Documents shall be terminated, if an Event of Default (as defined in the Senior Credit Agreement) under the Senior Debt Documents has occurred and is continuing and the Senior Lender has accelerated the Senior Debt, and the Senior Lender shall have provided written notice to the Subordinated Creditor thereof, Subordinated Creditor shall not, without the prior written consent of Senior Lender, take any Enforcement Action with respect to the Subordinated Debt during the time that such Event of Default is continuing; provided that, Senior Lender hereby agrees that it shall not accelerate the Senior Debt solely for the purpose of preventing Subordinated Creditor from taking an Enforcement Action in accordance with the terms of this Agreement. Notwithstanding the foregoing, Subordinated Creditor may file proofs of claim against the Borrower in any Proceeding involving the Borrower. Any Distributions or other proceeds of any Enforcement Action obtained by Subordinated Creditor in violation of the foregoing prohibition shall in any event be held in trust by it for the benefit of Senior Lender and promptly paid or delivered to Senior Lender in the form received until such time that such Event of Default has been cured or waived and is no longer continuing. Notwithstanding the foregoing, until the Senior Debt is indefeasibly paid in full in cash and all

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commitments to lend under the Senior Debt Documents shall be terminated, Subordinated Creditor shall not file, join in the filing of, induce others to file, or cooperate in the filing of, an involuntary bankruptcy petition against the Borrower.

2.5 **Incorrect Payments**. If any Distribution on account of the Subordinated Debt not permitted to be made by the Borrower or accepted by Subordinated Creditor under this Agreement is made and received by Subordinated Creditor, such Distribution shall not be

commingled with any of the assets of Subordinated Creditor, shall be held in trust by Subordinated Creditor for the benefit of Senior Lender and shall be promptly paid over to Senior Lender for application (in accordance with the Senior Debt Documents) to the payment of the Senior Debt then remaining unpaid, until all of the Senior Debt is paid in full.

2.6 **Sale, Transfer or other Disposition of Subordinated Debt.**

(a) Other than (i) the assignment and transfer of the Dividend Note from Holdings to Davenport and (ii) any assignment or transfer of the Dividend Note by will, pursuant to the laws of descent and distribution, or to a member of Davenport' s Family Group, Subordinated Creditor shall not sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Subordinated Debt or any Subordinated Debt Document.

(b) Notwithstanding the foregoing, the subordination effected hereby shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Subordinated Debt in violation of the foregoing prohibition, and the terms of this Agreement shall be binding upon the successors and assigns of Subordinated Creditor, as provided in Section 9 hereof.

2.7 **Legends**. Until the termination of this Agreement in accordance with Section 15 hereof, Subordinated Creditor will cause to be clearly, conspicuously and prominently inserted on the face of the Dividend Note and any other Subordinated Debt Document, as well as any renewals or replacements thereof, the following legend:

> "This instrument and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (the "Subordination Agreement") dated as of February 4, 2002 among U-C Holdings, L.L.C., a Delaware limited liability company ("Holdings"), CTN Media Group, Inc., f/k/a College Television Network, Inc., a Delaware corporation (the "Borrower") and LaSalle Bank National Association ("Senior Lender"), to the indebtedness (including interest) owed by the Borrower pursuant to that certain Amended and Restated Credit Agreement dated as of August 14, 2001 among the Borrower and Senior Lender, as such Credit Agreement has been and hereafter may be amended, supplemented or otherwise modified from time to time and to indebtedness refinancing the indebtedness under that agreement as contemplated by the Subordination Agreement; and each holder of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement."

3. **Modifications.**

3.1 **Modifications to Senior Debt Documents.** Senior Lender may at any time and from time to time without the consent of or notice to Subordinated Creditor, without incurring liability to Subordinated Creditor and without impairing or releasing the obligations of Subordinated Creditor under this Agreement, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms of the Senior Debt, or amend in any manner any agreement, note, guaranty or other instrument evidencing or securing or otherwise relating to the Senior Debt.

