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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **January 6, 2020**

SCHOOL SPECIALTY, INC.

(Exact name of registrant as specified in its charter)

<u>Delaware</u>	<u>000-24385</u>	<u>39-0971239</u>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

W6316 Design Drive
Greenville, Wisconsin 54942
(Address of principal executive offices, including
zip code)

Registrant's telephone number, including area code: (920) 734-5712

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised requirements provided pursuant to Section 13(a) of the Exchange Act.



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Item 1.01 Entry into a Material Definitive Agreement.

On January 6, 2020, School Specialty, Inc. (the “Company”) entered into (1) the Third Lien Security Agreement, by and among the Company, certain of its subsidiaries, and U.S. Bank National Association (the “Third Lien Security Agreement”); and (2) the Third Lien Intercreditor Agreement, by and among the Company, TCW Asset Management Company LLC, Bank of America, N.A., and U.S. Bank National Association (the “Third Lien Intercreditor Agreement”). Pursuant to the Third Lien Security Agreement, the Company and certain of its subsidiaries granted liens on substantially all of their assets to U.S. Bank National Association as the agent for and for the benefit of the holders of the Company’s deferred payment obligations. The Third Lien Security Agreement is subject to the provisions of the Third Lien Intercreditor Agreement, which confirms the relative priority of the respective security interests in the assets of the Company and certain of its subsidiaries, and provides for the application, in accordance with such priorities, of proceeds of such assets and properties.

The foregoing descriptions of the Third Lien Security Agreement and the Third Lien Intercreditor Agreement are qualified in their entirety by reference to the full text of the agreements, which are attached hereto as Exhibit 10.1 and 10.2, and are incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

The conditions to enter into the Third Lien Security Agreement and Third Lien Intercreditor Agreement have been satisfied, including, among other things, the condition to receive a proposal of a Specified Transaction (as defined in Fifth Amendment, dated as of November 22, 2019, to the Loan Agreement, dated as of April 7, 2017, by and among School Specialty, Inc., as borrower, certain of its subsidiaries, as guarantors, the financial parties thereto, as lenders, and TCW Asset Management Company, LLC, as agent). There can be no assurances that the Company will enter into a definitive agreement with respect to any Specified Transaction. The Company does not intend to comment further unless and until it enters into a definitive agreement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<u>10.1</u>	Third Lien Security Agreement, dated January 6, 2020, by and among School Specialty, Inc., certain of its subsidiaries, and U.S. Bank National Association.
<u>10.2</u>	Third Lien Intercreditor Agreement, dated January 6, 2020, by and among School Specialty, Inc., TCW Asset Management Company LLC, Bank of America, N.A., and U.S. Bank National Association.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SCHOOL SPECIALTY, INC.

Dated: January 10, 2020

By: /s/ Kevin L. Baehler
Kevin L. Baehler
Executive Vice President and
Chief Financial Officer

EX-10.1 2 exhibit101.htm THIRD LIEN SECURITY AGREEMENT, DATED JANUARY 6, 2020, BY AND AMONG SCHOOL SPECIALTY, INC., CERTAIN OF ITS SUBSIDIARIES, AND U.S. BANK NATIONAL ASSOCIATION

EXHIBIT 10.1

EXECUTION VERSION

The liens and security interests securing the obligations as evidenced hereby are subject to the provisions of the Third Lien Intercreditor Agreement dated as of January 6, 2020 (as amended or modified from time to time), by and among TCW Asset Management Company LLC, as Term Loan Agent, Bank of America, N.A., as Revolving Loan Agent, and U.S. Bank National Association, as Third Lien Agent, and acknowledged by the Obligor and other Grantors. In the event of any conflict between the terms of the Third Lien Intercreditor Agreement and the terms of this agreement, the terms of the Third Lien Intercreditor Agreement shall govern and control.

THIRD LIEN SECURITY AGREEMENT

dated as of

January 6, 2020

among

SCHOOL SPECIALTY, INC.,

THE GRANTORS PARTY HERETO

and

U.S. BANK NATIONAL ASSOCIATION

as Third Lien Agent

SCHEDULES:

SCHEDULE 1: Material Commercial Tort Claims

EXHIBITS:

Exhibit A Copyright Security Agreement

Exhibit B Patent Security Agreement

Exhibit C Trademark Security Agreement

Exhibit D Form of Extended Prepetition Debt Letter Agreement

THIRD LIEN SECURITY AGREEMENT

THIRD LIEN SECURITY AGREEMENT (this “Agreement”), dated as of January 6, 2020, among SCHOOL SPECIALTY, INC., as Obligor, the SUBSIDIARY GRANTORS party hereto and U.S. BANK NATIONAL ASSOCIATION, (the “Third Lien Agent”).

WHEREAS, School Specialty, Inc., a Delaware corporation (the “Obligor”) has obligations in respect of the “Extended Prepetition Debt” (as defined below) and such Extended Prepetition Debt is permitted to be secured by certain liens on the Collateral consisting of personal property (other than the ABL Priority Collateral) as set forth in this Agreement;

WHEREAS, the Obligor and the Subsidiary Grantors are willing to secure the obligations of the Obligor in respect of the Extended Prepetition Debt by granting Liens on their assets to the Third Lien Agent as provided in the Security Documents;

WHEREAS, the Obligor is willing to cause certain of its Subsidiaries to grant Liens on their assets to the Third Lien Agent as provided in the Security Documents; and

WHEREAS, the letter agreements governing the Extended Prepetition Debt authorize the Obligor to appoint a collateral agent for the Secured Parties.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

(a) *Terms Defined in UCC.* As used herein, each of the following terms has the meaning specified in the UCC:

Term	UCC
Account	9-102
Authenticate	9-102
Certificated Security	8-102
Chattel Paper	9-102
Commercial Tort Claim	9-102
Commodity Account	9-102
Commodity Customer	9-102
Deposit Account	9-102
Document	9-102
Entitlement Holder	8-102
Equipment	9-102
Financial Asset	8-102 & 103
General Intangibles	9-102
Instrument	9-102
Inventory	9-102
Investment Property	9-102
Letter-of-Credit Right	9-102

