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THIS MORTGAGE SECURES FUTURE ADVANCES MADE FROM TIME TO TIME UNDER THE FINANCING AGREEMENTS SECURED HEREBY

AMENDED AND RESTATED MORTGAGE

This Amended and Restated Mortgage is made in Chicago, Illinois as of December 18, 1985, by Ideal School Supply Corporation, a Delaware corporation ("Mortgagor"), having an address at 11000 South Lavergne Avenue, Oak Lawn, Illinois 60453, in favor of Citicorp Industrial Credit, Inc., a Delaware corporation having an address at 200 South Wacker Drive, 32nd Floor, Chicago, Illinois 60606 ("Lender").

I

Recitals

1.1 Description of Obligations and Security. On July 25, 1984, Mortgagor and Lender entered into a Financing Agreement (Equipment, Inventory and Receivables), evidencing a $10,000,000 loan facility and Mortgagor executed and delivered to Lender, among other documents and instruments, a Promissory Note in the principal amount of $10,000,000 and a Mortgage (the "Restated Mortgage") dated July 25, 1984 and recorded in the public records of Cook County as Document No. 27 188 667 securing Mortgagor's obligations under said Promissory Note and certain other Financing Agreements (as defined in the Restated Mortgage). Mortgagor has requested that Lender (i) modify certain of the terms of the existing loan facility with Mortgagor, and (ii) make additional loans and/or advances to Mortgagor's subsidiaries, Instructional Fair, Inc., a Delaware corporation (formerly Instructional Fair Acquisition Corp., a Delaware corporation) and Luxor Corporation, a Delaware corporation (formerly Luxor Acquisition Corp., a Delaware corporation). In connection with the foregoing, Mortgagor has executed and delivered to Lender an Amended and Restated Promissory Note dated of even date herewith in the principal amount of $10,500,000, a copy of which is attached hereto as Exhibit A (the "Note"), and has executed or caused to be executed and delivered to Lender the following agreements, all dated of even date herewith:

1.1(a) Amended and Restated Financing Agreement (Equipment, Inventory and Receivables) (the "Loan Agreement");

1.1(b) Amended and Restated Patent, Trademark and License Mortgage;

1.1(c) Amended and Restated Copyright and License Mortgage; and

1.1(d) Corporate Guaranty.

This Mortgage amends and restates the Restated Mortgage in its entirety. The foregoing agreements, together with all amendments thereof and replacements thereof, and all other agreements, instruments and documents now or hereafter executed and delivered to Lender by Mortgagor or any third party creating, evidencing or securing indebtedness or obligations now or hereafter owing from Mortgagor to Lender, are collectively referred to herein as the "Financing Agreements". All Mortgagor's indebtedness and obligations now or hereafter owing to Lender, including indebtedness and obligations arising under the Note, the Financing Agreements and this Mortgage, are referred to as "Mortgagor's Obligations". The Mortgagor's Obligations may increase or decrease from time to time, but in no event shall the indebtedness secured hereby at any time exceed $20,000,000 (such amount being hereinafter referred to as the "Secured Amount"). The

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foregoing limitation on the indebtedness secured hereby shall not in any manner limit the amount of Mortgagor's Obligations secured by any of the other Financing Agreements or collateral granted thereunder.

1.2 Title to Mortgaged Premises. Mortgagor warrants, represents and covenants that: (i) the parcels of land legally described in Exhibit B hereto (the "Land Parcels") and all improvements thereon and appurtenances thereto are owned in fee simple by Mortgagor free and clear of all liens and encumbrances other than (A) encumbrances listed in Exhibit C attached hereto and (B) the lien of real estate taxes which are not yet due and payable (such encumbrances being collectively referred to as the "Permitted Encumbrances"); (ii) Mortgagor has legal power and authority to mortgage and convey the Mortgaged Premises (as defined below); and (iii) this Mortgage creates a lien on the Mortgaged Premises subject only to the Permitted Encumbrances.

