

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

| SUBMISSION TYPE: | CORRECTIVE ASSIGNMENT | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|---------------|-----------------------|----------------|----------------------|--------------------------|-----------------|------------|--------------|-------|---------------|--|--|----------------|---------------|--|--|--------------|-------|--|--|--------------|----------------------------|--|--|
| NATURE OF CONVEYANCE: | Corrective Assignment to correct the release the improper security interest in Trademark Registration No. 1,476,644 previously recorded on Reel 000974 Frame 115. Assignor(s) hereby confirms the Registration No. 1,476,644. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CONVEYING PARTY DATA | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Name</th> <th>Formerly</th> <th>Execution Date</th> <th>Entity Type</th> </tr> </thead> <tbody> <tr> <td>Lake Shore National Bank</td> <td></td> <td>07/23/2012</td> <td>CORPORATION:</td> </tr> </tbody> </table> | | | | Name | Formerly | Execution Date | Entity Type | Lake Shore National Bank | | 07/23/2012 | CORPORATION: | | | | | | | | | | | | | | | | |
| Name | Formerly | Execution Date | Entity Type | | | | | | | | | | | | | | | | | | | | | | | | |
| Lake Shore National Bank | | 07/23/2012 | CORPORATION: | | | | | | | | | | | | | | | | | | | | | | | | |
| RECEIVING PARTY DATA | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <tr> <td>Name:</td> <td colspan="3">Temp-Flex Cable, Inc.</td> </tr> <tr> <td>Street Address:</td> <td colspan="3">26 Milford Road</td> </tr> <tr> <td>City:</td> <td colspan="3">South Grafton</td> </tr> <tr> <td>State/Country:</td> <td colspan="3">MASSACHUSETTS</td> </tr> <tr> <td>Postal Code:</td> <td colspan="3">01560</td> </tr> <tr> <td>Entity Type:</td> <td colspan="3">CORPORATION: MASSACHUSETTS</td> </tr> </table> | | | | Name: | Temp-Flex Cable, Inc. | | | Street Address: | 26 Milford Road | | | City: | South Grafton | | | State/Country: | MASSACHUSETTS | | | Postal Code: | 01560 | | | Entity Type: | CORPORATION: MASSACHUSETTS | | |
| Name: | Temp-Flex Cable, Inc. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Street Address: | 26 Milford Road | | | | | | | | | | | | | | | | | | | | | | | | | | |
| City: | South Grafton | | | | | | | | | | | | | | | | | | | | | | | | | | |
| State/Country: | MASSACHUSETTS | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Postal Code: | 01560 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Entity Type: | CORPORATION: MASSACHUSETTS | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PROPERTY NUMBERS Total: 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Property Type</th> <th>Number</th> <th>Word Mark</th> </tr> </thead> <tbody> <tr> <td>Registration Number:</td> <td>1476644</td> <td>TEMP-FLEX</td> </tr> </tbody> </table> | | | | Property Type | Number | Word Mark | Registration Number: | 1476644 | TEMP-FLEX | | | | | | | | | | | | | | | | | | |
| Property Type | Number | Word Mark | | | | | | | | | | | | | | | | | | | | | | | | | |
| Registration Number: | 1476644 | TEMP-FLEX | | | | | | | | | | | | | | | | | | | | | | | | | |
| CORRESPONDENCE DATA | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Fax Number: 3124604201 <i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i></p> <p>Phone: 312-460-4200 Email: lanford@millercanfield.com Correspondent Name: Timothy J. Engling Address Line 1: 225 West Washington Street Address Line 2: Miller Canfield Paddock & Stone PLC Address Line 4: Chicago, ILLINOIS 60606</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ATTORNEY DOCKET NUMBER: | 108019-00005 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NAME OF SUBMITTER: | Timothy J. Engling | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Signature: | /Timothy J. Engling/ |
| Date: | 08/02/2012 |
| <p>Total Attachments: 28</p> <p>source=Assignment#page1.tif source=Assignment#page2.tif source=Assignment#page3.tif source=Assignment#page4.tif source=Assignment#page5.tif source=Assignment#page6.tif source=Assignment#page7.tif source=Assignment#page8.tif source=Assignment#page9.tif source=Assignment#page10.tif source=Assignment#page11.tif source=Assignment#page12.tif source=Assignment#page13.tif source=Assignment#page14.tif source=Assignment#page15.tif source=Assignment#page16.tif source=Assignment#page17.tif source=Assignment#page18.tif source=Assignment#page19.tif source=Assignment#page20.tif source=Assignment#page21.tif source=Assignment#page22.tif source=Assignment#page23.tif source=Assignment#page24.tif source=Assignment#page25.tif source=Assignment#page26.tif source=Assignment#page27.tif source=Assignment#page28.tif</p> | |

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS.

**AFFIDAVIT AND NOTICE OF SCRIVENER'S ERROR IN PREVIOUSLY
RECORDED ASSIGNMENT DOCUMENT; RELEASE AND
DISCLAIMER OF SECURITY INTEREST AFFECTING TRADEMARK**

This AFFIDAVIT AND NOTICE OF SCRIVENER'S ERROR IN PREVIOUSLY RECORDED ASSIGNMENT DOCUMENT; RELEASE AND DISCLAIMER AS TO SECURITY INTEREST AFFECTING TRADEMARK (this "Release") is made as of August 1, 2012 (the "Effective Date"), by Lake Shore National Bank & Trust, N.A. and its successors and assigns ("Lake Shore"), in favor of Temp-Flex ("Temp-Flex").

I, John L. Senica, Filing Correspondent of Record and Agent for Lake Shore National Bank, its Successors and Assigns, being duly sworn, deposes and states under oath as follows:

WHEREAS, Temp-Flex is the registered owner of Registration Number 1476644, Serial Number 73662857 (the "Temp-Flex Mark");

WHEREAS, an unintentional, one-digit scrivener's error in BOTH the original cover sheet as well as the underlying Security Agreement created a defective assignment as against an incorrect trademark back in 1993;

WHEREAS, attached hereto is a copy of the original 1993 incorrect cover sheet and incorrect security agreement pursuant to T.M.E.P. §503.06.

WHEREAS, specifically pursuant to a security agreement (the "Security Agreement") recorded in the U.S. Patent and Trademark Office under Reel and Frame 0974/0114 on June 4, 1993, a security interest was inappropriately lodged as against the Temp-Flex Mark by Lake Shore; and

WHEREAS, the attempted security interest was supposed to affect an unrelated trademark owned by a third party and identified as Registration No. 1476664 rather than 1476644; No party ever intended to encumber the Temp-Flex Mark.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lake Shore agrees as follows:

1. Lake Shore hereby terminates, releases, and discharges any actual or purported Security Interest or any other lien or claim in the Temp-Flex Mark, and any right, title, or interest of Lake Shore in such Temp-Flex Mark shall hereby cease and become null and void.