Money	1-201	
Record	9-102	
Securities Account	8-501	
Securities Intermediary	8-102	
Security	8-102	& 103
Security Entitlement	8-102	
Supporting Obligations	9-102	
Uncertificated Security	8-102	

(b) *Additional Definitions.* The following additional terms, as used herein, have the following meanings:

“**ABL Priority Collateral**” shall at all times have the meaning assigned such term in the Senior Lien Intercreditor Agreement (as such term may be amended or modified from time to time). For convenience of reference for the parties hereto, as of the date of hereof such term is defined in the Senior Lien Intercreditor Agreement as follows:

“[A]ll of the following assets that constitute Collateral, whether now owned or hereafter acquired (including any of the following assets acquired or created after the commencement of any Insolvency or Liquidation Proceeding) and wherever located:

(a) all Accounts (including credit card receivables, but excluding Accounts arising under agreements for the Disposition of Term Priority Collateral described in clauses (a) through (k) of the definition of such term);

(b) all Chattel Paper (including all Electronic Chattel Paper and all Tangible Chattel Paper) to the extent evidencing, governing or otherwise relating to any of the items constituting ABL Priority Collateral under clause (a) above;

(c) all Inventory (including, for the avoidance of doubt, Inventory that is or becomes branded, or produced through the use or other application of, any Intellectual Property);

(d) all Deposit Accounts, Securities Accounts and Commodity Accounts (in each case, other than any Asset Sale Proceeds Account) and all Money or other assets (including all "Cash Equivalents" as defined in the ABL Credit Agreement as in effect on the date hereof), Financial Assets and Securities Entitlements contained in, or credited to, or arising from any such Deposit Accounts, Securities Accounts or Commodity Accounts (in each case, except to the extent constituting identifiable Proceeds of Term Priority Collateral);

(e) to the extent payable with respect to periods prior to the Exercise of Secured Creditor Remedies by any Secured Party, all business interruption insurance policies and proceeds arising thereunder;

(f) to the extent evidencing, governing, securing or otherwise relating to any of the items constituting ABL Priority Collateral under clauses (a) through (d) above, all General Intangibles (excluding goodwill, Intellectual Property (but subject to the rights of the ABL

Agent under Section 4.2), Indebtedness (or any evidence thereof) between or among the Company or any of its Subsidiaries and any Capital Stock in the Company or any of its Subsidiaries), Instruments (including Promissory Notes), Commercial Tort Claims, Documents, and insurance policies (excluding business interruption insurance policies) regardless of whether the ABL Agent is the loss payee thereof (in each case, except to the extent constituting identifiable Proceeds of Term Priority Collateral);

(g) all collateral and guarantees given by any other Person with respect to any of the foregoing;

(h) all Supporting Obligations (including Letter-of-Credit Rights) and all Proceeds of any of the foregoing, including Proceeds consisting of Commercial Tort Claims and Payment Intangibles arising from the Disposition or other collection of ABL Priority Collateral described in any of clauses (a) through (g) above; and

(i) all books and Records to the extent relating to any of the foregoing.

Notwithstanding the foregoing, the term “ABL Priority Collateral” shall not include any assets referred to in any of clauses (a) through (j) of the definition of the term “Term Priority Collateral.”

“**Agent Professionals**” means attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by the Third Lien Agent.

“**Agreement**” has the meaning specified in the preamble hereto.

“**Business Day**” means any day other than a Saturday, Sunday, or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, Chicago, IL, New York, NY, or St. Paul, MN.

“**Capital Stock**” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“**Cash Distributions**” means dividends, interest and other distributions and payments (including proceeds of liquidation, sale or other disposition) made or received in cash upon or with respect to any Collateral.

“**Collateral**” means all property, whether now owned or hereafter acquired, on which a Lien is granted or purports to be granted to the Third Lien Agent pursuant to the Security Documents. When used with respect to a specific Grantor, the term “Collateral” means all its property on which such a Lien is granted or purports to be granted.

“**Contingent Obligation**” means, at any time, any Obligation (or portion thereof) that is contingent in nature at such time, including any Obligation that is:

- (i) any obligation (including any guarantee) that is contingent in nature at such time; or
- (ii) an obligation to provide collateral to secure any of the foregoing types of obligations.

“**Control**” has the meaning specified in UCC Section 8-106, 9-104, 9-105, 9-106 or 9-107, as may be applicable to the relevant Collateral.

“**Copyright License**” means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use, copy, reproduce, distribute, prepare derivative works, display or publish any records or other materials on which a Copyright is in existence or may come into existence (excluding any Exclusive Copyright License).

“**Copyrights**” means all the following: (i) all copyrights under the laws of the United States or any other country (whether or not the underlying works of authorship have been published), all registrations and recordings thereof, all copyrightable works of authorship (whether or not published), and all applications for copyrights under the laws of the United States or any other country, including registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Copyright Security Agreement, (ii) all renewals of any of the foregoing, (iii) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (iv) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

“**Copyright Security Agreement**” means a Copyright Security Agreement, substantially in the form of Exhibit A (with any changes that the Third Lien Agent and the Obligor shall have approved), executed and delivered by a Grantor in favor of the Third Lien Agent for the benefit of the Secured Parties.

“**Directing Creditors**” means holders of Extended Prepetition Debt holding at least 51% of the aggregate outstanding amount of the Extended Prepetition Debt at such time.

“**Domestic Subsidiary**” means any Subsidiary of the Obligor that is not a Foreign Subsidiary.

“**Effective Date**” means January 6, 2020.

“**Equity Interest**” means, with respect to any Person, (a) the Capital Stock of such Person and (b) any Security Entitlement in respect of any Capital Stock of such Person.

“**Event of Default**” means any of the following, (a) failure of the Obligor to pay the Obligations when due, (b) any representation, warranty or other written statement of the Obligor or any other Grantor made in connection with this Agreement or the other Security Documents is incorrect or misleading in any material respect when given, (c) the Obligor or any other Grantor breaches or fails to perform any other covenant contained in this Agreement or the other Security

Documents, and such breach or failure is not cured within thirty (30) days after receiving written notice thereof from the Third Lien Agent, or (d) a proceeding under title 11 of the United States Code is commenced by the Obligor or any other Grantor.