II

Granting Clauses

To secure the payment and performance of all of Mortgagor's Obligations to the extent of the Secured Amount, Mortgagor hereby warrants, conveys, mortgages, pledges and assigns to Lender and grants Lender a security interest in:

(a) The Land Parcels;

(b) All buildings, improvements and fixtures (collectively the "Improvements") now or hereafter located on the Land Parcels;

(c) All easements, tenements, hereditaments and appurtenances to the Land Parcels and the Improvements;

(d) All oral and written leases with, or other agreements for use and occupancy made or agreed to by, any person or entity pertaining to all or any part of the Land Parcels and Improvements, whether such leases have been heretofore or are hereafter made or agreed to and all rents, issues and profits of the Land Parcels and Improvements, the property described in this clause being hereby pledged primarily and on a parity with the Land Parcels and Improvements and not secondarily;

(e) To the extent now or hereafter located in or on the Land Parcels or in or on the Improvements, all apparatus, equipment, articles and fixtures excluding Mortgagor's inventory of raw materials, work in process and finished goods (all such apparatus, equipment, articles or fixtures being herein collectively referred to as "Apparatus");

(f) All other personal property now or hereafter located in or on the Land Parcels or in or on the Improvements excluding Mortgagor's inventory of raw materials, work in process and finished goods (all such property being herein collectively referred to as "Personalty"); and

(g) Any and all awards, damages, payments and other compensation and any and all claims therefor and rights thereto which may result from taking or injury by virtue of the exercise of the power of eminent domain of or to, or any damage, injury or destruction in any manner caused to, the Mortgaged Premises, or any part thereof; and

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(h) The proceeds from the sale, transfer, pledge or other disposition of any or all of the foregoing property.

The foregoing property described in this Article II is collectively referred to in this Mortgage as the "Mortgaged Premises".

III

Covenants

3.1 Covenants During Mortgage Term. At all times until the lien of the Mortgage is released, Mortgagor shall:

3.1(a) Cause to be paid when due all sums accruing under this Mortgage, the Note or the Financing Agreements;

3.1(b) Keep the Mortgaged Premises and all components thereof in at least the same operating condition and repair which they were in at the time they were acquired by Mortgagor (less reasonable wear and tear), without waste and make all necessary replacements thereof (excluding the Land Parcels) so that the value and operating efficiency thereof shall at all times be maintained and preserved, except as limited by Paragraph 16(K) of the Loan Agreement;

3.1(c) Comply with all laws, ordinances, licenses and governmental rulings and regulations applicable to the Mortgaged Premises;

3.1(d) Not permit, directly or indirectly, the transfer, conveyance, assignment or lease of legal or equitable title to the Mortgaged Premises, or any portion thereof or of any right, title or interest therein, and not permit any contract to be entered into providing for any such transfer, conveyance, assignment or lease on an installment payment basis or otherwise;

3.1(e) Not permit, without the prior written consent of Lender, any lien or encumbrance (including a junior lien or encumbrance) to attach to or remain on the Mortgaged Premises other than the Financing Agreements and the Permitted Encumbrances;

3.1(f) Except as provided in the Loan Agreement, maintain full title in all Apparatus and Personalty and not permit any Apparatus or Personalty to be sold, transferred, conveyed, leased, subleased, encumbered or alienated in any way or removed from the Mortgaged Premises without the prior written consent of Lender, except that Apparatus and Personalty may be temporarily removed from the Mortgaged Premises (provided that full title thereto remains in Mortgagor) consistent with customary practices in Mortgagor's business;

3.1(g) Not permit any material (as determined by Lender in its reasonable discretion) structural alterations of or improvements to the Mortgaged Premises to be made without the prior written consent of Lender;

3.1(h) Permit Lender and its agents to have access to the Mortgaged Premises during ordinary business hours;

3.1(i) In the event of loss or damage to the Mortgaged Premises, promptly remedy such loss or repair

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such damage unless Lender waives such requirement in writing; and

3.1(j) Provide Lender with such information concerning the Mortgaged Premises as is reasonably required by Lender.