2. Copies of an executed version of this Release transmitted by fax, email or other electronic transmission service shall be effective as delivery of an original executed version of this Release.

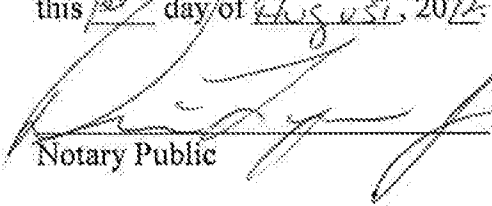
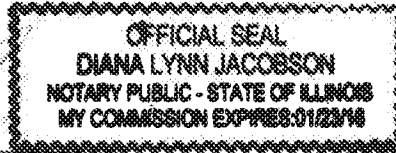
IN WITNESS WHEREOF, the above document has been executed as of the date first above written.



Name: John L. Senica, Affiant

Title: Filing Correspondent of Record and Agent for
Lake Shore National Bank, its Successors and
Assigns

Subscribed and sworn to before me
this 1st day of August, 2012



Notary Public

Schedule A

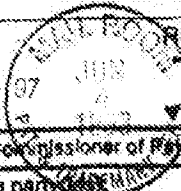
Released Intellectual Property

Trademarks

| <u>Trademark</u> | <u>Reg. No.</u> |
|-------------------------|------------------------|
| TEMP-FLEX | 1476644 |

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

Rec'd 6-4-93



Tab settings 000

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Society for Visual Education, Inc.

Individual(s)
 General Partnership
 Corporation-State
 Other

Association
 Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):
Name: Lake Shore National Bank

Internal Address: Attn: Owen Beacom

Street Address: 605 N. Michigan Avenue

City: Chicago State: IL ZIP: 60611

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership
 Corporation-State Illinois
 Other

If assignee is not domiciled in the United States, a domestic representative designation is attached? Yes No
(Designations must be a separate document from Assignment)

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance: 08

Assignment
 Security Agreement
 Other

Merger
 Change of Name

Execution Date: February 4, 1993

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
N/A

B. Trademark registration No.(s)

| | | |
|---------|-----------|-----------|
| 781,544 | 1,112,164 | 1,476,644 |
| 855,487 | 1,180,118 | 1,644,034 |
| 934,963 | 1,270,692 | |
| 937,613 | 1,467,148 | |

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Hinshaw & Culbertson

Internal Address: Attn: John L. Senica

Street Address: 222 North LaSalle Street
Suite 300

City: Chicago State: IL ZIP: 60607

6. Total number of applications and registrations involved: 10

7. Total fee (37 CFR 3.41): \$ 400.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
N/A

(Attach duplicate copy of this page if paying by deposit account)

100 MB 02/24/93 0781544
000 MB 02/24/93 0781544

0 481 40.00 CK
0 482 360.00 CK
89134284

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

John L. Senica
Name of Person Signing

John L. Senica
Signature

May 28, 1993
Date

Total number of pages comprising cover sheet: 25

**FIFTH AMENDMENT
TO LOAN AND SECURITY AGREEMENT**

This Fifth Amendment ("this Amendment") dated as of the 4th day of February, 1993 by and between Society for Visual Education, Inc., also known as SVE, Inc., a Delaware corporation (the "Borrower"), and Lake Shore National Bank, a national banking association (the "Bank"), is made to amend that certain Loan and Security Agreement dated the 26th day of May, 1988, as amended by a Second Amendment to Loan and Security Agreement dated August 7, 1990, a Third Amendment to Loan and Security Agreement dated as of November 30, 1990 and a Fourth Amendment to Loan and Security Agreement dated January 3, 1992 (all collectively referred to herein as the "Loan and Security Agreement"). Terms not defined herein shall have the same meanings as in the Loan and Security Agreement.

WITNESSETH:

WHEREAS, the Borrower and the Bank entered into the Loan and Security Agreement wherein the Bank agreed to make available to the Borrower certain loans and other financial accommodations; and

WHEREAS, the Borrower and the Bank have previously amended the loan arrangement as described above;

WHEREAS, the Bank now desires to decrease the Accounts Loan as defined in the Loan and Security Agreement from \$3,000,000 to \$2,000,000;

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WHEREAS, the Borrower and the Bank desire to rename what was previously known as the Amended ESOP Note to reflect the fact that the underlying ESOP has been terminated;

WHEREAS, the Bank further desires to increase the interest rate on the ESOP Loan as defined in the Loan and Security Agreement to a floating rate based on the Bank's Prime Rate plus one and one-quarter percent (1 1/4%);

WHEREAS, the Borrower desires to restructure the repayment schedule pursuant to the Amended ESOP Note described in Section 1.1(c) of the Loan and Security Agreement so as to reduce its required monthly principal payments;

WHEREAS, the Borrower and the Bank desire to reaffirm the fact that the Bank was previously granted, and shall continue to possess, a security interest in all of the trademarks, trade names and copyrights owned by the Borrower;

WHEREAS, the Borrower desires that the Bank modify the financial covenants described in Section 13.3 of the Loan and Security Agreement; and

WHEREAS, the Borrower desires that the Bank restructure the repayment schedule under the New Installment Note described in Section 4 of the Third Amendment to Loan and Security Agreement dated as of November 30, 1990 (said note having replaced the Expense Note and the Capital Additions Note) so as to reduce the Borrower's required monthly payments thereunder.

NOW THEREFORE, in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and the Bank agree as follows:

1. The second paragraph of Section 1.1(a) of the Loan and Security Agreement which provides as follows; to wit:

"(i) **Accounts Loans:** The aggregate principal amount of all Accounts Loans to the Borrower at any one time outstanding shall not exceed an amount equal to the lesser of (i) Three Million (\$3,000,000) Dollars; or (ii) the Borrower's Accounts Borrowing Base (as defined below) at such time. Accounts Loans shall bear interest, prior to maturity, at a floating rate, computed on the basis of a three hundred sixty (360) day year and actual days elapsed, equal to one and one quarter percent (1 1/4%) per annum in excess of the Prime Rate (as defined below), payable monthly on the first day of each month. All Accounts Loans shall be evidenced by the promissory note of the Borrower in the form of Second Revised Exhibit A attached hereto (the "Replacement Accounts Note")."

is hereby deleted in its entirety and the following language substituted therefore; to wit:

"(i) **Accounts Loans:** The aggregate principal amount of all Accounts Loans to the Borrower at any one time outstanding shall not exceed an amount equal to the lesser of (i) Two Million (\$2,000,000) Dollars; or (ii) the Borrower's Accounts Borrowing Base (as defined below) at such time. Accounts Loans shall bear interest, prior to maturity, at a floating rate, computed on the basis of a three hundred sixty (360) day year and actual days elapsed, equal to one and one quarter percent (1 1/4%) per annum in excess of the Prime Rate (as defined below), payable monthly on the first day of each month. All Accounts Loans shall be evidenced by the promissory note of the Borrower in the form of Third Revised Exhibit A attached hereto (the "Second Replacement Accounts Note")."

and in all other respect Paragraph 1.1(a) of the Loan and Security Agreement shall remain unchanged and in full force and effect.