“**Excluded Assets**” has the meaning specified in Section 2.

“**Exclusive Copyright License**” means any material agreement now or hereafter in existence granting to any Grantor an exclusive right to use, copy, reproduce, distribute, prepare derivative works, display or publish any materials on which a United States Copyright is in existence or may come into existence.

“**Extended Prepetition Debt**” means the indebtedness of the Obligor under letter agreements in the form of Exhibit D (with any changes as may be approved by the Revolving Loan Agent and Term Loan Agent) entered into from time to time with holders of Allowed Class 5 and Class 6 Claims under the Obligor’s Second Amended Joint Plan of Reorganization confirmed on May 13, 2013 (*In re School Specialty, Inc.*, No. 13-10125-KJC (Bankr. D. Del. 2013), ECF No. 1158), pursuant to which letter agreements said holders have agreed to extend the payment date of their respective claims against the Obligor.

“**Full Payment**” means, with respect to any Obligations, the full and indefeasible cash payment thereof, including any interest.

“**Governmental Authority**” means any federal, state, local, foreign or other agency, authority, body, commission, court, instrumentality, political subdivision, central bank, or other entity or officer exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions for any governmental, judicial, investigative, regulatory or self-regulatory authority (including any supra-national bodies such as the European Union or European Central Bank).

“**Grantors**” means the Obligor and the Subsidiary Grantors.

“**Subsidiary Grantors**” means each Subsidiary listed on the signature pages hereof under the caption “Subsidiary Grantors.”

“**Intellectual Property**” means all intellectual property and similar proprietary property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, service marks, trade names, trade secrets, confidential or proprietary technical and business information, customer lists, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations, applications and franchises, and all additions, improvements and accessions to, licenses or other rights to use, and books and records describing or used in connection with, any of the foregoing.

“**Intellectual Property Filing**” means (i) with respect to any Patent or Trademark, the filing of the applicable Patent Security Agreement or Trademark Security Agreement with the United States Patent and Trademark Office, together with an appropriately completed recordation form, and (ii) with respect to any Copyright or Exclusive Copyright License, the filing of the

applicable Copyright Security Agreement with the United States Copyright Office, together with an appropriately completed recordation form.

“Intellectual Property Security Agreement” means a Copyright Security Agreement, a Patent Security Agreement or a Trademark Security Agreement.

“License” means any Patent License, Trademark License, Copyright License, Exclusive Copyright License or other license or sublicense agreement relating to Intellectual Property to which any Grantor is a party.

“Material Adverse Effect” means the effect of any event or circumstances that, taken alone or in conjunction with other events or circumstances, (a) has or could be reasonably expected to have a material adverse effect on the business, assets, liabilities, operations or financial condition of the Grantors, individually or taken as a whole, on the value of any material Collateral or on the validity or priority of the Transaction Liens on any Collateral, or on the enforceability of any Extended Prepetition Debt; (b) materially impairs the ability of the Obligor to perform the Obligations; or (c) otherwise materially impairs the ability of the Third Lien Agent to enforce or collect any Obligations or to realize upon any Collateral.

“Material Commercial Tort Claim” means a Commercial Tort Claim involving a claim for more than \$500,000.

“Non-Contingent Obligation” means at any time any Obligation (or portion thereof) that is not a Contingent Obligation at such time.

“Obligations” means all obligations of the Obligor in respect of the Extended Prepetition Debt or under this Agreement.

“Obligor” has the meaning specified in the preamble hereto.

“Original Grantor” means any Grantor that grants a Lien on any of its assets hereunder on the Effective Date.

“own” refers to the possession of sufficient rights in property to grant a security interest therein as contemplated by UCC Section 9-203, and **“acquire”** refers to the acquisition of any such rights.

“Patent License” means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or application for patent is in existence on such invention or not, and whether a patent or application for patent on such invention may come into existence or not.

“Patent Security Agreement” means a Patent Security Agreement, substantially in the form of Exhibit B (with any changes that the Third Lien Agent and the Obligor shall have approved), executed and delivered by a Grantor in favor of the Third Lien Agent for the benefit of the Secured Parties.

“Patents” means (i) all letters patent and design letters patent of the United States or any other country and all applications for letters patent or design letters patent of the United States or any other country, including applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Patent Security Agreement, (ii) all reissues, divisions, continuations, continuations in part, revisions and extensions of any of the foregoing, (iii) all claims for, and rights to sue for, past or future infringements of any of the foregoing and (iv) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

“Permitted Collateral Liens” means (a) Liens granted to the Revolving Loan Agent to secure the Revolving Loans or to the Term Loan Agent to secure the Term Loans, (b) the “Permitted Liens” under the Revolving Loan Agreement or the Term Loan Agreement (as such term is defined therein), and (c) liens that arise by operation of law.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, trust, unincorporated organization, Governmental Authority or other entity.

“Pledged”, when used in conjunction with any type of asset, means at any time an asset of such type that is included (or that creates rights that are included) in the Collateral at such time. For example, “Pledged Equity Interest” means an Equity Interest that is included in the Collateral at such time.

“Proceeds” means all “proceeds” (as defined in Section 9-102 of the UCC) and including, in any event, all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, any Collateral, including all claims of the relevant Grantor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, and any condemnation or requisition payments with respect to any Collateral.

“Recordable Intellectual Property” means (i) any material Patent issued or applied for issuance with the United States Patent and Trademark Office, (ii) any material Trademark registered or applied for registration with the United States Patent and Trademark Office, (iii) any material Copyright registered or applied for registration with the United States Copyright Office, and (iv) any Exclusive Copyright License.

“Related Parties” means with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Release Conditions” means the following conditions for terminating all the Transaction Liens:

- (i) Full Payment of all Extended Prepetition Debt; and

(ii) no Contingent Obligation (other than contingent indemnification and expense reimbursement obligations which are not due and payable and as to which no claim shall have been asserted) shall remain outstanding.

“**Revolving Loan**” means a “Loan,” as such term is defined in the Revolving Loan Agreement.

