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LEASE TERMINATION AGREEMENT
RECORDER

Chicago Title Insurance Company

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This LEASE TERMINATION AGREEMENT ("Agreement"), entered into as of January 24 1996, by and between THE FRIEDMAN TRUST, c/o LEAH ANN ALTMAN, TRUSTEE, ("Landlord"), and MCCRORY CORPORATION, Debtor-In-Possession ("Tenant"),

WITNESSETH:

WHEREAS, Landlord and Tenant, or their predecessors in interest, entered into that certain lease dated August 3, 1979, which lease, together with all modifications, amendments, related agreements and letters is hereafter referred to as "Lease", for the lease of certain premises ("Premises") commonly known as 800-804 Chicago Avenue, East Chicago, County of Lake, State of Indiana, and legally described on Exhibit A attached hereto; and

WHEREAS, Tenant has filed for protection under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the case styled IN RE: McCrory Corporation, Debtor, Case No. 92-B-41133 (CB), for and in the Southern District of New York (the "Bankruptcy Court"); and

WHEREAS, Landlord and Tenant desire that the Lease be terminated as hereinafter set forth;

NOW, THEREFORE, in mutual consideration of Ten (\$10.00) Dollars the terms, covenants, conditions and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Landlord and Tenant hereby terminate the Lease effective on January 31, 1996. Such date of termination shall hereinafter be referred to as the "Effective Date".

2. All restoration, repair, and maintenance obligations required to be performed by Tenant are eliminated as of the Effective Date, and the Premises shall be surrendered to Landlord in an "AS IS" condition on or before the Effective Date, except that Tenant hereby agrees to repair any damage caused by Tenant in vacating the Premises.

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3. Landlord does hereby covenant, warrant and represent to and with Tenant that Landlord is the owner and holder of the Premises and of Landlord's interest in the Lease and all prior leases, covenants and agreements, and that the Premises and Landlord's interest are free and clear of all assignments, liens and encumbrances, that Landlord has full authority to make this Agreement without the consent of any other person and hereby agrees to indemnify, defend (with counsel acceptable to Tenant) and hold Tenant harmless against all claims arising out of allegations that the statements made in this Paragraph 3 are untrue or are partially untrue.

4. (A) From and after the date hereof, and until the Effective Date, Landlord and Tenant shall fully comply with all obligations under the Lease. Tenant shall continue to timely pay all rental (including percentage rental accruing as of the Effective Date) and other charges under the Lease through the Effective Date, all which shall be prorated on a per diem basis.

(B) From and after the date hereof, and until the Effective Date, Tenant shall pay all water, sewer and other utilities incurred by Tenant through the Effective Date. Tenant shall obtain final meter readings on such utilities on the Effective Date and shall coordinate the transfer of such utilities with the Landlord.

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(C) As of the Effective Date, except as set forth in this Agreement, all claims, amounts owed or obligations to be performed by either party to the other, under the terms of the Lease, at law or in equity, as a result of Tenant's use and occupancy of the Premises, shall be deemed satisfied and paid in full, and each party is hereby fully released from any obligation to the other in connection with the Lease, including without limitation the performance of all covenants to pay rent, real estate taxes, or other sums or charges, and all covenants with respect to repairs, maintenance and restoration. Notwithstanding the foregoing, Tenant shall not be released from its obligations for rental or additional charges arising prior to the Effective Date, and Tenant shall remain responsible for its Indemnity obligations under Section 13.01 of the Lease with respect to events arising on or before the Effective Date.

5. This Agreement is not to be deemed a waiver or release by Landlord of its claim for Rent arising prior to February 25, 1992 for which Landlord has filed a claim in the Bankruptcy Court.

6. In the event that on or before the Effective Date there is damage to the Premises which is covered by fire or casualty insurance required to be maintained by Tenant, Tenant shall assign to Landlord all rights of Tenant under such policies as required to be maintained by the Lease and upon consummation of such assignment to Landlord thereof, Tenant shall be released of its obligations under the Lease to rebuild.

IN WITNESS WHEREOF, Landlord and Tenant have agreed to the foregoing Lease Termination Agreement in its entirety as of the day and year first set forth above, and have executed same on the day and year set forth in the acknowledgements below.

LANDLORD:

WITNESS:

THE FRIEDMAN TRUST, c/o
LEAH ANN ALTMAN, TRUSTEE

By: *Roshana*

By: *Leah Ann Altman*

Title: *Trustee*

TENANT:

ATTEST:

MCCRORY CORPORATION,
Debtor-in-Possession

By: *John M. Grant*
Secretary

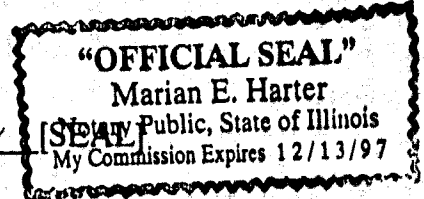
By: *Paul Weiner*
Paul Weiner, Sr. Vice President

ACKNOWLEDGMENTS

STATE OF ~~INDIANA~~ ILLINOIS :
 : SS-
COUNTY OF COOK :

Before me, the undersigned, a Notary Public in and for said County and State, this 24th day of January, 1996, personally appeared **LEAH ANN ALTMAN, TRUSTEE OF THE FRIEDMAN TRUST** and acknowledged the execution of the foregoing instrument.