3.2 Insurance.

3.2(a) At all times during the term of this Mortgage, Mortgagor shall carry or cause to be carried:

(i) Policies of hazard insurance in an aggregate amount which shall not be less than the full insurable replacement cost of the Improvements and Apparatus, on terms and with companies reasonably satisfactory to Lender, such policies insuring the Mortgaged Premises against loss or damage on an "All Risks" form including the perils of fire, windstorm, vandalism and theft, all on a replacement cost basis;

(ii) Comprehensive general liability insurance policies, naming Mortgagor as insured party, in an aggregate amount acceptable to Lender but in no event less than $1,000,000, and with Lender named as an additional insured for its interest as such;

(iii) Flood insurance in the amount of the maximum available coverage, if the Mortgaged Premises or any part thereof is in an area designated by the Department of Housing and Urban Development as having special flood risks with Lender named as mortgagee; and

(iv) Such other insurance policies as Lender shall from time to time reasonably require.

3.2(b) All such insurance policies shall at all times be in form, substance and with companies reasonably acceptable to Lender, bear a non-contributory mortgage endorsement in favor of Lender as its interest may appear and such other endorsements as Lender may require in form and content acceptable to Lender. All such insurance policies covering the Mortgaged Premises shall contain an agreement by the insurer that no party thereto may cancel or surrender such policy or policies or non-renew such insurance without at least 30 days prior written notice to Lender.

3.2(c) In case of loss or damage, the proceeds of claims under hazard policies pertaining to the Mortgaged Premises shall be paid to Lender for application, at the option of Lender, either (i) to Mortgagor's Obligations up to the Secured Amount (in the inverse order of maturity) with the balance of such proceeds, if any, paid to Mortgagor, or (ii) to the restoration of the Mortgaged Premises on such conditions and subject to such controls as Lender may impose in its absolute discretion, with the balance of such proceeds, if any, applied (in the inverse order of maturity) against the Mortgagor's Obligations up to the Secured Amount. Notwithstanding anything in the preceding sentence to the contrary, if Lender determines, in its reasonable judgment, that the loss or damage is minor in relation to the value and use of the Mortgaged Premises, at the request of Mortgagor such proceeds shall be applied by Lender to the restoration of the Mortgaged Premises as provided in subsection 3.2(c)(ii)

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above. Lender is hereby authorized (but not obligated) to act as attorney-in-fact for Mortgagor in obtaining, adjusting, settling and cancelling all insurance on the Mortgaged Premises and in endorsing any checks or drafts drawn direct.

3.3 Real Estate Taxes. Mortgagor shall pay, on or before the due date thereof and before any penalty or interest accrues, all taxes, assessments and other charges imposed against or involving the Mortgaged Premises and deliver to Lender promptly after making such payments, receipts evidencing payment thereof. Notwithstanding the above, Mortgagor may contest such taxes, provided Lender determines that such contest will not materially impair its security for the Mortgagor's Obligations and Mortgagor gives Lender no less than 30 days prior written notice thereof and provides to Lender during each 30 day period or at any time thereafter such, bonds, title insurance endorsements or other security as Lender may reasonably require in its discretion, indemnifying Lender against loss arising by reason of any nonpayment of taxes on the due date thereof.

3.4 Eminent Domain. In the event of the taking by eminent domain proceedings or the like of any part or all of the Mortgaged Premises by any federal, state, municipal or other governmental authority or agency thereof, all awards or other compensation for such taking and all awards for damage to the remainder shall be paid to Lender for application (in the inverse order of maturity) on the indebtedness secured hereby, provided that no such application shall result in a prepayment premium or have the effect of curing any Default (as hereinafter defined) or extending the time for making any payment due hereunder or under the Financing Agreements.

3.5 Advances.

3.5(a) In the event Mortgagor fails to perform any act required of it by this Mortgage, the Note or the Financing Agreements or to pay when due any amount required to be paid by this Mortgage or the Financing Agreements, Lender may make such payment or perform such act and shall notify Mortgagor thereof. Such payment or performance by Lender shall not have the effect of curing any Default. All monies so advanced by Lender together with all expenses incurred in connection therewith shall be deemed advances ("Advances") under this Mortgage. Advances shall be immediately due and payable and shall be added to the Secured Amount of Mortgagor's Obligations. Advances shall constitute part of the Secured Amount of Mortgagor's Obligations from the date expended and shall be secured by this Mortgage and the Financing Agreements.

