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**LEASE TERMINATION AGREEMENT
(Store No. 458)**

CM 02050143

This Lease Termination Agreement ("Agreement"), entered into as of MAY 9 1997, by and between **INDIANA HARBOR MERCHANTS DEVELOPMENT ASSOCIATES** ("Landlord"), and **MCCRORY CORPORATION**, Debtor-In-Possession ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant or their predecessors in interest, entered into certain lease dated October 7, 1977, which lease, together with all modifications, amendments, related agreements and letters is hereafter referred to as "Lease", for the lease of certain premises ("Premises") located at 3714-18 Main Street, Indiana Harbor, Indiana, as more particularly described as set forth therein; and

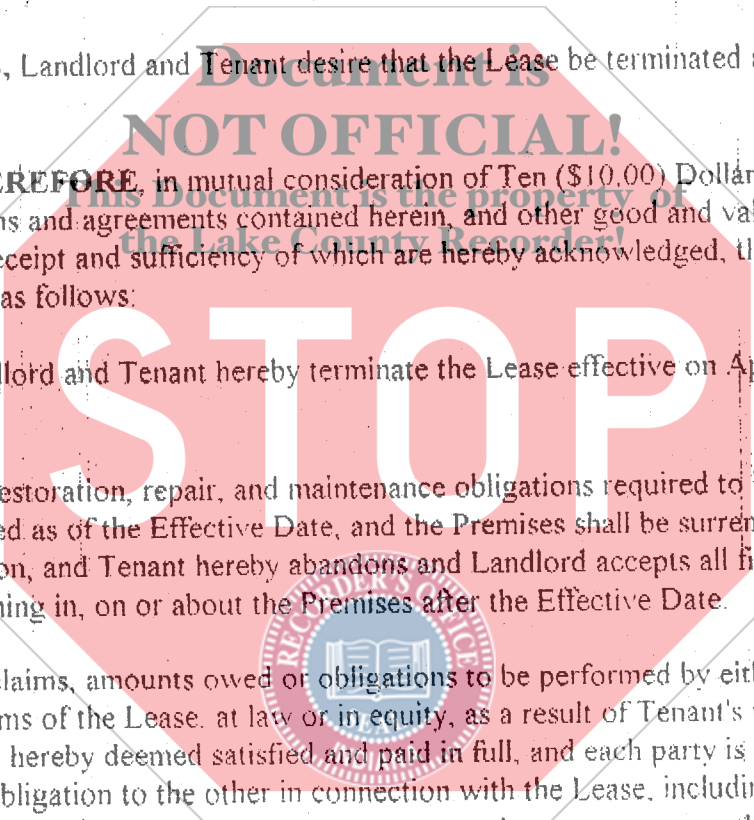
WHEREAS, Tenant has filed for protection under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the case styled IN RE: McCrory Corporation, Debtor, Case No. 92-B-41133, for and in the Southern District of New York; and

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 April 30, 1997 (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 its "as is" condition, and Tenant hereby abandons and Landlord accepts all fixtures, equipment and property remaining in, on or about the Premises after the Effective Date.
3. 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, are hereby 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, whether arising prior to or subsequent to the Effective Date, except that to the Effective Date, Tenant shall be current with rent and other charges and fees payable under the Lease.
4. Landlord does hereby covenant, warrant and represent to and with Tenant that Landlord is the owner and holder of the Premises and of the entire Landlord's interest in the Lease and all prior leases, covenants and agreements, if any; 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 4 are untrue or are partially untrue.
5. This Agreement (except this paragraph, which shall become effective when this Agreement has been accepted and delivered by both parties) shall be of no force and effect whatsoever until, and shall only become effective when the United States Bankruptcy Court presiding over the above-referenced case has entered into an order approving this transaction, as described herein and such order is final and non-appealable (the "Approval Date") However, this agreement shall be of no effect if the approved date occurs after June 30, 1997.

CHICAGO TITLE INSURANCE COMPANY



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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

MICHAEL A. BROWN
RECORDER

Handwritten initials and date: 05/15/97

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6. This Agreement is subject to such higher and better offers as may be made in Tenant's Chapter 11 Proceeding, prior to the approval date. Tenant promises to file petition to approve this transaction on or before May 23, 1997.

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 acknowledgments below.

LANDLORD:

INDIANA HARBOR MERCHANTS DEVELOPMENT ASSOCIATES

By: INDIANA HARBOR MERCHANTS DEVELOPMENT ASSOCIATION, INC. General Partner

[Signature]
By: _____

Title: President

ATTEST

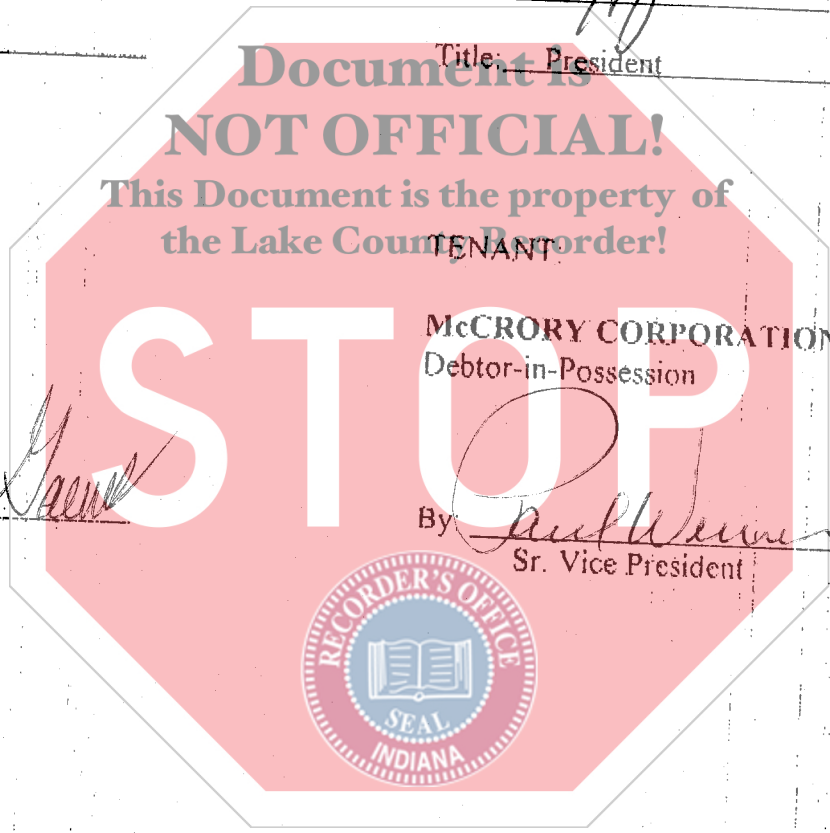
By: *[Signature]*

Title: Secretary

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McCRORY CORPORATION, Debtor-in-Possession

By: *[Signature]*
Sr. Vice President

ATTEST

By: *[Signature]*

Title: Secretary

ACKNOWLEDGMENTS

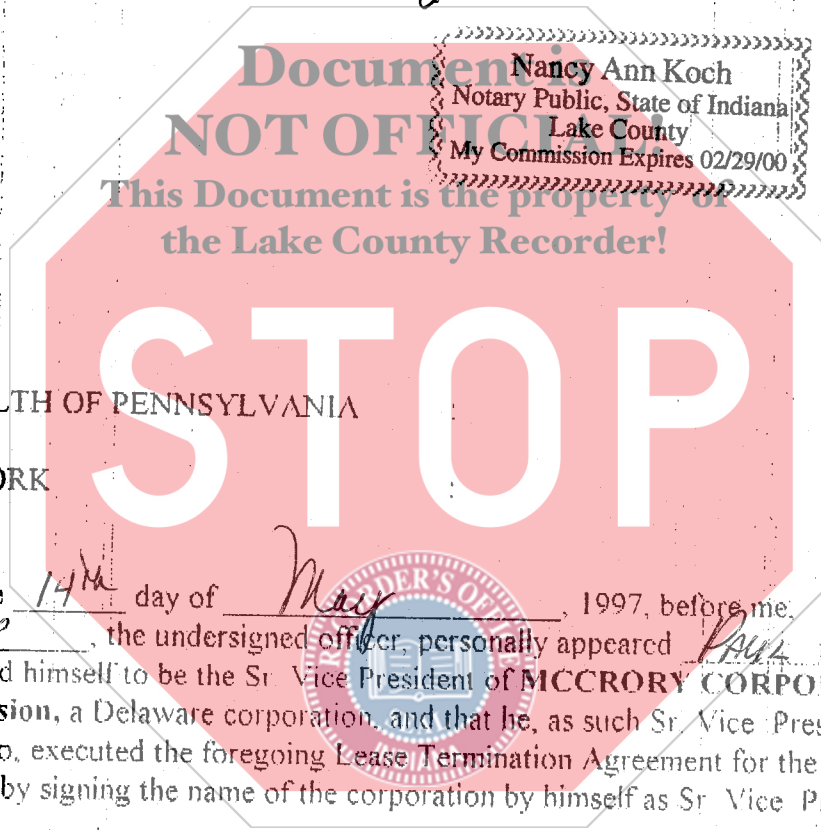
STATE OF INDIANA

SS-

COUNTY OF Lake

I, Nancy A. Koch, a Notary Public in and for the State and County aforesaid, do certify that Fred Halpern, whose name, as President of INDIANA HARBOR MERCHANTS DEVELOPMENT ASSOCIATION, INC. is signed to the Lease Termination Agreement above, bearing date of the 9th day of May, 1997 has acknowledged the same before me in my County aforesaid.

Nancy A. Koch [SEAL]
Notary Public



COMMONWEALTH OF PENNSYLVANIA

COUNTY OF YORK

On this the 14th day of May, 1997, before me, Joy D. SHEPP, the undersigned officer, personally appeared PAUL WEINER who acknowledged himself to be the Sr. Vice President of **MCCRORY CORPORATION, Debtor-in-Possession**, 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.

Joy D. Shepp
Notary Public
My Commission Expires:

Notarial Seal
Joy D. Shepp, Notary Public
Springettsbury Twp., York County
My Commission Expires Dec. 15, 2000
Member, Pennsylvania Association of Notaries