2. Section 1.1(c) of the Loan and Security Agreement which presently provides (subsequent to its being amended by the Third Amendment to the Loan and Security Agreement dated November 30, 1992) as follows; to wit:

"(c) **ESOP Loan.** An ESOP loan in the principal amount of Five Million Eight Hundred Ninety-Six Thousand Three Hundred Twenty-One Dollars (\$5,896,321.00) (the "ESOP Loan") to the Borrower on or before July 1, 1988. Proceeds of the ESOP Loan shall be used by the Borrower to make a loan to the ESOP in order to enable the ESOP to purchase approximately seventy-seven and one-half percent (77.5%) of the issued and outstanding capital stock of the Borrower. Principal on the ESOP Loan shall be payable as follows: consecutive monthly installments shall be paid, commencing on the first day of August, 1988, and on the first day of each month thereafter to and including December 1, 1990, each in the amount of Seventy Thousand One Hundred Ninety-Four and 29/100 Dollars (\$70,194.29), a payment of Two Hundred Thirty Eight Thousand Six Hundred Eighty and 65/100 Dollars (\$238,680.65) shall be paid on December 10, 1990 and seventy five (75) consecutive monthly installments of Forty Nine Thousand One Hundred Thirty Six and 01/100 Dollars (\$49,136.01) shall be paid, commencing on the first day of July, 1991 and on the first day of each month thereafter to and including September 1, 1997 with a final payment of all outstanding principal due and payable on October 1, 1997 unless sooner paid. In addition, the Borrower shall make additional annual supplemental principal payments on June 30 during each year of the term of the ESOP Loan beginning June 30, 1991, in the amount, if any, by which: (a) the maximum amount that may be deducted by Borrower for the then just completed Profit Sharing Plan year, under Internal Revenue Code Section 404(a)(9), or the future equivalent thereof [but not more than the amount which would be allocated to participants' accounts under Section 415, first giving effect to Section 415(c)(6)(A) and 415(c)(6)(B), or the future equivalents of such sections, and after taking into account the allocation of the employer's contribution, up to a maximum of 5% of Borrower's eligible payroll to the Borrower's 401(k)/Profit Sharing Plan], exceeds (b) the sum of \$589,632.10. Any such supplemental principal payments shall be applied against other fixed principal installments in the inverse order of maturity (i.e., the supplemental payments will shorten the term of the ESOP Loan). The unpaid principal balance of the ESOP Loan shall bear interest, prior to maturity, at a floating rate, computed on the basis of a 360-day year and actual days elapsed, equal to eighty percent (80%) of the Prime Rate, provided, however, if at any time prior to June 30, 1991 the Prime Rate shall exceed ten percent (10%) then during any such periods the Prime Rate shall be deemed to be ten percent (10%) for purposes of computing the interest rate on the ESOP Loan. Interest on the ESOP Loan shall be payable monthly in arrears, on the same date as principal payments are due. The Bank will debit the Borrower's account with the Bank for principal and interest payable on the ESOP Loan and will send the Borrower advices of such debits. The ESOP Loan shall be evidenced by the Borrower's promissory note in the form of Revised Exhibit "D" attached hereto (the "Amended ESOP Note").

is hereby deleted in its entirety and the following language substituted therefore; to wit:

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"(c) **Former ESOP Loan.** The underlying ESOP was terminated effective as of December 31, 1992 and the ESOP Loan shall subsequently be referred to as the Former ESOP Loan for purposes of this Agreement. Commencing as of the date hereof, principal on the Former ESOP Loan shall be repaid in the amount of Five Hundred and no/100 Dollars (\$500.00) per each business day through and including March 31, 1993; and in the amount of One Thousand and no/100 Dollars (\$1,000.00) per each business day from April 1, 1993 through and including December 15, 1993. On December 15, 1993, all unpaid principal and accrued interest remaining unpaid shall be due and payable. The unpaid principal balance of the Former ESOP Loan shall bear interest prior to maturity at a floating rate computed on the basis of a three hundred sixty (360) day year and actual days elapsed equal to one and one quarter percent (1 1/4%) in excess of the Prime Rate (as defined below), payable on the first (1st) day of each month. Interest on the Former ESOP Loan shall be continue to be payable monthly in arrears, on the first (1st) day of each month throughout the term of the Former ESOP Loan. The Bank will debit the Borrower's account with the Bank for principal and interest payable on the Former ESOP Loan and will send the Borrower notices of such debits. The Former ESOP Loan shall be evidenced by the Borrower's promissory note in the form of Second Revised Exhibit "D" attached hereto, said note to be in the face amount of the outstanding principal balance on the Former ESOP Loan as of the date of the Fifth Amendment (the "New Balloon Note"). The New Balloon Note shall be deemed a substitute and replacement for the Amended Esop Note.

3. Section 1.2 of the Loan and Security Agreement (as specifically amended by the Third Amendment to Loan and Security Agreement dated November 30, 1990) which provides as follows; to wit:

1.2 ESOP Loan-Changes in Current Tax Treatment.
If the Bank shall at any time determine in good faith that after the date of this Agreement any change in the ESOP Loan or any applicable law, rule, regulation or guideline or any law, rule or regulation or guideline by any governmental authority charged with the administration thereof (whether or not having the force of law) shall in any manner subject the Bank or the ESOP Loan to any tax not otherwise applicable to the ESOP Loan as of May 1, 1988 or impose or make applicable any disallowance, tax or other change in the taxation of securities acquisition loans, whether in whole or in part, and the Bank shall determine in good faith that the result of any of the

foregoing will be to reduce the net after tax yield to the Bank thereon, then the interest rate on the ESOP Loan shall be adjusted to provide for the payment of such reduced amount; but in no event shall such amounts exceed the amount which would have been paid if the interest rate on the ESOP Loan was equal to the Prime Rate. If the Bank makes a claim for additional interest hereunder, it shall provide to the Borrower a certificate setting forth such increased cost or reduced amount. All calculations of any such increased cost or reduced amount shall be on the basis that the Bank's effective rate of taxation is equal to the maximum federal corporate tax rate and state corporate tax rate."

is hereby deleted in its entirety and the following language substituted therefore; to wit:

"1.2 Former ESOP Loan - Changes in Current Tax Treatment. Due to the termination of the underlying ESOP as of December 31, 1992, the interest rate on the Former ESOP Loan is hereby increased by the Bank to a fluctuating per annum rate of one and one quarter percent (1 1/4%) in excess of the Prime Rate.