3.5(b) All reasonable expenditures (which may be estimated as to items to be expended after decree) made by Lender in connection with this Mortgage, including without limitation, expenses incurred with the enforcement thereof, taking or remaining in possession of the Mortgaged Premises or the presentation or protection of the Mortgaged Premises or the lien of this Mortgage, including without limitation, attorneys', trustees' and appraisers' fees and expenses, costs of documentary and expert evidence, stenographers' charges, expenses of procuring title examinations, policies and certificates, court costs and all other like and unlike costs which Lender deems to be reasonably necessary, shall be deemed to be Advances.

3.5(c) Lender, in making any payment authorized in this Article III of taxes, assessments or other like charges involving the Mortgaged Premises, may do so

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according to any bill or estimate issued from the appropriate public office without inquiry into the accuracy of such bill or estimate or into the validity of any tax, assessment, sale or forfeiture.

IV

Defaults and Remedies

4.1 Defaults. The occurrence of any default under this Mortgage or an "Event of Default" as defined in the Loan Agreement shall constitute a default ("Default") under this Mortgage.

4.2 Foreclosure.

4.2(a) The happening of any Default under this Mortgage shall give Lender the immediate right to declare, without notice, all of Mortgagor's Obligations to be immediately due and payable and foreclose this Mortgage and exercise any rights and remedies available to Lender under the Illinois Uniform Commercial Code.

4.2(b) In the event of a Default, either before or after the foreclosure sale, a receiver may be appointed by the court without notice, without regard to the solvency or insolvency of Mortgagor, or its beneficiaries, the then value of the Mortgaged Premises or whether they are then occupied as a homestead. The receiver shall have the power to collect the rents and income from the Mortgaged Premises during the pendency of the foreclosure suit and, in the case of a sale and a deficiency, during the full statutory period of redemption (if any), whether there be a redemption or not. The receiver shall have the other powers for the protection, possession, management and operation of the Mortgaged Premises which an absolute owner would have, but the net rents in the hands of the receiver shall be applied to the debt hereby secured or to such expenses of the receivership or foreclosure suit as the court may direct.

4.2(c) The proceeds of any foreclosure sale of the Mortgaged Premises shall be distributed and applied in the following order of priority:

(i) Costs and expenses of the foreclosure proceeding;

(ii) Advances;

(iii) Mortgagor's Obligations, and any and all other obligations outstanding under the Note, the Mortgage and any or all of the Financing Agreements, in such order and manner as Lender may elect, prior to the expiration of 60 days following the foreclosure sale, in a notice given to Mortgagor, and in the absence of such election, then first to interest and then to principal of such obligations; and

(iv) The balance (if any) to discharge junior liens if the court so directs, and otherwise to Mortgagor.

4.3 Mortgagee in Possession.

4.3(a) In the event of any Default under this Mortgage, and if the right to foreclose the Mortgage has accrued to Lender, whether or not the entire debt has then been

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accelerated and whether or not foreclosure proceedings have been commenced, Lender may, without notice to or demand upon Mortgagor, take possession of the Mortgaged Premises. While in possession of the Mortgaged Premises, Lender shall have the following powers:

(i) To collect the rents and manage, lease, alter and repair the Mortgaged Premises, cancel or modify existing leases, obtain insurance and in general have all powers and rights customarily incident to absolute ownership; and

(ii) To pay out of the rents so collected the management and repair charges, taxes, insurance, commissions, fees and all other expenses and, after creating reasonable reserves, apply the balance (if any) on account of the indebtedness secured hereby.

4.3(b) In the event of a foreclosure, Lender may remain in possession of the Mortgaged Premises until the foreclosure sale and thereafter during the entire period of redemption (if any), if a deficiency exists. Lender shall incur no liability for, nor shall Mortgagor assert any claim or set-off as a result of, any action taken while Lender is in possession of the Mortgaged Premises, except only for Lender's own gross negligence or willful misconduct. In the event no foreclosure proceedings are commenced, Lender may remain in possession as long as there exists a Default.