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3.2 Modifications to Subordinated Debt Documents. Until the Senior Debt has been indefeasibly paid in full in cash and all lending commitments under the Senior Debt Documents have terminated, and notwithstanding anything to the contrary contained in the Subordinated Debt Documents, Subordinated Creditor shall not, without the prior written consent of Senior Lender, agree to any amendment, modification or supplement to the Subordinated Debt Documents.

4. Representations and Warranties.

4.1 Representations and Warranties of Holdings. Holdings hereby represents and warrants to Senior Lender that as of the date hereof: (a) Holdings is a limited liability company duly formed and validly existing under the laws of the State of Delaware; (b) Holdings has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by Holdings will not violate or conflict with the organizational documents of Holdings, any material agreement binding upon Holdings or any law, regulation or order or require any consent or approval which has not been obtained; (d) this Agreement is the legal, valid and binding obligation of Holdings, enforceable against Holdings in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles; (e) Holdings is the sole owner, beneficially (other than with respect to Davenport) and of record, of the Subordinated Debt Documents and the Subordinated Debt; and (f) the Subordinated Debt is, and at all times prior to the termination of this Agreement shall remain, an unsecured obligation of the Borrower.

4.2 Representations and Warranties of Senior Lender. Senior Lender hereby represents and warrants to Subordinated Creditor that as of the date hereof: (a) Senior Lender is a national banking association; (b) Senior Lender has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by Senior Lender will not violate or conflict with the organizational documents of Senior Lender, any material agreement binding upon Senior Lender or any law, regulation or order or require any consent or approval which has not been obtained; and (d) this Agreement is the legal, valid and

binding obligation of Senior Lender, enforceable against Senior Lender in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles.

5. Subordination of Distributions. Subordinated Creditor agrees that in the event that all or any part of a payment made with respect to the Senior Debt is recovered from the holders of the Senior Debt in a Proceeding or otherwise, any Distribution received by Subordinated Creditor with respect to the Subordinated Debt at any time after the date of the payment that is so recovered shall be deemed to have been received by Subordinated Creditor in trust as property of the holders of the Senior Debt and Subordinated Creditor shall forthwith deliver the same to the Senior Lender for the benefit of the Senior Lender for application to the Senior Debt until the Senior Debt is paid in full. A Distribution made pursuant to this Agreement to Senior Lender which otherwise would have been made to Subordinated Creditor is not, as between the Borrower and Subordinated Creditor, a payment by the Borrower to or on account of the Senior Debt.

6. Modification. Any modification or waiver of any provision of this Agreement, or any consent to any departure by any party from the terms hereof, shall not be effective in any event unless the same is in writing and signed by Senior Lender and Subordinated Creditor, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any party hereto in any event not specifically required hereunder shall not entitle the party receiving such notice or demand to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

7. Further Assurances. Each party to this Agreement promptly will execute and deliver such further instruments and agreements and do such further acts and things as may be reasonably requested in writing by any other party hereto that may be necessary or desirable in order to effect fully the purposes of this Agreement.

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8. **Notices**. Unless otherwise specifically provided herein, any notice delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a business day before 4:00 p.m. (Chicago time) or, if not, on the next succeeding business day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four business days after deposit in the United States mail, postage prepaid and properly addressed.

Notices shall be addressed as follows:

If to Holdings:

U-C Holdings, L.L.C.
227 West Monroe Street, Suite 4300
Chicago, IL 60606
Attention: Avy H. Stein & Daniel M. Gill
Telecopy: 312-422-2424

With a copy to:

Kirkland & Ellis
200 E. Randolph Street
Chicago, IL 60601
Attention: Margaret A. Gibson
Telecopy: 312-861-2200

If to Davenport:

Daniel D. Davenport
120 Lafayette Drive, #11
Atlanta, Georgia 30309

With a copy to:

D. Denby Davenport, Jr.
P.O. Box 10267
Greenville, South Carolina 29603
Telecopy: (864) 242-9271

If to the Borrower:

CTN Media Group, Inc.
3350 Peachtree Road, Suite 1500
Atlanta, Georgia 30326
Attention: Neil H. Dickson
Telecopy: 404-256-9168

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With a copy to:

Morris, Manning & Martin, L.L.P.
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326
Attention: Lauren Z. Burnham
Telecopy: 404-365-9532

If to Senior Lender:

LaSalle Bank National Association
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Charles Corbisiero
Telecopy: (312) 904-4779

With a copy to:

Katten Muchin Zavis
525 West Monroe Street
Chicago, Illinois 60661
Attention: René Ghadimi
Telecopy: (312) 577-8797

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 8.