4. Section 6(c) of the Loan and Security Agreement provides, among other things, that the Bank shall have a security interest in

"(c) all of the Borrower's leases, chattel paper, contract rights, insurance policies, documents, documents of title, instruments and general intangibles, (including, without limitation, inventions, designs, patents, patent applications, trademarks, trade names, copyrights, licenses leasehold interests, beneficial interests in trusts, choses in action, tax refund claims, claims under guaranties, goodwill, and security interests or other security held by the Borrower to secure any Accounts), now existing or hereafter arising;"

The foregoing section is hereby amended to add to the end of the foregoing Section after the word "arising" the following:

"and the Bank is specifically granted a security interest in those federally registered trademarks and copyrights listed on Schedules 1 and 2 attached hereto and all goodwill accompanying same, which security interests may be recorded by the Bank with the U.S. Patent and Trademark Office and the U.S. Copyright Office at any time at the sole discretion of the Bank."

5. Section 13.3 of the Loan and Security Agreement which provides as follows;
to wit:

"13.3 Financial Covenants:

The Borrower covenants and agrees that until all the Borrower's Obligations have been paid in full:

(a) Pre-ESOP EBIT:

(i) The Pre-ESOP EBIT (as defined below) for the Borrower's fiscal years set forth below shall be not less than the following amounts:

| <u>Fiscal Year Ending</u> | <u>Minimum Amount</u> |
|-----------------------------------------------|-----------------------|
| 6-30-89 | \$ 900,000.00 |
| 6-30-90 | \$ 950,000.00 |
| 6-30-91 and each fiscal year thereafter | \$1,000,000.00 |

(ii) "Pre-ESOP EBIT" shall mean the pre-tax earnings of the Borrower before deducting any expenses related to the ESOP transaction, including but not limited to payments of principal and interest on the ESOP Loan, interest on other loans, amortization of stepped up asset increments and Federal or state income taxes.

(b) Minimum Equity:

(i) On the date of disbursement of the ESOP Loan, the Minimum Equity (as defined below) of the Borrower shall be not less than either Six Hundred Sixty Thousand Dollars (\$660,000.00) without the impact of the implementation of the Financial Accounting Standards Board's Statement No. 96 ("FASB 96") with regard to deferred income taxes, or Four Hundred Thousand Dollars (\$400,000.00) including the impact of FASB 96 with regard to deferred income taxes.

(ii) At the end of each fiscal year of the Borrower the total cumulative increase in Minimum Equity from and after July 3, 1988 shall be as follows:

By The Fiscal Year
Ending On The Closest
Saturday To

Total Cumulative
Increase in Equity

| | |
|---------|----------------|
| 6-30-89 | \$ 250,000.00 |
| 6-30-90 | \$ 500,000.00 |
| 6-30-91 | \$ 750,000.00 |
| 6-30-92 | \$1,000,000.00 |
| 6-30-93 | \$1,250,000.00 |
| 6-30-94 | \$1,500,000.00 |
| 6-30-95 | \$1,750,000.00 |

(iii) "Minimum Equity" shall mean the sum of prior retained earnings of the Borrower carried forward from the fiscal year ending October 2, 1982 through its fiscal year ending July 2, 1988. For each fiscal year thereafter Minimum Equity shall include retained earnings for the period commencing July 3, 1988 and thereafter.

(c) Minimum Cash Flow:

(i) The Minimum Cash Flow (as defined below) of the Borrower for each of its fiscal years shall be as follows:

(y) For each of the fiscal years ending on the closest Saturday to 6-30-89, 6-30-90 and 6-30-91 the Minimum Cash Flow shall be not less than the sum of required payments of principal and interest on the ESOP Loan for that fiscal year, less Two Hundred Thousand Dollars (\$200,000.00); and

(z) For each of the Fiscal years ending on the closest Saturday to 6-30-92, 6-30-93, 6-30-94 and 6-30-95 the Minimum Cash Flow shall be not less than the sum of the required payments of principal and interest on the ESOP Loan for that fiscal year.

(ii) "Minimum Cash Flow" shall mean the sum of Pre-ESOP EBIT, plus non-cash charges.

(d) Quick Ratio:

(i) At the end of each fiscal year of the Borrower the Quick Ratio (as defined below) shall be not less than 1.2 to 1;

(ii) "Quick Ratio" shall mean the ratio obtained by dividing a fraction in which the numerator is the sum of all cash

accounts, plus all cash equivalents and marketable securities, plus all receivables, plus all prepaid expenses, and the denominator is the sum of all liabilities payable within one (1) year.

(e) Capital Expenditure Limit:

(i) The Borrower's cash outlays for Capital Expenditures (as defined below) in any fiscal year shall not exceed Three Hundred Fifty Thousand Dollars (\$350,000.00);

(ii) "Capital Expenditures" shall mean expenditures for items classified as "Property", "Plant and Equipment" or "Copyrights and Trademarks" on the Borrower's balance sheet.

(f) Dividends:

(i) All dividends paid on the capital stock of the Borrower which are allocable to fiscal years commencing after July 2, 1988 shall be used to either pay principal on the ESOP Loan or establish and maintain a reserve for redemption of such stock pursuant to the ESOP;

(ii) During the fiscal years of the Borrower for the periods commencing July 3, 1988 and ending on the Saturday closest to July 3, 1992, dividends paid in any fiscal year which are used to establish or maintain reserves as provided in subparagraph (i) above shall not exceed five percent (5%) of the aggregate amount of principal payments made on the ESOP Loan during that fiscal year, including but not limited to principal payments made through the application of dividends paid on the capital stock of the Borrower.

(g) Accounting: All determination with respect to the foregoing Financial Covenants shall be made in accordance with generally accepted accounting principles, consistently applied.

is hereby deleted in its entirety and the following language substituted therefore; to wit:

"13.3 Financial Covenants:

The Borrower covenants and agrees that, except as may otherwise be approved in writing by the Bank, until all the Borrower's Obligations have been paid in full:

(a) Pre-ESOP EBIT:

[INTENTIONALLY OMITTED.]

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(b) Minimum Equity:

[INTENTIONALLY OMITTED.]

(c) Minimum Cash Flow:

(i) The Minimum Cash Flow (as defined below) of the Borrower for each of its fiscal years shall be as follows:

(y) [INTENTIONALLY OMITTED.]

(z) For each of the Fiscal years ending on the closest Saturday to 6-30-93 and every fiscal year thereafter, the Minimum Cash Flow shall be not less than the sum of the required payments of principal and interest on the Former ESOP Loan for that fiscal year.

(ii) "Minimum Cash Flow" shall mean the sum of net income plus non-cash charges.

(d) [INTENTIONALLY OMITTED.]

(e) Capital Expenditure Limit:

(i) [INTENTIONALLY OMITTED.]

(ii) The Borrower's cash outlays for Capital Expenditures in any fiscal year subsequent to the fiscal year ending on or about 6-30-93 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), unless prior approval is granted in writing by the Bank;

(iii) "Capital Expenditures" shall mean expenditures for items classified as "Property", "Plant and Equipment" or "Copyrights and Trademarks" on the Borrower's balance sheet.