4.4 Nature of Remedies. No delay or omission on the part of Lender in the exercise of any remedy for a Default shall operate as a waiver thereof. The remedies available to Lender under this Mortgage shall be exercisable in any combination whatsoever and shall be in addition to, and exercisable in any combination with, any and all remedies available by operation of law and under the Note and any of the Financing Agreements.

4.5 Waiver of Redemption. To the extent permitted by law and as an additional inducement to Lender to advance funds secured hereby, Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, all rights of appraisement and valuation and all rights of homestead with respect to the Mortgaged Premises.

V

Miscellaneous

5.1 Modification of Loan Terms; Partial Releases; Marshalling. If the time of payment of all obligations secured hereby or any part thereof be extended at any time or times, if the Note or any of the Financing Agreements be renewed, modified or replaced, or if any security for the Note or any of the Financing Agreements be released, Mortgagor and any other parties now or hereafter liable therefor or interested in the Mortgaged Premises shall be held to consent to such extensions, renewals, modifications, replacements and releases, and their liability and the lien hereof and of the Financing Agreements not so released and the rights created hereby and thereby shall continue in full force, the right of recourse against all such parties being reserved by Lender. The right is reserved to Lender to issue partial releases of the Mortgaged Premises from the lien hereof without notice to or consent, approval or agreement of other parties in interest, including the holders of junior liens, which partial releases shall not impair the priority of this Mortgage on the remaining Mortgaged Premises nor release Mortgagor from liability on the indebtedness secured hereby. In the event of

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foreclosure hereof, Lender may enforce the lien hereof against the Mortgaged Premises as a whole or any part thereof in any sequence whatsoever without regard to any junior encumbrance or interest in any or all of the Mortgaged Premises, it being the intent of Mortgagor to waive for itself and all parties claiming by, through or under Mortgagor any right which any of them may have to require Lender to marshall the Mortgaged Premises or its lien thereon for the benefit of any such party, except as provided in any agreement among Lender and the holders of the Permitted Encumbrances.

5.2 Consent of Lender. Except as specifically set forth herein, whenever this Mortgage refers to actions by Mortgagor being conditioned upon Mortgagor's receipt of Lender's prior written consent, Lender may in each such instance grant or withhold its consent in the exercise of its complete and absolute discretion.

5.3 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon the successors, legal representatives and assigns of the Mortgagor and Lender and all persons and entities (including owners and lessees) which may hereafter obtain any interest in the Mortgaged Premises, provided that this Section 5.3 shall not be construed to permit a transfer, conveyance, assignment or lease otherwise prohibited by this Mortgage.

5.4 Notices. Whenever Lender or Mortgagor desires to give any notice to the other it shall be sufficient for all purposes if such notice is personally delivered, or sent by Western Union telegram or registered or certified United States mail, postage prepaid, addressed to the intended recipient at the last address theretofore specified by the addressee in a written notice given to the sender. In case no other address has been so specified, notices hereunder shall be delivered or mailed to the following addresses:

Lender:	Citicorp Industrial Credit, Inc. 200 South Wacker Drive 32nd Floor Chicago, Illinois 60606 Attn: Ms. Nancy L. Shanik
with a copy to:	Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd. 55 East Monroe Street Suite 3900 Chicago, Illinois 60603 Attn: David L. Dranoff, Esq.
Mortgagor:	Ideal School Supply Corporation 11000 South Lavergne Avenue Oak Lawn, Illinois 60453 Attn: Chief Executive Officer
with a copy to:	Paul, Hastings, Janofsky & Walker 1299 Ocean Avenue Fifth Floor Santa Monica, California 90401 Attn: Richard K. Roeder, Esq.
and with a copy to:	Mr. William M. Barnum, Jr. Brentwood Associates 11661 San Vicente Boulevard Suite 707 Los Angeles, California 90049

Any notice given in the manner specified herein shall be deemed to have been given on the day it is personally delivered, one

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business day after it is sent by Western Union telegram, or three business days after it is deposited in the United States mail.