“**Revolving Loan Agent**” means Bank of America, N.A., as agent, and its successors and assigns in such capacities.

“**Revolving Loan Agreement**” means that certain Loan Agreement dated as of June 11, 2013 (as amended or modified from time to time) among, *inter alios*, the Obligor and certain of its subsidiaries, as borrowers and guarantors, and the Revolving Loan Agent.

“**Secured Parties**” means the holders from time to time of the Extended Prepetition Debt and the Third Lien Agent.

“**Security Documents**” means this Agreement, the Intellectual Property Security Agreements and all other supplemental or additional security agreements, control agreements or similar instruments now or hereafter securing (or given with the intent to secure) any Obligations.

“**Senior Lien Intercreditor Agreement**” means that certain Intercreditor Agreement dated as of April 7, 2017 (as amended or modified from time to time) among the Revolving Loan Agent and the Term Loan Agent, and acknowledged and consented to by the Obligor and other Grantors.

“**Term Loan Agent**” means TCW Asset Management, LLC as agent, and its successors and assigns in such capacities.

“**Term Loan Agreement**” means that certain Loan Agreement dated as of April 7, 2017 (as amended or modified from time to time) among the Obligor, as borrower, certain of the Obligor’s subsidiaries, as guarantors, the financial institutions party thereto, as lenders, and the Term Loan Agent.

“**Term Loans**” means the “Loans,” as such term is defined in the Term Loan Agreement.

“**Term Priority Collateral**” shall at all times have the meaning assigned such term in the Senior Lien Intercreditor Agreement (as such term may be amended or modified from time to time). For convenience of reference for the parties hereto, as of the date of hereof such term is defined in the Senior Lien Intercreditor Agreement as follows:

“[A]ll of the following assets that constitute Collateral, whether now owned or hereafter acquired (including any of the following assets acquired or created after the commencement of any Insolvency or Liquidation Proceeding) and wherever located:

(a) all Equipment and all real property and interests therein (including both fee and leasehold interests) and all Fixtures;

- (b) all Intellectual Property (subject to the rights of the ABL Agent under Section 4.2);
- (c) all Capital Stock and other Investment Property (other than Investment Property constituting ABL Priority Collateral under clause (e) of the definition of such term);
- (d) except to the extent constituting ABL Priority Collateral under clause (g) of the definition of such term, all Instruments, Documents and other General Intangibles (including goodwill, Indebtedness (or any evidence thereof) between or among the Company or any of its Subsidiaries (other than Accounts included as ABL Priority Collateral), databases, customer lists, and tax refunds);
- (e) except to the extent constituting ABL Priority Collateral under clause (g) or (i) of the definition of such term, all Commercial Tort Claims;
- (f) all Asset Sale Proceeds Accounts and all Money, Financial Assets, Securities Entitlements or other assets contained in, or credited to, or arising from any such Asset Sale Proceeds Accounts (in each case, except to the extent constituting identifiable Proceeds of ABL Priority Collateral);
- (g) to the extent payable with respect to periods from and after the Exercise of Secured Creditor Remedies by any Secured Party, all business interruption insurance policies and proceeds arising thereunder;
- (h) all insurance policies relating to Term Priority Collateral (excluding business interruption insurance policies) regardless of whether the Term Agent is the loss payee thereof;
- (i) all collateral and guarantees given by any other Person with respect to any of the foregoing;
- (j) all Supporting Obligations (including Letter-of-Credit Rights) and all Proceeds of any of the foregoing;
- (k) all other Collateral not constituting ABL Priority Collateral; and
- (l) all books and Records to the extent relating to any of the foregoing.

Notwithstanding the foregoing, the term “Term Priority Collateral” shall not include any assets referred to in any of clauses (a) through (i) of the term “ABL Priority Collateral”.

“**Third Lien Agent**” mean U.S. Bank National Association as agent, and its successors and assigns in such capacities.

“**Third Lien Intercreditor Agreement**” means that certain Third Lien Intercreditor Agreement dated as of January 6, 2020 (as amended or modified from time to time), by and among the Term Loan Agent, the Revolving Loan Agent, and the Third Lien Agent, and acknowledged by the Obligor and other Grantors.

“**Trademark License**” means any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use any Trademark.

“**Trademark Security Agreement**” means a Trademark Security Agreement, substantially in the form of Exhibit C (with any changes that the Third Lien Agent and the Obligor shall have approved), executed and delivered by a Grantor in favor of the Third Lien Agent for the benefit of the Secured Parties.

“**Trademarks**” means: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and all other source or business identifiers, and all general intangibles of like nature, and the rights in any of the foregoing which arise under applicable law, (ii) the goodwill of the business symbolized thereby or associated with each of them, (iii) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Trademark Security Agreement, (iv) all renewals of any of the foregoing, (v) all claims for, and rights to sue for, past or future infringements of any of the foregoing and (vi) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

“**Transaction Liens**” means the Liens granted by the Grantors under the Security Documents.

“**UCC**” means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided* that, if perfection or the effect of perfection or non-perfection or the priority of any Transaction Lien on any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “**UCC**” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

SECTION 2. *Grant of Transaction Liens.* Obligor, in order to secure all Obligations, and each Grantor party hereto, in order to secure all Obligations, grants to the Third Lien Agent for the benefit of the Secured Parties a continuing security interest in all the following property of Obligor or such Grantor, as the case may be, whether now owned or existing or hereafter acquired or arising and regardless of where located:

- (i) all Documents;
- (ii) all Goods, including Inventory, Equipment and fixtures;
- (iii) all General Intangibles (including (x) any Equity Interests in other Persons that do not constitute Investment Property and (y) any Intellectual Property);
- (iv) all Instruments;