(f) Cash Dividends:

(i) No cash dividends will be paid without prior written approval of the Bank;

(g) Accounting: All determinations with respect to the foregoing Financial Covenants shall be made in accordance with generally accepted accounting principles, consistently applied."

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6. The first sentence of Section 4 of the Third Amendment to Loan and Security Agreement dated as of November 30, 1990 provides as follows, to wit:

"4. The Bank agrees to lend to Borrower the sum of \$1,100,000 at an annual interest rate of ten and one-half percent (10 1/2%) per annum, with principal and interest to be paid in equal monthly installments of \$12,159 (the monthly payments are determined on a 15-year amortization) with a balloon at the end of the fifth year in the amount of \$912,288.56."

is hereby deleted and is replaced with the following; to wit:

"4. The Bank agrees to lend to Borrower the sum of \$1,031,853.22 at an annual interest rate of ten and one-half percent (10 1/2%) per annum, with monthly interest only to be due and payable from the date of the Fifth Amendment through December 15, 1993 on the 15th day of each month, and a balloon payment due and payable on December 15, 1993 of all unpaid principal and interest. The foregoing modification to the repayment schedule under the New Installment Note shall be further reflected in the Substitute Installment Note dated even date herewith; said note to replace and supersede the New Installment Note and to be in the face amount of the outstanding principal balance on the installment loan as of the date of the Fifth Amendment (the "Substitute Installment Note")."

7. The terms of the First Mortgage, Security Agreement and Assignment of Rents dated July 1, 1988 as modified by the Modification Agreement dated November 30, 1990 (collectively, the "Mortgage"), shall be further amended to reflect the existence of the Second Replacement Accounts Note, the New Balloon Note and the Substitute Installment Note, as well as the accelerated maturity dates of December 15, 1993 under the New Balloon Note and the Substitute Installment Note.

8. Except as otherwise provided herein, all of the terms, conditions and obligations of the Borrower under the Loan and Security Agreement, including the security interests and the mortgage in the Collateral securing all obligations of the Borrower now existing or hereafter arising to the Bank, any amendments thereto and all other documents

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executed in connection therewith (all collectively referred to as the "Bank Loan Documents") shall remain in full force and effect.

9. As an inducement to the Bank to enter into this Amendment, the Borrower hereby reconfirms to the Bank, as of the date of the execution of this Amendment, the truth, accuracy and correctness of each of the Borrower's representations and warranties contained in the Loan and Security Agreement, and further represents and warrants to the Bank that each of the covenants of the Borrower to be kept, observed or performed prior to or by the date of the execution of this Amendment has been so kept, observed, performed or has been expressly waived by the Bank after disclosure to the Bank thereof, and that no Event of Default (as defined in the Loan and Security Agreement, as amended by this Fifth Amendment) nor any event or state of acts which, upon the lapse of time or the giving of notice, or both, would constitute an Event of Default, has occurred and is continuing on the date of the execution of this Amendment except as has been disclosed to the Bank and waived by the Bank in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Fifth Amendment this 4th day of February, 1993 effective as of the date first written above.

SOCIETY FOR VISUAL EDUCATION, INC.

By: [Signature]
Its: Vice President Finance Corporate Treasurer

ACCEPTED:

LAKE SHORE NATIONAL BANK

By: [Signature], SVP

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SCHEDULE 1

SOCIETY FOR VISUAL EDUCATION, INC.
(Selected Federally Registered Trademarks as of February 4, 1993)

| <u>NAME OF TRADEMARK</u> | <u>REGISTRATION NO.</u> | <u>SERIAL NO.</u> |
|------------------------------|-------------------------|-------------------|
| PICTURE - STORY STUDY PRINTS | 781,544 | 72-175,616 |
| PATCH THE PONY PLAY IT SAFE | 855,487 | 72-285,497 |
| INNOVATION | 934,963 | 72-368,315 |
| MOTIVATORS | 937,613 | 72-382,423 |
| WINNIE THE WITCH | 1,112,164 | 73-093,190 |
| G-WILLIKERS | 1,180,118 | 73-249,141 |
| DESIGN ONLY | 1,270,692 | 73-208,187 |
| BOX | 1,467,148 | 73-656,989 |
| SVE | 1,476,644 | 73-667,366 |
| SVE TELESERVICE | 1,644,034 | 74-064,824 |

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SCHEDULE 2

SOCIETY FOR VISUAL EDUCATION, INC.
(Selected Federally Registered Copyrights as of February 4, 1993)

| <u>NAME OF COPYRIGHT</u> | <u>REGISTRATION NO.</u> |
|---------------------------------|-------------------------|
| ENCYCLOPEDIA BROWN INFORMATION | PA465152 |
| BE SMART, BE SAFE! | PA440763 |
| GEOGRAPHY OF THE UNITED STATES | PA411501 |
| CHECK OUT YOUR LIBRARY | PA370679 |
| HOLIDAY ADV OR L DRAGON | PA55589 |
| BLACK HEROES | PA379513 |
| FAMILIES AROUND THE WORLD | PA419719 |
| EARTH'S NATURAL RESOURCES | PA403919 |
| CENTRAL AMERICA & WEST INDIES | PA358782 |
| DECIDING ABOUT DRUGS | PA349158 |
| LPD MAPS AND GLOBES | PA315225 |
| LPD TALKS ABOUT FAMILY PROBLEMS | PA381571 |
| ADVENTURES OF LOLLIPOP DRAGON | PA55588 |
| KWANZAA: A NEW AFRO-AMERICAN | PA383103 |
| LEADING BLACK AMERICANS | PA284831 |
| GREAT CIV'S IN AFRICAN HISTORY | PA309212 |
| BLACK HEROES: BUILDERS DREAMERS | PA431563 |
| CREATIVE LEARN THRU LITERATURE | PA466315 |
| BLACK HEROES: FREEDOM FIGHTERS | PA403920 |
| REGIONS OF THE WORLD | PA355422 |
| ENCYCLOPEDIA BROWNS READING ADV | PA201622 |

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EXHIBIT A
(Third Revised)

SECOND REPLACEMENT ACCOUNTS NOTE

\$2,000,000.00

Dated: February __, 1993
At: Chicago, Illinois

FOR VALUE RECEIVED, SOCIETY FOR VISUAL EDUCATION, INC., a Delaware corporation (the "Maker") promises to pay to the order of LAKE SHORE NATIONAL BANK, a national banking association (the "Lender") within thirty (30) days after written demand from the Lender the principal sum of TWO MILLION DOLLARS (\$2,000,000.00) (the "Principal Amount") and interest thereupon on that portion of the Principal Amount outstanding from time to time at the Interest Rate (as hereinafter defined), payable as follows:

- (a) monthly installments of interest in arrears computed on the unpaid Principal Amount at the Interest Rate which shall be due on the first (1st) day of the month following the date any portion of the Principal Amount has been disbursed to the Maker, and on the first (1st) day of each month thereafter through the date the Principal Amount has been paid in full; and
- (b) all payments shall be applied first to accrued and unpaid interest and the remainder, if any, to the Principal Amount.