5.5 Severability. If any term, restriction or covenant of this Instrument is deemed illegal or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed illegal or unenforceable, the application of such term, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

5.6 No Waiver. The execution and delivery of this Mortgage shall not constitute a waiver by Lender of any default that may have occurred under the Restated Mortgage prior to the date hereof.

ATTEST:

By _____
Its _____

[CORPORATE SEAL]

IDEAL SCHOOL SUPPLY CORPORATION, a Delaware corporation

By _____
Its _____

WITNESSES:

_____

_____

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ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

I, Carolyn Killy, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT Guy W. Fiske and William M. Bowman, Jr., Chairman and Asst. Secretary of Ideal School Supply Corporation, a Delaware corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 18th day of December, 1985.

Carolyn Killy
Notary Public

My Commission Expires:
5/23/87

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DEPT-01 RECORDING $24.50
T#3332 TRAN 0545 12/19/85 10:19:00
#1384 # C *-86-330525

THIS INSTRUMENT PREPARED BY
AND AFTER RECORDING RETURN TO

Roger L. Schoenfeld, Esq.
GOLDBERG, KOHN, BELL, BLACK,
ROSENBLOOM & MORITZ, LTD.
55 East Monroe Street
Chicago, Illinois 60603

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EXHIBIT A

Amended and Restated Promissory Note

$10,500,000.00 December __, 1985

FOR VALUE RECEIVED, the undersigned, Ideal School Supply Corporation, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order to CITICORP INDUSTRIAL CREDIT, INC. ("Citicorp") the principal sum of Ten Million Five Hundred Thousand and no/100 Dollars ($10,500,000.00) or if less, the aggregate unpaid principal amount of the Loans (as defined in the Amended and Restated Financing Agreement, as hereinafter defined) made by Citicorp to the Borrower pursuant to Paragraph 2(A) of the Amended and Restated Financing Agreement, together with interest on the unpaid principal balance hereof at the rate provided below from the date such principal is advanced until payment in full thereof.

This Amended and Restated Promissory Note is the Note referred to in Paragraph 2(A) of, and is entitled to the benefits of, the Amended and Restated Financing Agreement (Equipment, Inventory and Receivables) of even date herewith (the "Amended and Restated Financing Agreement") between the Borrower and Citicorp, which Amended and Restated Financing Agreement, among other things, contains provisions for acceleration of the maturity hereof and payment of certain additional sums to Citicorp, upon the happening of certain stated events. Any capitalized term used herein, unless otherwise defined herein, shall have the meaning given to that term in the Amended and Restated Financing Agreement. This Amended and Restated Promissory Note amends and restates in its entirety the Note dated July 25, 1984 executed by the Borrower in favor of Citicorp and issued pursuant to the terms of the Financing Agreement (Equipment, Inventory and Receivables) dated July 25, 1984 between the Borrower and Citicorp.

The principal indebtedness evidenced hereby shall be payable upon demand. Until such time as demand is made, (i) the principal indebtedness under the Equipment Loans shall be repayable in nineteen (19) equal consecutive monthly installments on the first day of each calendar month during the period commencing February 1, 1986 and ending on August 1, 1987, (ii) the principal indebtedness under the Real Estate Loan shall be repayable in sixty (60) equal consecutive monthly installments of $20,000 on the first day of each calendar month during the period commencing February 1, 1986 and ending on January 1, 1991, (iii) the principal indebtedness under the Seasonal Advance shall be repayable in full on each October 31 hereafter during the term of the Amended and Restated Financing Agreement and (iv) the principal indebtedness under the Acquisition Advance shall be repayable in thirty-six (36) equal consecutive monthly installments on the first day of each calendar month during the period commencing February 1, 1986 and ending on January 1, 1989. In addition, the Borrower shall, on or before the last day of the Initial Term, make a payment or payments to Citicorp in an aggregate amount equal to the Mandatory Payment.