- (v) all Investment Property;
- (vi) all Commercial Tort Claims, including those described in Schedule 1;
- (vii) all Letter-of-Credit Rights;
- (viii) all Supporting Obligations;
- (ix) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral;
- (x) all vehicles and title documents with respect to vehicles;
- (xi) all other personal property whether or not subject to the Code;
- (xii) all books and records (including customer lists, credit files, computer programs, printouts and other computer materials and records) of such Grantor pertaining to any of its Collateral; and
- (xiii) all Proceeds of the Collateral described in the foregoing clauses (i) through (xii);

provided that the following property is excluded from the foregoing security interests (it being understood that such grant will be applicable at such time as any such property or assets ceases to constitute Excluded Assets): (A) Deposit Accounts; (B) Securities Accounts; (C) Cash not constituting proceeds of Term Priority Collateral; (D) Equity Interests, (E) any lease, license or other agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or create a right of termination in favor of any other party thereto (other than the Obligor or any other Grantor) after giving effect to the applicable anti-assignment provisions of the UCC, (F) any properties and assets with respect to which the Term Loan Agent determines in its good faith judgment that the costs or other consequences of granting or perfecting a security interest therein are excessive in view of the benefits to be obtained by the Secured Parties, (G) any United States intent-to-use Trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use Trademark applications under applicable federal law, (H) any letter of credit rights to the extent any Grantor is required by applicable law to apply the proceeds of a drawing of such letter of credit for a specified purpose, (I) any governmental licenses or state or local franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code, (J) any property to the extent that the grant of a security interest therein is prohibited by any applicable law or regulation, requires a consent not obtained of any Governmental Authority pursuant to any applicable law or regulation, or is prohibited by, or would constitute a breach or default under or would result in the termination, invalidation or abandonment of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such

property or, in the case of any Investment Property, any applicable shareholder or similar agreement, and (K) the ABL Priority Collateral (the foregoing, collectively, the “Excluded Assets”), provided that the foregoing limitation in clause (G) shall not affect, limit, restrict or impair the grant by a Grantor of a security interest pursuant to this Agreement in any asset or right to the extent that Sections 9-406 and 9-408 of the Uniform Commercial Code as in effect on the date hereof would permit (and excuse any default or violation resulting therefrom) the creation of a security interest in such asset or right notwithstanding such law or regulation or the provision of such contract, license, agreement, instrument or other document or shareholder or similar agreement prohibiting the creation of a security interest therein or shall render such provision unenforceable. Each Grantor shall upon request of the Third Lien Agent (as directed by the Directing Creditors) use commercially reasonable efforts to obtain any such required consent that is reasonably obtainable, it being understood and agreed that no Grantor shall be required to obtain any such consent if such Grantor reasonably determines in its good faith judgment that the costs of obtaining such consent is excessive in view of the benefits to be obtained by the Secured Parties thereby.

(b) With respect to each right to payment or performance included in the Collateral from time to time, the Transaction Lien granted therein includes a continuing security interest in (i) any Supporting Obligation that supports such payment or performance and (ii) any Lien that (x) secures such right to payment or performance or (y) secures any such Supporting Obligation.

(c) The Transaction Liens are granted as security only and shall not subject the Third Lien Agent or any other Secured Party to, or transfer or in any way affect or modify, any obligation or liability of any Grantor with respect to any of the Collateral or any transaction in connection therewith.

(d) Beginning one year from the date hereof, the Obligor and each Grantor shall provide an annual certificate detailing any material (as determined by the Obligor or the Grantor, as applicable) Collateral added or removed in the previous year.

SECTION 3. *General Representations and Warranties.* Each Grantor represents and warrants that:

(a) Such Grantor (a) is duly organized or formed, as the case may be, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, (b) has the requisite power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged as it is currently conducted, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except to the extent that the failure to so qualify could not, in the aggregate, reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all applicable law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Such Grantor has good and marketable title to all its Collateral (subject to exceptions that are, in the aggregate, not material), free and clear of any Lien other than Permitted Collateral Liens.

(c) Such Grantor has not performed any acts that are reasonably likely to prevent the Third Lien Agent from enforcing any of the provisions of the Security Documents or that would limit the Third Lien Agent in any such enforcement. No financing statement, security agreement, mortgage or similar or equivalent document or instrument covering all or part of the Collateral owned by such Grantor is on file or of record in any jurisdiction in which such filing or recording would be effective to perfect or record a Lien on such Collateral, except financing statements, mortgages or other similar or equivalent documents with respect to Permitted Collateral Liens. After the Effective Date, no Collateral owned by such Grantor will be in the possession or under the Control of any other Person having a claim thereto or security interest therein, other than a Permitted Collateral Lien.

(d) The Transaction Liens on all Collateral owned by such Grantor (i) have been validly created, (ii) will attach to each item of such Collateral on the Effective Date (or, if such Grantor first obtains rights thereto on a later date, on such later date) and (iii) when so attached, will secure all the Obligations.

(e) When UCC financing statements describing the Collateral as “all assets” or “all personal property now existing or hereinafter acquired” or other words to that effect have been filed in the offices specified in such Perfection Certificate, the Transaction Liens will constitute perfected security interests in the Collateral owned by such Grantor to the extent that a security interest therein may be perfected by filing pursuant to the UCC, prior to all Liens and rights of others therein except Permitted Collateral Liens. When, in addition to the filing of such UCC financing statements, the applicable Intellectual Property Filings have been made with respect to such Grantor’s Recordable Intellectual Property (including any future filings required pursuant to Section 5(a)), the Transaction Liens will constitute perfected security interests in all right, title and interest of such Grantor in its Recordable Intellectual Property to the extent that security interests therein may be perfected by such filings, prior to all Liens and rights of others therein except Permitted Collateral Liens. Except for (x) the filing of such UCC financing statements, (y) such Intellectual Property Filings, and (z) additional Intellectual Property Filings that may be necessary to perfect the Transaction Liens with respect to such Grantor’s Patents, Trademarks and Copyrights that do not constitute Recordable Intellectual Property, no registration, recordation or filing with any governmental body, agency or official is required in connection with the execution or delivery of the Security Documents or is necessary for the validity or enforceability thereof or for the perfection (other than in respect of deposit accounts) or due recordation of the Transaction Liens or for the enforcement of the Transaction Liens. Notwithstanding anything herein to the contrary, no Grantor shall take any action to perfect any security interest in any part of the Collateral under the laws of any jurisdiction outside of the United States of America.