1. This Note is given to evidence a loan of money from the Lender to the Maker in the Principal Amount pursuant to the terms and conditions in the Loan and Security Agreement dated as of May 26, 1988, as amended from time to time, and as most recently amended by the Fifth Amendment to Loan and Security Agreement between the Lender and the Maker of even date (collectively, the "Loan Agreement"), which is the Accounts Loan (as defined in the Loan Agreement). The Principal Amount evidences the maximum amount available to the Maker by the Lender pursuant to the Loan Agreement. Notwithstanding the stated Principal Amount of this Note, the Maker's liability hereunder at any time hereafter shall be limited to the then unpaid Principal Amount of the Accounts Loan, together with the accrued interest thereon, and all other costs and expenses as provided in the Loan Agreement. In determining the Maker's liability to the Lender hereunder, the books and records of the Lender shall be controlling.

2. Payment of the Accounts Loan is secured by the Loan Agreement, the Mortgage and the Pledge Agreement (as those terms are defined in the Loan Agreement), and as said documents may be amended from time to time.

3. The "Interest Rate" shall be equal to one and one-quarter percent (1-1/4%) in excess of the Prime Rate (as hereinafter defined). Interest shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed.

The "Prime Rate" as used herein means the rate from time to time determined by the Lender as its prime rate, as reflected in the Lender's prime rate history book maintained at its principal office in Chicago, Illinois. The designation of a rate of interest as the Lender's Prime Rate is merely for convenience of reference for the Lender's internal procedures, and does not, nor is intended to, indicate in any way that such rate is the rate of interest then being

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charged by the Lender to any of its customers. The Interest Rate shall fluctuate from time to time concurrently with, and in an amount equal to, each increase or decrease in the Prime Rate.

4. All sums due under this Note are payable at the Lender's principal office at 605 North Michigan Avenue, Chicago, Illinois, or at such other place or places as the Lender or other holder hereof may hereafter from time to time in writing designate, in the most legal tender of the United States of America current on the date such sums or payments are respectively due.

5. During the existence of any default or delinquency under the terms of this Note, the Loan Agreement, the Mortgage or the Pledge Agreement, the Lender, or other holder hereof, is hereby expressly authorized to apply all payments made on this Note to the payment of such part of any delinquency as the Lender may elect, including but not limited to the New Balloon Note or the indebtedness evidenced by the Substitute Installment Note as those terms are defined in the Loan Agreement. The Lender may also take and apply any and all money, credit or other property of the Maker, and apply to the payment of such part of any delinquency as the Lender may elect. The Maker hereby waives the benefit of any law that would otherwise restrict or limit the Lender in the exercise of such right of set-off.

6. If any payment due on this Note is not received by the Lender or other holder hereof on or before five (5) days after the due date (provided that such five (5) day grace period shall not be available to the Maker more than three (3) times on this Note, the New Balloon Note and the Substitute Installment Note [which has replaced the notes evidencing the Capital Addition Loan and the Expenses Loan] in any twelve (12) month period), or if a default occurs in the Loan Agreement, the Mortgage or the Pledge Agreement, then, or at any time thereafter during the continuance of any such default, the entire unpaid Principal Amount together with interest accrued shall, at the election of the Lender or other holder hereof, and without notice of such election and without demand or presentment, become immediately due and payable at the place of payment aforesaid, anything contained herein, in the Loan Agreement or in the Mortgage to the contrary notwithstanding, and the Principal Amount so accelerated and declared due as aforesaid shall thereafter bear simple interest at a rate equal to four percent (4%) per annum in excess of the Interest Rate (the "Default Rate").

7. The remedies of the Lender or other holder hereof as provided herein, in the Loan Agreement or the Mortgage, shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of the Lender or other holder hereof, and may be exercised as often as occasion therefor shall arise. Failure of the Lender or other holder hereof, for any period of time or on more than one occasion, to exercise its option to accelerate the maturity date of this Note shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent default. No act of omission or commission of the Lender or other holder hereof, including specifically any failure to exercise any right, remedy or recourse, shall be deemed a waiver or release of the same and any such waiver or release is to be effected only through a written document executed by the Lender or other holder hereof and then only to the extent specifically recited therein. A

waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of the Lender's or other holder's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the Lender or other holder hereof by this Note is not required to be given.

8. The Maker shall have the right to prepay this Note in whole or in part at any time without premium or penalty.

9. In the event that this Note is placed in the hands of an attorney-at-law for collection after maturity, or upon default, or in the event that proceedings at law, in equity, bankruptcy, receivership or other legal proceedings are instituted or threatened in connection herewith, or if the Lender or other holder hereof is made a party to any such proceeding without fault on its own part or in the event that this Note is placed in the hands of an attorney-at-law to enforce any of the rights or requirements contained herein, in the Loan Agreement, in the Mortgage or in the Pledge Agreement, the Maker hereby agrees to pay all reasonable costs of collecting or attempting to collect this Note, or any costs of protecting or enforcing such rights, including, without limitation, reasonable attorneys' fees (whether or not suit is brought), in addition to all principal, interest and other amounts payable hereunder, all of which shall be secured by the Loan Agreement, the Mortgage and the Pledge Agreement.

10. The Maker represents that the Accounts Loan is a business loan, that the proceeds thereof shall be used for business purposes only and that the Accounts Loan is exempt from limitation upon lawful interest pursuant to the provisions of Illinois Revised Statutes, Chapter 17, Section 6404, and that the Accounts Loan is an exempted transaction under the Truth in Lending Act, 15 U.S.C. §1601 et. seq. In the event the interest provisions hereof or any exactions provided for herein or in any instrument(s) securing this Note shall result, at any time during the life of the Accounts Loan, in an effective rate of interest which, for any month, transcends the limit of the usury or any other law applicable to the Accounts Loan, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied upon the Principal Amount immediately upon receipt of such monies by the Lender or other holder hereof, with the same force and effect as though the Maker had specifically designated such extra sums to be so applied to the Principal Amount and the Lender or other holder hereof had agreed to accept such extra payment(s) as a premium-free prepayment.

11. The Maker and all future endorsers, guarantors and sureties hereof, if any, jointly and severally waive presentment, protest and notice of dishonor; and they also jointly and severally hereby consent to any and all renewals, extensions or modifications of the terms hereof, including the terms of times for payment; and further agree that any such renewal, extension or modification of the terms hereto or time for payment or of the terms of the Loan Agreement, the Mortgage or the Pledge Agreement or the release or substitution of any security for the Accounts Loan or any other indulgences shall not otherwise affect the liability of any of said parties for repayment of the Accounts Loan. Any such renewals, extensions or modifications may be made without notice to any of said parties.