Marian E. Harter
Notary Public

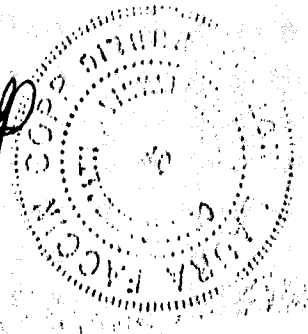
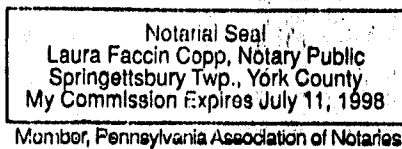


My commission expires: 12-13-97

COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF YORK :

On this 29 day of January, 1996, before me Laura Faccin Copp, the undersigned officer, personally appeared **Paul Weiner**, who acknowledged himself to be the Sr. Vice President of **MCCRORY CORPORATION**, a Delaware corporation, and that he, as such Sr. Vice President being authorized to do so, executed the foregoing Lease Termination Agreement for the purposes therein contained, by signing the name of the corporation by himself as Sr. Vice President.

Laura Faccin Copp
Notary Public
My Commission Expires:



THIS INSTRUMENT WAS PREPARED BY PRABHA PARAMESWARAN
AFTER RECORDING RETURN TO: pedersen & HOUP
161 NORTH CLARK STREET
SUITE 3100
CHICAGO, IL 60601

EXHIBIT A

Lots 16, 17 and 18, Block 3, Subdivision of Lot 25, Block 3, Subdivision of the Southwest Quarter of Section 29, Township 37 North, Range 9 West of the Second Principal Meridian, in the City of East Chicago, as shown in Plat Book 5, Page 32, in Lake County, Indiana.

(C) As of the Effective Date, except as set forth in this Agreement, all claims, amounts owed or obligations to be performed by either party to the other, under the terms of the Lease, at law or in equity, as a result of Tenant's use and occupancy of the Premises, shall be deemed satisfied and paid in full, and each party is hereby fully released from any obligation to the other in connection with the Lease, including without limitation the performance of all covenants to pay rent, real estate taxes, or other sums or charges, and all covenants with respect to repairs, maintenance and restoration. Notwithstanding the foregoing, Tenant shall not be released from its obligations for rental or additional charges arising prior to the Effective Date, and Tenant shall remain responsible for its Indemnity obligations under Section 13.01 of the Lease with respect to events arising on or before the Effective Date.

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WITNESS:

THE FRIEDMAN TRUST, c/o
LEAH ANN ALTMAN, TRUSTEE

By: *Rosha Pa*

By: *Leah Ann Altman*

Title: *Trustee*

TENANT:

ATTEST:

MCCRORY CORPORATION,
Debtor-in-Possession

By: *John M. Gaunt*
Secretary

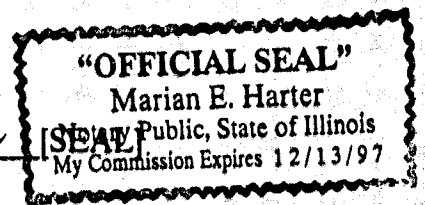
By: *Paul Weiner*
Paul Weiner, Sr. Vice President

ACKNOWLEDGMENTS

STATE OF ~~INDIANA~~ ILLINOIS :
 : SS-
COUNTY OF COOK :

Before me, the undersigned, a Notary Public in and for said County and State, this 24th day of JANUARY, 1996, personally appeared **LEAH ANN ALTMAN, TRUSTEE OF THE FRIEDMAN TRUST** and acknowledged the execution of the foregoing instrument.

Marian E. Harter
Notary Public

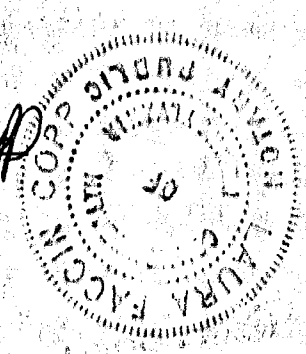
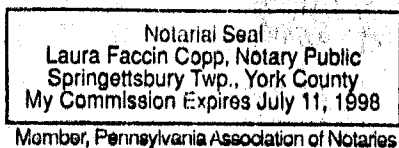


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