SECTION 4. *Further Assurances; General Covenants.* Each Grantor covenants as follows:

(a) Such Grantor will, from time to time, at the Obligor’s expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper

and take any other action (including any Intellectual Property Filing but solely with respect to Recordable Intellectual Property) that from time to time may be necessary or desirable, or that the Third Lien Agent may reasonably request, in order to:

- (i) create, preserve, perfect, confirm or validate the Transaction Liens on such Grantor's Collateral;
- (ii) enable the Third Lien Agent and the other Secured Parties to obtain the full benefits of the Security Documents; or
- (iii) enable the Third Lien Agent to exercise and enforce any of its rights, powers and remedies with respect to any of such Grantor's Collateral.

Such Grantor authorizes the Third Lien Agent to execute and file such financing statements or continuation statements in such jurisdictions with such descriptions of collateral (including "all assets" or "all personal property now existing or hereinafter acquired" or other words to that effect) and other information set forth therein as the Third Lien Agent may deem necessary or desirable for the purposes set forth in the preceding sentence. Each Grantor also ratifies its authorization for the Third Lien Agent to file in any such jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. The Third Lien Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or any successor office) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interests granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Third Lien Agent as secured party. The Obligor will pay the costs of, or reasonably incidental to, any Intellectual Property Filings and any recording or filing of any financing or continuation statements or other documents recorded or filed pursuant hereto.

(b) Such Grantor shall furnish to the Third Lien Agent 10 Business Days prior written notice of any change (1) in its name, (2) in its jurisdiction of organization or formation, (3) in its identity or corporate structure or (4) in its federal taxpayer identification number. Such Grantor agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Third Lien Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral.

(c) Such Grantor will promptly upon request, provide to the Third Lien Agent all information and evidence concerning such Grantor's Collateral that the Third Lien Agent may reasonably request from time to time to enable it to enforce the provisions of the Security Documents.

(d) Except as permitted under the Security Documents, each Grantor shall defend its title to Collateral and the Third Lien Agent's Liens therein against all Persons, claims and demands, except Permitted Collateral Liens.

SECTION 5. *Intellectual Property*. Each Grantor represents, warrants and covenants as follows:

(a) Within 10 Business Days of the Effective Date, such Grantor will sign and deliver to the Third Lien Agent Intellectual Property Security Agreements with respect to all Recordable Intellectual Property then owned by it.

(b) Upon the occurrence and during the continuance of an Event of Default, each Grantor shall, upon the request of the Third Lien Agent therefor, use its commercially reasonable efforts to obtain all requisite consents or approvals by the licensor of each Exclusive Copyright License and each material (as determined by the applicable Grantor) Copyright License, Patent License and Trademark License under which such Grantor is the licensee to effect the assignment of all such Grantor's right, title and interest thereunder to the Third Lien Agent, for the ratable benefit of the Secured Parties, or its designee.

(c) On the Effective Date, all Recordable Intellectual Property owned by such Grantor is valid, in full force and effect, subsisting, unexpired and enforceable, and no Recordable Intellectual Property has been abandoned. No breach or default of any License shall be caused by any of the following, and none of the following shall limit or impair the ownership, use, validity or enforceability of, or any rights of such Grantor in, any Recordable Intellectual Property: (i) the consummation of the transactions contemplated by any Extended Prepetition Debt or (ii) any holding, decision, judgment or order rendered by any Governmental Authority prior to the date hereof. There are no pending (or, to the knowledge of such Grantor, threatened) actions, investigations, suits, proceedings, audits, claims, demands, orders or disputes challenging the ownership, use, validity, enforceability of, or such Grantor's rights in, any Recordable Intellectual Property of such Grantor. To each Grantor's knowledge, no Person has been or is infringing, misappropriating, diluting, violating or otherwise impairing any Recordable Intellectual Property of such Grantor. Each Grantor, and to such Grantor's knowledge each other party thereto, is not in material breach or default of any License.

(d) Unless such Grantor shall reasonably determine that such action would be of negligible value, economic or otherwise, such Grantor shall (and shall cause all its licensees to) (i) (1) continue to use each Trademark included in the Intellectual Property in order to maintain such Trademark in full force and effect with respect to each class of goods for which such Trademark is currently used, free from any claim of abandonment for non-use, (2) maintain at least the same standards of quality of products and services offered under such Trademark as are currently maintained, (3) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable law, (4) not adopt or use any other Trademark that is confusingly similar or a colorable imitation of such Trademark unless the Third Lien Agent shall obtain a perfected security interest in such other Trademark pursuant to this Agreement and (ii) not do any act or omit to do any act whereby (w) such Trademark (or any goodwill associated therewith) may become destroyed, invalidated, impaired or harmed in any way, (x) any Patent included in the Intellectual Property may become forfeited, misused, unenforceable, abandoned or dedicated to the public, (y) any portion of the Copyrights included in the Intellectual Property may become invalidated, otherwise impaired or fall into the public domain or (z) any trade secret that is Intellectual Property may become publicly available or otherwise unprotectable.

(e) Such Grantor shall notify the Third Lien Agent immediately if it knows, or has reason to know, that any application or registration relating to any Recordable Intellectual Property may become forfeited, misused, unenforceable, abandoned or dedicated to the public, or

of any adverse determination or development regarding the validity or enforceability or such Grantor's ownership of, interest in, right to use, register, own or maintain any Recordable Intellectual Property (including the institution of, or any such determination or development in, any proceeding relating to the foregoing in the United States Patent and Trademark Office or the United States Copyright Office, as applicable). Such Grantor shall take all actions that are necessary or reasonably requested by the Third Lien Agent to maintain and pursue each application (and to obtain the relevant registration or recordation) and to maintain each registration and recordation included in the Intellectual Property, unless such Grantor shall reasonably determine that such action would be of negligible value, economic or otherwise.

(f) Such Grantor shall not knowingly infringe, misappropriate, dilute, violate or otherwise impair the Intellectual Property of any other Person. In the event that any Intellectual Property of such Grantor is or has been infringed, misappropriated, violated, diluted or otherwise impaired by a third party, such Grantor shall take such action as it reasonably deems appropriate under the circumstances in response thereto, including (if reasonably deemed appropriate by such Grantor) promptly bringing suit and recovering all damages therefor.