12. Funds representing the proceeds of the Accounts Loan which are disbursed for any purpose permitted hereunder by the Lender or other holder hereof by mail, wire transfer or other delivery to the Maker, to escrows or otherwise for the benefit of the Maker, for all purposes, shall be deemed outstanding hereunder and to have been received by the Maker as of the date of such mailing, wire transfer or other delivery, and interest shall accrue and be payable upon such funds from and after the date of such wire transfer, mailing or delivery and until repaid, notwithstanding the fact that such funds may not at any time have been remitted by such escrows to the Maker or for its benefit. Funds paid hereunder shall be deemed received on the next business day if not received by 2:00 p.m. local time at the location where payments hereunder are to be made.

13. All notices required or permitted to be given hereunder to the Maker shall be given in the manner and place as provided in the Loan Agreement.

14. Time is of the essence of this Note and each of the provisions hereof.

15. This Note has been negotiated in, has been executed and delivered in, is payable in and shall be governed by the laws of the State of Illinois, without regard to the conflicts of law principles of that State.

16. The language in all parts of this Note shall be in all cases construed simply according to its fair meaning and not strictly for or against any party. All words used herein in the singular number shall extend to and include the plural number. All words used herein in the plural number shall extend to and include the singular number. All words used in any gender, male, female or neuter shall extend to and include all genders as may be applicable in any particular context. This Note, the Loan Agreement, the Mortgage and the Pledge Agreement have been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. The parties hereto have been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law or any other statutes, legal decisions or common law principles of similar effect that would require interpretation of any ambiguities against the party that has drafted it or them are of no application and are hereby expressly waived by all parties hereto.

17. This Second Replacement Accounts Note replaces the Replacement Accounts Note of Society for Visual Education, Inc. dated January 3, 1992 in the face amount of \$3,000,000 described in the Loan Agreement, as amended. Pursuant to the Fifth Amendment to Loan and Security Agreement dated even date herewith, the credit facility available to Maker pursuant to the Accounts Loan is being concurrently decreased, thereby necessitating the execution of this Second Replacement Accounts Note. Notwithstanding the foregoing, the parties intend that the obligations evidenced by the Replacement Accounts Note and its predecessor note, the Accounts Note, be continuing ones, that all security interests granted to secure the Accounts Note and Replacement Accounts Note be deemed continuing and the this Second Replacement Accounts Note be deemed a modification of the Accounts Note and the Replacement Accounts Note and not a refinancing of such notes.

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IN WITNESS WHEREOF, the Maker has executed and delivered this Note the day and year first above written.

SOCIETY FOR VISUAL EDUCATION, INC.
a Delaware corporation

By: _____
Title: _____

ATTEST:

By: _____
Title: _____

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EXHIBIT D
(Second Revised)

NEW BALLOON NOTE

\$2,964,307.45

Dated: February __, 1993
At: Chicago, Illinois

FOR VALUE RECEIVED, SOCIETY FOR VISUAL EDUCATION, INC., a Delaware corporation (the "Maker") promises to pay to the order of LAKE SHORE NATIONAL BANK, a national banking association (the "Lender") the principal sum of Two Million Nine Hundred Sixty-Four Thousand Three Hundred Seven and 45/100's (\$2,964,307.45) (the "Principal Amount") and interest thereupon from the date of disbursement of the Principal Amount at the Interest Rate (as hereinafter defined), payable as follows:

a. installments of principal:

- (i) commencing on the date hereof, daily installments of principal shall be repaid in the amount of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) per each business day through and including March 31, 1993; and in the amount of ONE THOUSAND AND NO/100 DOLLARS (\$1000.00) per each business day from April 1, 1993 through December 15, 1993;

b. installments of interest:

- (i) monthly installments of interest in arrears computed on the unpaid Principal Amount at the Interest Rate, due on March 1, 1993 and on the first (1st) day of each month thereafter throughout the term of the Former ESOP Loan;

c. balloon payment of unpaid principal and interest:

- (i) on December 15, 1993, all unpaid Principal Amount and accrued interest remaining unpaid shall be due and payable; and

d. application of payments:

- (i) all payments shall be applied first to accrued and unpaid interest and the remainder, if any, to the Principal Amount.

1. This Note is given to evidence a loan of money from the Lender to the Maker in the Principal Amount pursuant to the terms and conditions in the Loan and Security Agreement dated as of May 26, 1988 as amended from time to time, and as most recently amended by the Fifth Amendment to Loan and Security Agreement between the Lender and the Maker of even date (collectively, the "Loan Agreement"), which is the Former ESOP Loan (as defined in the Loan Agreement).

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2. Payment of the Former ESOP Loan is secured by the Loan Agreement, the Mortgage and the Pledge Agreement (as those terms are defined in the Loan Agreement), and as said documents may be amended from time to time.

3. The "Interest Rate" shall be equal to one and one-quarter percent (1 1/4%) in excess of the Prime Rate (as hereinafter defined). Interest shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed.

The "Prime Rate" as used herein means the rate from time to time determined by the Lender as its prime rate, as reflected in the Lender's prime rate history book maintained at its principal office in Chicago, Illinois. The designation of a rate of interest as the Lender's Prime Rate is merely for convenience of reference for the Lender's internal procedures, and does not, nor is intended to, indicate in any way that such rate is the rate of interest then being charged by the Lender to any of its customers. The Interest Rate shall fluctuate from time to time concurrently with, and in an amount equal to, each increase or decrease in the Prime Rate. Interest Rate is subject to adjustment as provided in paragraph 1.2 of the Loan Agreement.

4. All sums due under this Note are payable at the Lender's principal office at 605 North Michigan Avenue, Chicago, Illinois, or at such other place or places as the Lender or other holder hereof may hereafter from time to time in writing designate, in the most legal tender of the United States of America current on the date such sums or payments are respectively due.

5. During the existence of any default or delinquency under the terms of this Note, the Loan Agreement, the Pledge Agreement or the Mortgage, the Lender, or other holder hereof, is hereby expressly authorized to apply all payments made on this Note to the payment of such part of any delinquency as the Lender may elect, including but not limited to the Second Replacement Accounts Note, or the indebtedness evidenced by the Substitute Installment Note as those terms are defined in the Loan Agreement. The Lender may also take and apply any and all money, credit or other property of the Maker, and apply to the payment of such part of any delinquency as the Lender may elect. The Maker hereby waives the benefit of any law that would otherwise restrict or limit the Lender in the exercise of such right of set-off.