9. **Successors and Assigns**. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of Senior Lender, Subordinated Creditor and the Borrower. To the extent permitted under the Senior Debt Documents, Senior Lender may, from time to time, without notice to Subordinated Creditor, assign or transfer any or all of the Senior Debt or any interest therein to any Person and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Senior Debt shall, subject to the terms hereof, be and remain Senior Debt for purposes of this Agreement, and every permitted assignee or transferee of any of the Senior Debt or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Senior Debt, be entitled to rely upon and be the third party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a party hereto. Any Permitted Assignee of the Dividend Note (a) shall be entitled

to rely upon and be the third party beneficiary of this Agreement and (b) shall be subject to the subordination provided under this Agreement, to the same extent as if such Permitted Assignee were initially a party hereto.

10. **Relative Rights.** This Agreement shall define the relative rights of Senior Lender and Subordinated Creditor. Nothing in this Agreement shall (a) impair, as between the Borrower and Senior Lender and as between the Borrower and Subordinated Creditor, the

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obligation of the Borrower with respect to the payment of the Senior Debt and the Subordinated Debt in accordance with their respective terms or (b) affect the relative rights of Senior Lender or Subordinated Creditor with respect to any other creditors of the Borrower.

11. **Conflict**. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Subordinated Debt Documents, the provisions of this Agreement shall control and govern.

12. **Headings**. The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

13. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. **Severability.** In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

15. **Continuation of Subordination; Termination of Agreement**. This Agreement shall remain in full force and effect until the indefeasible payment in full in cash of the Senior Debt and the termination of all lending commitments under the Senior Debt Documents after which this Agreement shall terminate without further action on the part of the parties hereto.

16. **Applicable Law.** This Agreement shall be governed by and shall be construed and enforced in accordance with the internal laws of the State of Illinois, without regard to conflicts of law principles.

17. **CONSENT TO JURISDICTION. EACH OF SUBORDINATED CREDITOR AND THE BORROWER HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF COOK, STATE OF**

ILLINOIS AND IRREVOCABLY AGREES THAT, SUBJECT TO SENIOR LENDER' S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. EACH OF SUBORDINATED CREDITOR AND THE BORROWER EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. EACH OF SUBORDINATED CREDITOR AND THE BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUBORDINATED CREDITOR AND THE BORROWER AT THEIR RESPECTIVE ADDRESSES SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

18. **WAIVER OF JURY TRIAL. SUBORDINATED CREDITOR, THE COMPANY AND SENIOR LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE SUBORDINATED DEBT DOCUMENTS OR ANY OF THE SENIOR DEBT DOCUMENTS. EACH OF SUBORDINATED CREDITOR, THE COMPANY AND SENIOR LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE SENIOR DEBT DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF SUBORDINATED CREDITOR, THE COMPANY AND SENIOR LENDER WARRANTS AND REPRESENTS THAT EACH HAS**

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HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

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Signature Page Follows

IN WITNESS WHEREOF, the parties hereto have caused this Subordination and Intercreditor Agreement to be executed as of the date first above written.

SUBORDINATED CREDITOR:

U-C HOLDINGS, L.L.C., a Delaware limited liability company

By: Willis Stein & Partners, L.P.
Its: Managing Member

By: Willis Stein & Partners, L.L.C.
Its: General Partner

By: /s/ Avy H. Stein
Name: Avy H. Stein
Title: Managing Director

BORROWER:

CTN MEDIA GROUP, INC., a Delaware corporation

By: /s/ Neil H. Dickson
Name: Neil H. Dickson
Its: Chief Operating Officer

SENIOR LENDER:

LASALLE BANK NATIONAL ASSOCIATION, a national banking association, as Senior Lender

By: /s/ Charles Corbisicro
Name: Charles Corbisicro
Its: Vice President

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Agreed to and acknowledged by
on this day of February, 2002:

/s/ Daniel D. Davenport
Daniel D. Davenport

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EXHIBIT 99.1

SAFE HARBOR COMPLIANCE STATEMENT FOR FORWARD-LOOKING STATEMENTS

In passing the Private Securities Litigation Reform Act of 1995, or the Reform Act, Congress encouraged public companies to make "forward-looking statements" by creating a safe harbor to protect them from securities law liability in connection with these statements. We intend to qualify both our written and oral forward-looking statements for protection under the Reform Act and any other similar safe harbor provisions.