(g) Such Grantor shall execute and (i) file in the Applicable IP Office the short-form Intellectual Property Security Agreements in the form attached hereto as Exhibit A, B or C, as applicable, for all Copyrights, Trademarks, Patents and Licenses of such Grantor and (ii) record with the appropriate Internet domain name registrar, a duly executed form of assignment for all Internet domain names of such Grantor.

SECTION 6. *Commercial Tort Claims.* Each Grantor represents, warrants and covenants as follows:

(a) In the case of an Original Grantor, Schedule 1 accurately describes, with the specificity required to satisfy Official Comment 5 to UCC Section 9-108, each Material Commercial Tort Claim with respect to which such Original Grantor is the claimant as of the Effective Date.

(b) If any Grantor acquires a Material Commercial Tort Claim after the Effective Date (in the case of an Original Grantor) or the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will promptly (and in any event within 10 Business Days) sign and deliver to the Third Lien Agent a supplement granting a security interest in such Commercial Tort Claim (which shall be described therein with the specificity required to satisfy said Official Comment 5) to the Third Lien Agent for the benefit of the Secured Parties.

SECTION 7. *Remedies upon Event of Default.* If an Event of Default shall have occurred and be continuing, the Third Lien Agent may exercise (or cause its sub-agents to exercise) any or all of the remedies available to it (or to such sub-agents) under this Agreement or applicable law.

(b) Without limiting the generality of the foregoing, if an Event of Default shall have occurred and be continuing, the Third Lien Agent may exercise on behalf of the Secured Parties all the rights of a secured party under the UCC (whether or not in effect in the jurisdiction

where such rights are exercised) with respect to any Collateral and, in addition, the Third Lien Agent may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Third Lien Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Third Lien Agent may deem commercially reasonable, irrespective of the impact of any such sales on the market price of the Collateral. To the maximum extent permitted by applicable law, any Secured Party may be the purchaser of any or all of the Collateral at any such sale and the Third Lien Agent (as agent for and representative of the Secured Parties), for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, shall be entitled to use and apply all of any part of the Obligations as a credit on account of the purchase price of any Collateral payable at such sale. Upon any sale of Collateral by the Third Lien Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Third Lien Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid to the Third Lien Agent or such officer or be answerable in any way for the misapplication thereof. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay or appraisal that it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Third Lien Agent shall not be obliged to make any sale of Collateral regardless of notice of sale having been given. The Third Lien Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. To the maximum extent permitted by law, each Grantor hereby waives any claim against any Secured Party arising because the price at which any Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale, even if the Third Lien Agent accepts the first offer received and does not offer such Collateral to more than one offeree. The Third Lien Agent may disclaim any warranty, as to title or as to any other matter, in connection with such sale or other disposition, and its doing so shall not be considered adversely to affect the commercial reasonableness of such sale or other disposition.

(c) If the Third Lien Agent sells any of the Collateral upon credit, the Grantors will be credited only with payment actually made by the purchaser, received by the Third Lien Agent and applied in accordance with the terms hereof. In the event the purchaser fails to pay for the Collateral, the Third Lien Agent may resell the same, subject to the same rights and duties set forth herein.

(d) Notice of any such sale or other disposition shall be given as required by Applicable Law. Each Grantor hereby agrees that 10 days' written notice of any proposed sale or other disposition of Collateral by the Third Lien Agent shall be reasonable.

(e) For the purpose of enabling the Third Lien Agent to exercise rights and remedies under this Agreement (including in order to take possession of, collect, receive, assemble, process, appropriate, remove, realize upon, sell, assign, convey, transfer or grant options to

purchase any Collateral) at such time as the Third Lien Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Third Lien Agent, for the benefit of the Secured Parties, an irrevocable, nonexclusive, worldwide license (exercisable without payment of royalty or other compensation to the Grantors and subject to any prior rights granted by such Grantor to third parties), to use, license or sublicense any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs (solely to the extent permitted by the relevant licenses therefor) used for the compilation or printout thereof; *provided, however*, that any trademarks or service marks licensed pursuant to the foregoing may be used only in connection with goods and services of similar type and similar or greater quality than those theretofore sold by such Grantor under such trademark or service mark. The use of such license by the Third Lien Agent may be exercised only upon the occurrence and during the continuation of an Event of Default; *provided, however*, that any license or sublicense entered into by the Third Lien Agent in accordance herewith shall be binding upon each Grantor notwithstanding any subsequent cure of an Event of Default.

(f) For the purpose of enabling the Third Lien Agent to exercise rights and remedies under this Agreement (including in order to take possession of, collect, receive, assemble, process, appropriate, remove, realize upon, sell, assign, convey, transfer or grant options to purchase any Collateral) at such time as the Third Lien Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Third Lien Agent, for the benefit of the Secured Parties, an irrevocable license (without payment of rent or other compensation to such Grantor) to use, operate and occupy all real Property owned, operated, leased, subleased or otherwise occupied by such Grantor.

SECTION 8. *Application of Proceeds.* Except as otherwise herein expressly provided and subject to the terms of the Third Lien Intercreditor Agreement, if an Event of Default shall have occurred and be continuing, the Third Lien Agent may apply the proceeds of any sale or other disposition of all or any part of the Collateral to the Obligations, which application shall be made as follows:

(i) First, to the payment of the fees, costs and expenses and indemnifications granted to the Third Lien Agent herein, including reasonable out-of-pocket expenses of the Third Lien Agent, the reasonable fees and expenses of their respective agents and counsel and all other reasonable expenses incurred and advances made by the Third Lien Agent in that connection;

(ii) Second, and without duplication, to the Full Payment of the Obligations equally and ratably in accordance with their respective amounts then due and owing in respect of the Extended Prepetition Debt; and

(iii) Third, to the Obligor, or its successor or assigns, or as a court of competent jurisdiction may direct, any surplus remaining.

(b) In making the payments and allocations required by this Section, the Third Lien Agent may rely upon information supplied to it by the Obligor or any Grantor. All distributions made by the Third Lien Agent pursuant to this Section shall be final (except in the

event of manifest error) and the Third Lien Agent shall have no duty to inquire as to the application by any Secured Party of any amount distributed to it.