The Borrower shall pay Citicorp interest on the average daily outstanding principal amount of this Amended and Restated Promissory Note as provided below:

(a) The Borrower shall pay Citicorp interest on the average daily outstanding principal amount of this Amended and Restated Promissory Note other than the Acquisition Advance at a per annum rate equal to (i) the higher of the Base Rate, and the Alternate Rate, plus (ii) the Additional Interest Rate.

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(b) The Borrower shall pay Citicorp interest on the average daily outstanding principal amount of the Acquisition Advance at a per annum rate equal to (i) the higher of the Base Rate and the Alternate Rate, plus (ii) two and three-quarters percent (2.75%); provided, however, that for purposes of calculating the amount of interest payable on any Interest Payment Date in respect of the Acquisition Advance, the average daily outstanding principal amount of the Acquisition Advance for the calendar month immediately preceding such Interest Payment Date shall be deemed to be an amount equal to the Borrower Average Acquisition Advance on such Interest Payment Date multiplied by a fraction equal to the Net Acquisition Advance on such Interest Payment Date divided by the Gross Acquisition Advance on such Interest Payment Date; provided, however, that the Borrower shall pay no interest in respect of the Acquisition Advance on any Interest Payment Date on which either the Acquisition Advance or the Net Acquisition Advance is a negative number.

(c) In the event that the Borrower shall breach any of the financial covenants set forth in Paragraphs 15(A), 15(F), 15(G) and 16(L) of the Amended and Restated Financing Agreement, the per annum interest rate(s) payable by the Borrower to Citicorp on the average daily outstanding principal amount of this Amended and Restated Promissory Note shall increase by one-half percent (0.50%) until such time as such breach is cured.

Accrued interest hereunder shall be payable monthly in arrears on the first day of each calendar month beginning January 1, 1986, until the principal balance hereof is paid in full and shall be calculated on the basis of a year of 360 days for actual days elapsed. Each of the rates, percentages, or averages of rates referred to in clauses (a), (b) and (c) above shall be adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent. Each change in the fluctuating interest rate hereunder shall take effect simultaneously with the corresponding change in the rates described in clauses (a), (b) and (c) above, as applicable.

Both principal and interest hereunder are payable in lawful money of the United States of America to Citicorp at 200 South Wacker Drive, 32nd Floor, Chicago, Illinois 60606, in immediately available funds.

If the Borrower prepays the full amount of principal and accrued interest hereunder, prior to demand therefor, before the end of the Initial Term pursuant to financing arrangements between any of the Borrower, Luxor, IF, any Affiliate or any shareholder of the Borrower, and a bank, finance company or other comparable financial institution, the Borrower shall also pay to Citicorp, concurrently therewith, as liquidated damages and compensation for the costs of being prepared to make funds available to the Borrower under the Amended and Restated Financing Agreement, the following amounts:

(i) for any such prepayment on or before the first anniversary of the date hereof, an amount equal to three percent (3.00%) of the Total Facility;

(ii) for any such prepayment on or before the second anniversary of the date hereof, but after the first anniversary of the date hereof, an amount equal to two percent (2.00%) of the Total Facility; and

(iii) for any such prepayment on or before the last day of the Initial Term, but after the second anniver-

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sary of the date hereof, an amount equal to one percent (1.00%) of the Total Facility.

Upon and after the occurrence of an Event of Default or a termination of the financing pursuant to Paragraph 18 of the Amended and Restated Financing Agreement, this Amended and Restated Promissory Note may, at the option of Citicorp, and without demand, notice or legal process of any kind, be declared, and immediately shall become, due and payable.

Demand, presentment, protest and notice of nonpayment and protest is hereby waived by the Borrower.

This Amended and Restated Promissory Note has been delivered and accepted at Chicago, Illinois and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the laws of the State of Illinois.

Whenever possible each provision of this Amended and Restated Promissory Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amended and Restated Promissory Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amended and Restated Promissory Note.

ATTEST:

IDEAL SCHOOL SUPPLY CORPORATION

By_____
Its_____

By_____
Its_____

(AFFIX SEAL)

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85330525

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EXHIBIT B

PARCEL 1:
A tract of land comprising part of Lot 15 in School Trustee's Subdivision of Section 16, Township 37 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois, said tract of land being all that part of said Lot 15 which lies within the North 300 feet (except the West 473 feet thereof and except the East 33 feet thereof) of the South 638 feet of the South West 1/4 of the South East 1/4 of said Section 16 in Cook County, Illinois.