Generally, forward-looking statements include expressed expectations of future events and the assumptions on which these expectations are based. All forward-looking statements are inherently uncertain as they are based on expectations and assumptions concerning future events, and they are subject to numerous known and unknown risks and uncertainties that could cause actual events or results to differ materially from those projected. Due to those uncertainties and risks, the investment community is urged not to place undue reliance on our written or oral forward-looking statements. We do not undertake any obligation to update or revise this Safe Harbor Compliance Statement for Forward-Looking Statements to reflect future developments. In addition, we do not undertake any obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time. This Statement supersedes the Safe Harbor Statement filed as Exhibit 99.1 to our Annual Report on Form 10-K for the year ended December 31, 2001.

We provide the following risk factor disclosure in connection with our continuing effort to qualify our written and oral forward-looking statements for the safe harbor protection of the Reform Act and any other similar safe harbor provisions. Important factors currently known to our management that could cause actual results to differ materially from those in forward-looking statements include the disclosures contained in the Quarterly Report on Form 10-Q to which this statement is appended as an exhibit and also include the following:

We have experienced, and continue to experience, net losses and negative cash flows from operations.

Since our inception, we have experienced, and are continuing to experience, operating losses and negative cash flows from continuing operations. Our statements of operations for the quarter ended March 31, 2002, and the same period in the prior year, reflect net losses from continuing operations of $3,198,699, and $4,450,219, respectively. The auditors for the Company have included a going concern qualification in their audit opinion for the Company, for the year ended December 31, 2001.

We may require additional working capital or financing to meet our operating demands.

Our future financial results will depend primarily on our ability to increase advertising revenues and maintain our existing installations. We cannot assure that we will achieve profitability or positive cash flows from future operating activities. If we experience operating difficulties, or if advertising revenues do not increase substantially, it is likely that we will be required to raise additional capital or obtain additional financing to fund our operations. Based upon the Company' s current projections, the Company will need to raise additional capital in the near future for 2002. The Company is currently exploring capital-raising alternatives. The Company cannot be certain that any of the alternatives will be consummated or that the terms of such financing will be favorable to the Company or its shareholders. Failure to secure additional capital will significantly impact the Company' s ability to continue as a going-concern.

We may not meet our covenants under our bank debt arrangements.

At March 31, 2002, we were not in compliance with a financial covenant required under our $5 million line of credit facility. The Company received a waiver from the financial institution for the current default related to the financial covenant of the $5 million line of

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credit facility. The outstanding amount on our credit facility is $5 million, which is due on January 31, 2003. We believe it is possible that certain

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requirements contained in our loan covenants may still not be met during fiscal 2002. If we fail to meet a covenant under the bank loan, the financial institution has the right to declare the loan due immediately.

Possibility of NASDAQ delisting.

The Company has received a letter from The Nasdaq SmallCap Market ("Nasdaq") notifying the Company that it is not currently in compliance with certain listing requirements relating to share price. If the Company does not come into compliance by August 13, 2002, it may be delisted. In addition, there are other compliance matters that the Company may not meet. There are no assurances that the Company will be able to maintain its listing on Nasdaq, which could negatively impact the value of CTN stock.

We depend on our advertising revenues.

We derive a significant portion of our revenues from advertisers displaying their commercials on the College Television Network. Although we have agreements with certain national advertisers and have held discussions or had prior agreements with other national advertisers, we cannot assure that these advertisers will continue to purchase advertising from us, or that new advertisers will purchase advertising from us. Because certain advertisers may discontinue or reduce advertising on our network from time to time, we anticipate that we could experience fluctuations in operating results and revenues. The failure to attract and enter into new and/or additional agreements with national advertisers and to derive significant revenues from these advertisers would have a material adverse effect on our business and financial results.