6. If any payment due on this Note is not received by the Lender or other holder hereof on or before five (5) days after the due date (provided that such five (5) day grace period shall not be available to the Maker more than three (3) times on this Note, the Second Replacement Accounts Note and the Substitute Installment Note [which has replaced the notes evidencing the Capital Addition Loan and the Expenses Loan] in any twelve (12) month period), or if a default occurs in the Loan Agreement, the Pledge Agreement or the Mortgage, then, or at any time thereafter during the continuance of any such default, the entire unpaid Principal Amount together with interest accrued shall, at the election of the Lender or other holder hereof, and without notice of such election and without demand or presentment, become immediately due and payable at the place of payment aforesaid, anything contained herein, in the Loan Agreement, the Pledge Agreement or in the Mortgage to the contrary notwithstanding, and the Principal Amount

so accelerated and declared due as aforesaid shall thereafter bear simple interest at a rate equal to four per cent (4%) per annum in excess of the Interest Rate (the "Default Rate").

7. The remedies of the Lender or other holder hereof as provided herein, in the Loan Agreement, the Pledge Agreement or the Mortgage, shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of the Lender or other holder hereof, and may be exercised as often as occasion therefor shall arise. Failure of the Lender or other holder hereof, for any period of time or on more than one occasion, to exercise its option to accelerate the maturity date of this Note shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent default. No act of omission or commission of the Lender or other holder hereof, including specifically any failure to exercise any right, remedy or recourse, shall be deemed a waiver or release of the same and any such waiver or release is to be effected only through a written document executed by the Lender or other holder hereof and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of the Lender's or other holder's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the Lender or other holder hereof by this Note is not required to be given.

8. The Maker shall have the right to prepay this Note in whole or in part at any time without premium or penalty. Any prepayments shall be applied to the installments of principal in the inverse order of maturity.

9. In the event that this Note is placed in the hands of an attorney-at-law for collection after maturity, or upon default, or in the event that proceedings at law, in equity, bankruptcy, receivership or other legal proceedings are instituted or threatened in connection herewith, or if the Lender or other holder hereof is made a party to any such proceedings without fault on its own part or in the event that this Note is placed in the hands of an attorney-at-law to enforce any of the rights or requirements contained herein in the Loan Agreement, the Pledge Agreement or in the Mortgage, the Maker hereby agrees to pay all reasonable costs of collecting or attempting to collect this Note, or any costs of protecting or enforcing such rights, including, without limitation, reasonable attorneys' fees (whether or not suit is brought), in addition to all principal, interest and other amounts payable hereunder, all of which shall be secured by the Loan Agreement, the Mortgage and the Pledge Agreement.

10. The Maker represents that the Former ESOP Loan is a business loan, that the proceeds thereof shall be used for business purposes only, that the Former ESOP Loan is exempt from limitation upon lawful interest pursuant to the provisions of Illinois Revised Statutes, Chapter 17, Section 6404, and that the Former ESOP Loan is an exempted transaction under the Truth in Lending Act, 15 U.S.C. §1601 et seq. In the event the interest provisions hereof or any exactions provided for herein or in any instrument(s) securing this Note shall result, at any time during the life of the Former ESOP Loan, in an effective rate of interest which, for any month, transcends the limit of the usury or any other law applicable to the Former ESOP Loan, all sums in excess of those lawfully

collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied upon the Principal Amount immediately upon receipt of such monies by the Lender or other holder hereof, with the same force and effect as though the Maker had specifically designated such extra sums to be so applied to the Principal Amount and the Lender or other holder hereof had agreed to accept such extra payment(s) as a premium-free prepayment.

11. The Maker and all future endorsers, guarantors and sureties hereof, if any, jointly and severally waive presentment, protest and notice of dishonor; and they also jointly and severally hereby consent to any and all renewals, extensions or modifications of the terms hereof, including the terms of times for payment; and further agree that any such renewal, extension or modification of the terms hereto or time for payment or of the terms of the Loan Agreement, the Pledge Agreement or the Mortgage or the release or substitution of any security for the Former ESOP Loan or any other indulgences shall not otherwise affect the liability of any said parties for repayment of the Former ESOP Loan. Any such renewals, extensions or modifications may be made without notice to any of said parties.

12. Funds representing the proceeds of the Former ESOP Loan which are disbursed for any purpose permitted hereunder by the Lender or other holder hereof by mail, wire transfer or other delivery to the Maker, to escrows or otherwise for the benefit of the Maker, for all purposes, shall be deemed outstanding hereunder and to have been received by the makers of the date of such mailing, wire transfer or other delivery, and interest shall accrue and be payable upon such funds from and after the date of such wire transfer, mailing or delivery and until repaid, notwithstanding the fact that such funds may not at any time have been remitted by such escrows to the Maker or for its benefit. Funds paid hereunder shall be deemed received on the next business day if not received by 2:00 P.M. local time at the location where payments hereunder are to be made.

13. All notices required or permitted to be given hereunder to the Maker shall be given in the manner and place as provided in the Loan Agreement.

14. Time is of the essence of this Note and each of the provisions hereof.

15. This Note has been negotiated in, has been executed and delivered in, is payable in and shall be governed by the laws of the State of Illinois, without regard to the conflicts of law principles of that State.

16. The language in all parts of this Note shall be in all cases construed simply according to its fair meaning and not strictly for or against any party. All words used herein in the singular number shall extend to and include the plural number. All words used herein in the plural number shall extend to and include the singular number. All words used in any gender, male, female or neuter shall extend to and include all genders as may be applicable in any particular context. This Note, the Loan Agreement, the Pledge Agreement and the Mortgage have been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. The parties hereto have been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law

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or any other statutes, legal decisions or common law principles of similar effect that would require interpretation of any ambiguities against the party that had drafted it or them are of no application and are hereby expressly waived by all parties hereto.

17. This New Balloon Note replaces and constitutes a modification of the Amended ESOP Note of Society for Visual Education, Inc. dated November 30, 1990 in the face amount of \$5,896,321.00 described in the Loan and Security Agreement, as amended. Pursuant to the Fifth Amendment to Loan and Security Agreement dated even date herewith, the repayment schedule is being extended, the underlying ESOP terminated and the interest rate increased to the Prime Rate plus one and one-quarter percent (1 ¹/₄%), thereby necessitating the execution of this New Balloon Note. Notwithstanding the foregoing, the parties intend that the obligations evidenced by the Amended ESOP Note and its predecessor note, the ESOP Note be continuing ones, that all security interests granted to secure the ESOP Note and the Amended ESOP Note be deemed continuing, and that this New Balloon Note be deemed a modification of the original ESOP Note and the Amended ESOP Note and not a refinancing of such notes.

IN WITNESS WHEREOF, the Maker has executed and delivered this Note the day and year first above written.

SOCIETY FOR VISUAL EDUCATION, INC.,
a Delaware corporation

By: _____
Title: President

ATTEST:

By: _____
Title: Secretary

RECORDED
PATENT & TRADEMARK OFFICE

JUN - 1 99

TRADEMARK

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