PARCEL 2:
Easement for the benefit of Parcel 1 as created by Grant from Live Stock National Bank of Chicago, A Corporation of Illinois as Trustee under the provisions of a Trust Agreement dated January 6, 1949 and known as Trust Number 12377 to Ideal School Supply Company dated October 16, 1964 recorded December 10, 1964 as Document 19329833 for roadway for ingress and egress over the following described property.
To Wit: The East 33 feet of that part of Lot 15 in School Trustee's Subdivision of Section 16, Township 37 North, Range 13 East of the Third Principal Meridian which lies within the East 33 feet of the South 638 feet of the South West 1/4 of the South East 1/4 (except that part heretofore dedicated for West 111th Street) of said Section 16 in Cook County, Illinois.

PARCEL 3:
A tract of land comprising part of Lot 15 in School Trustee's Subdivision of Section 16, Township 37 North, Range 13 East of the Third Principal Meridian, said tract of land being all that part of said Lot 15 which lies within the North 50 feet (except the West 473 feet thereof and except the East 33 feet thereof) of the South 638 feet of the South West 1/4 of the South East 1/4 of said Section in Cook County, Illinois.

PIN 24-16-408-007
24-16-408-001

Address 11000 South Lawndale Avenue Oaklawn, Ill

Property of Cook County Clerk's Office

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WMB

EXHIBIT C

II. SPECIAL EXCEPTIONS

General taxes for the year(s): 1985.
General taxes for the year 1985, a lien, but not yet due or payable.
Permanent Tax Number: 24-16-408-007 Volume: 244

1st estimated installment for 1984 of $77,022.42 is paid.
2nd installment for 1984 of $74,934.03 is paid.
(As to part of property in question)

Permanent Tax Number: 24-16-408-001 Volume: 244

1st estimated installment for 1984 of $4,982.58 is paid.
2nd installment for 1984 of $4,847.49 is paid.
(As to part of property in question)

Easement for Public Utilities over the South 7 1/2 feet of land as disclosed by instrument recorded November 6, 1964 as Document 19296071.
(Affects Parcel 1)

Covenants and Restrictions contained in Deed from the Live Stock National Bank of Chicago, as Trustee under Trust Number 12877 to Charles H. Melby, Jr., dated October 24, 1957 and recorded October 29, 1957 as Document 17050754 and amended by Instrument recorded January 16, 1964 as Document 19296070, conveying land and other property not now in question relating to use, area, construction, location and approval of plans of buildings to be erected on the land and to the use of the land to maintenance of Switch Tracks and relating to Parking Facilities.

NOTE: Said Instrument contains no provision for a forfeiture or reversion of title in case of Breach of Condition.

Grant of Easement for Underground Storm Sewer executed by Central National Bank in Chicago, as Trustee under Trust Number 12877 to Village of Oak Lawn as contained in Declaration recorded October 6, 1966 as Document 19962554, said Easement running over portion of the land.
(Affects Parcel 3)

Reservation contained in Grant from Live Stock National Bank of Chicago, a Corporation of Illinois, as Trustee under Trust Agreement dated January 6, 1949 and known as Trust Number 12877 to Ideal School Supply Company, dated October 16, 1964 and recorded December 10, 1964 as Document 19329833 to dedicate the East 33 feet of that part of lot 15 in School Trustee's Subdivision aforesaid which lies within the East 33 feet of the South 630 feet of the South West 1/4 of the South East 1/4 (except that part thereof dedicated for West 111th Street) of said Section 16 to the Village of Oak Lawn, for the extension of South Laverne Avenue for Roadway purposes.

Terms, provisions and conditions as set forth in the instrument(s) creating the easement described as Parcel 2.

NOTE: Rights of the Public, the Municipality and the State of Illinois to that part of Parcels 2 taken or used for road and highway and the rights of the adjoining owners to the concurrent use of said easement.

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