We may need to raise additional capital.

We often are in discussions with financial institutions regarding new credit facilities and exploring other capital-raising alternatives. Members of our management team are likely to expend considerable resources in pursuing and negotiating any such transaction. We can offer no assurance that we will be successful in completing a capital-raising transaction, and the terms and conditions of the transaction may pose additional risks to our Company. Failure to secure additional capital will significantly impact the Company' s ability to continue as a going-concern.

We must maintain existing installations.

Our network' s growth is dependent upon our ability to maintain the number of installation sites at colleges and universities. If we maintain our installation sites and increase sell-out percentages and CPM rates, we will be able to increase our advertising revenue. We have decreased our number of installed locations, including contracts for future installations, from 1,775 as of December 31, 2001 to 1,751 as of March 31, 2002. This pattern of diminishing locations may continue at the same pace or may even accelerate, and colleges and universities may require the removal of further systems from current locations. Our contracts with colleges and universities for installation sites typically have a three-year term. The failure to maintain our installation sites would have a material adverse effect on our business and financial results.

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We depend upon our access to programming.

We believe that our ability to maintain access to music videos and other programming on a regular, long-term basis, on terms favorable to us is important to our future success and profitability. Our network' s programming consists primarily of music, news, information and entertainment. Our network' s music programming is provided free of charge by major music companies including Warner/ Elektra/Atlantic, EMI, Polygram, MCA and BMG. There is no assurance that the music companies will continue to provide the music videos free of charge. We also receive customized news and sports feeds produced for the network by CNN through an agreement with Turner Private Networks. The Company is exploring renewing this agreement or finding alternative sources of news and sports at little or no cost; however, if such agreement is not renewed or CTN cannot obtain a substitute, this would have a material adverse effect on the business and financial results.

We depend upon satellite technology.

The ability of our network to transmit our programming, and thereby derive advertising revenue, is dependent upon proper performance of the satellite transmission equipment upon which our network' s programming delivery is based. Our contract with Public Broadcasting Service, Inc. provides for our sublease of transponder capacity on a satellite owned and operated by GE American Communications, Inc. We are entitled to limited protected service under the sublease in the event the satellite fails, which would enable the network' s programming to be redirected to a different satellite under certain circumstances and subject to certain limitations. However, in the event that our network' s programming is required to be redirected to a different satellite, our satellite dishes installed in each of our affiliate locations would be required to be redirected in order for the programming signals to be received from the satellite. This redirection procedure could take up to 21 days for completion and would involve significant cost to us. We have obtained insurance for certain of the costs associated with such a satellite failure, including the costs of redirecting the satellite dishes, securing a new satellite transponder, and the lost advertising revenues resulting from the interruption in programming.

We depend on our agreements with third parties.

The ability of our network to transmit our programming and to maintain and install our equipment is dependent upon performance by certain third parties under contracts with us. We are substantially dependent upon performance by unaffiliated companies for our day-to-day programming operations and system installation and maintenance.

Any failure to maintain or improve market acceptance for the network would adversely affect our business.

Our prospects will be significantly affected by the success of our affiliate marketing efforts, the acceptance of our programming by potential viewers and our ability to attract advertisers. Achieving market acceptance for our network will require significant effort and expenditures by us to enhance awareness and demand by viewers and advertisers. Our current strategy and future marketing plans may be subject to change as a result of a number of factors, including progress or delays in our affiliate marketing efforts, the nature of possible affiliation and other broadcast arrangements that may become available to us in the future, and factors affecting the direct broadcast industry. We cannot assure that our strategy will result in initial or continued market acceptance for the network.

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We depend upon our key executives.

We are substantially dependent on the efforts of Tom Rocco, our President. The Company is implementing management restructuring, placing further reliance on other key executives that may cause a disruption in the business of the Company. In addition, the loss of any of these executives could have a material adverse effect on our business and financial results.

We depend on our sales staff to maintain our business.

Our business is, and will continue to be, dependent upon the sales skills of our account personnel and their relationships with clients. There is substantial competition among media placement and advertising companies for talented personnel and we are vulnerable to adverse consequences from the loss of key individuals. Our employees are generally not under employment contracts and are free to move to competitors.

We may not be able to compete successfully with other companies.

CTN competes for advertisers with many other forms of advertising media, including television, Internet, radio, print, direct mail and billboard. There are no meaningful intellectual property barriers to prevent competitors from entering into this market, and we cannot assure that a competitor with greater

resources than us will not enter into the market. We believe that competition could increase as other organizations perceive the potential for commercial application of our product or service.

We must continue to advance our technology.

We expect technological developments and enhancements to continue at a rapid pace in the direct broadcast satellite network industry and related industries, and we cannot assure that technological developments will not require us to switch to a different transmission technology or cause our technology and products to be dated. Our future success could be largely dependent upon our ability to adapt to technological change and remain competitive.

Our principal stockholder continues to control our affairs.

U-C Holdings, L.L.C. ("Holdings") beneficially owns approximately 85% of our outstanding voting stock, including common stock and voting preferred stock. As a result of its ownership, Holdings has, and will continue to have, sufficient voting power to determine our direction and policies, the election of our directors, the outcome of any other matter submitted to a vote of stockholders and to prevent or cause a change in our control.

We may be subject to conflicts of interest and related party transactions.

Certain conflicts of interest may arise as a result of the beneficial ownership interests in Holdings that are held by a majority of our directors and certain senior management. Several members of our Board of Directors may be deemed to be indirect beneficial owners of the securities owned by Holdings. Conflicts of interest may arise as a result of these affiliated relationships. Although no specific measures to resolve such conflicts of interest have been formulated, our management and Board have a fiduciary obligation to deal fairly and in good faith

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with the stockholders and will exercise reasonable judgment in resolving any specific conflict of interest that may occur. In addition, the Company has a Special Finance Committee to the Board, made up of directors with no affiliation to Holdings, who deal with financing matters involving Holdings.

The holders of our common stock could be materially diluted under certain circumstances.

The conversion of the shares of convertible preferred stock into common stock or the payment of a dividend of shares of common stock to the holders of convertible preferred stock will result in dilution of voting rights of the currently outstanding public holders of the common stock.

Our revenues are subject to seasonality.

Our revenues are affected by the pattern of seasonality common to most school-related businesses. Historically, we have generated a significant portion of our revenues during the period of September through May and substantially fewer revenues during the summer months when most colleges and universities do not hold regular classes.

Our stock price and ability to raise capital or obtain financing could be hurt by our outstanding warrants and options.

As of March 31, 2002, there are outstanding options to purchase 2,521,598 shares of our common stock granted to employees, officers and directors pursuant to our stock option plans and otherwise. In addition, there are warrants outstanding that permit their holders to purchase 924,832 shares of our common stock. Holdings has entered into certain Equity Protection Agreements, dated April 25, 1997, which allow Holdings to purchase additional shares of our common stock at any time after the exercise of options or warrants that were outstanding on April 25, 1997 at the price of $2.75 per share and $3.50 per share (as adjusted). As of the date hereof, the Equity Purchase Agreements represent Holdings' right to purchase 2,077,194 shares of CTN' s common stock. Certain other holders of options and warrants also have demand and piggyback registration rights. While such rights, warrants and options are outstanding,

they may (i) adversely affect the market price of our common stock and (ii) impair our ability to, and the terms on which we can, raise additional equity capital or obtain debt financing.

Sales of our shares could cause our stock price to fall.

Sales of a substantial number of shares of common stock in the public market could adversely affect the market price of our common stock prevailing from time to time. All shares of our common stock, including shares held by Holdings, are freely tradable or may be sold pursuant to Rule 144 under the Securities Act. The sale of the shares of our common stock held by Holdings and other affiliates of CTN are subject to certain volume limitations set forth in Rule 144 under the Securities Act. As of March 31, 2002, options to purchase 2,521,598 shares and warrants to purchase 924,832 shares of our common stock were outstanding, of which options to purchase1,372,227 shares and warrants to purchase 924,832 shares were exercisable.

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