SECTION 9. *Fees and Expenses; Indemnification.* All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral, all Taxes payable with respect to any Collateral (including any sale thereof), and all other payments required to be made by the Third Lien Agent to any Person to realize upon any Collateral, shall be borne and paid by the Grantors. The Obligor will within 10 Business Days after demand pay to the Third Lien Agent:

(i) All fees and expenses agreed to in the U.S. Bank National Association Fee Proposal, dated as of December 12, 2019 between the Third Lien Agent and the Obligor in connection herewith;

(ii) the amount of any taxes that the Third Lien Agent may have been required to pay by reason of the Transaction Liens or to free any Collateral from any other Lien thereon;

(iii) the amount of any reasonable and documented out-of-pocket costs and expenses incurred in connection with the development, preparation, execution and administration of, and any amendment, supplement or modification to, this Agreement and any other documents prepared in connection herewith or therewith, and the consummation and administration of the Transactions, including, without limitation, the reasonable fees, charges and disbursements of a single counsel to the Third Lien Agent (which shall be selected by the Third Lien Agent) and, if applicable, in the judgment of the Third Lien Agent, one special or local counsel in each applicable jurisdiction, as appropriate; and

(iv) the amount required to pay or reimburse the Third Lien Agent for all its reasonable costs and expenses incurred in connection with the enforcement of any rights under this Agreement and any Security Documents, including, without limitation, the fees and disbursements of one counsel selected by the Third Lien Agent and, at any time after and during the continuance of an Event of Default.

(b) If any transfer tax, documentary stamp tax or other tax is payable in connection with any transfer or other transaction provided for in the Security Documents, the Obligor will pay such tax and provide any required tax stamps to the Third Lien Agent or as otherwise required by law.

(c) The Obligor shall indemnify the Third Lien Agent and its respective affiliates and the respective directors, officers, Agent Professionals and employees (each an "**Indemnitee**") against any loss, liability or claims, including taxes that may be incurred by or asserted against any Indemnitee (other than taxes based upon, measured by or determined by the income of the Third Lien Agent), arising out of or in connection with the acceptance or administration of its obligations and duties hereunder, including the reasonable costs and expenses of defending itself against any claim (whether asserted by the Obligor or any Grantor or any other person or entity) or liability, or in connection with enforcing the provisions of this Section, except to the extent that such loss, liability or claim is due to such Indemnitee's own gross negligence or willful misconduct.

(d) The rights, indemnities and protections of this Section 9 shall survive the resignation or removal of the Third Lien Agent.

SECTION 10. *Authority to Administer Collateral.* Each Grantor irrevocably appoints the Third Lien Agent (and all Persons designated by the Third Lien Agent) as its true and lawful attorney (and agent in fact), with full power of substitution, in its name or in the name of such Grantor, any Secured Party or otherwise, for the sole use and benefit of the Secured Parties, but at the Obligor's sole cost and expense, to the extent permitted by law and without notice, to exercise, at any time and from time to time, all or any of the following powers with respect to all or any of such Grantor's Collateral:

(i) endorse a Grantor's name on any proceeds of Collateral (including proceeds of insurance) that come into the Third Lien Agent's possession or control; or

(ii) during the continuance of any Event of Default:

(A) demand, sue for, collect, receive and give acquittance for any and all monies due or to become due upon or by virtue thereof,

(B) prepare, file and sign a Grantor's name to a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document;

(C) receive, open and dispose of mail addressed to a Grantor, and notify postal authorities to deliver any such mail to an address designated by the Third Lien Agent;

(D) endorse any Document, Instrument, bill of lading, or other document or agreement relating to Collateral;

(E) use information contained in any data processing, electronic or information systems relating to Collateral;

(F) make and adjust claims under insurance policies;

(G) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which a Grantor is a beneficiary;

(H) sell, lease, license or otherwise dispose of the same or the proceeds or avails thereof, as fully and effectually as if the Third Lien Agent were the absolute owner thereof; and

(I) extend the time of payment of any or all thereof and to make any allowance or other adjustment with reference thereto.

SECTION 11. *Limitation on Duty in Respect of Collateral.* Beyond the exercise of reasonable care in the custody and preservation thereof, the Third Lien Agent will have no duty as

to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Third Lien Agent will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Third Lien Agent in good faith, except to the extent that such liability arises from the Third Lien Agent's gross negligence or willful misconduct.

SECTION 12. *General Provisions Concerning the Third Lien Agent.*

(a) *Appointment of the Third Lien Agent.* Pursuant to the provisions of each letter agreement governing the Extended Prepetition Debt, the Obligor hereby appoints U.S. Bank National Association as Third Lien Agent for each of the Secured Parties.

(b) *The Third Lien Agent.* (i) The Third Lien Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, and (ii) the Third Lien Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to any Grantor that is communicated to or obtained by the bank serving as the Third Lien Agent or any of its Affiliates in any capacity. The Third Lien Agent shall not be responsible for the existence, genuineness, sufficiency or value of any Collateral or for the validity, perfection, priority or enforceability of any Transaction Lien, whether impaired by operation of law or by reason of any action or omission to act on its part under the Security Documents. The Third Lien Agent shall not be liable for any action taken or not taken by it in the absence of its own gross negligence or willful misconduct. The Third Lien Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Third Lien Agent by the Obligor or a Secured Party.

(c) *Sub-Agents and Related Parties.* The Third Lien Agent may perform any and all of its duties and exercise its rights and powers granted to it under the Security Documents or the Third Lien Intercreditor Agreement by or through any one or more employees and sub-agents at the expense of the Obligor appointed by the Third Lien Agent. The Third Lien Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The Third Lien Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall have no responsibility or liability in connection with any action taken in good faith reliance upon, any advice given by an Agent Professional. The exculpatory provisions of this Section shall apply to any such sub-agent and to the Related Parties of the Third Lien Agent and any such sub-agent. The Third Lien Agent shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

(d) *Information as to Obligations and Actions by Secured Parties.* For all purposes of the Security Documents, including determining the amounts of the Obligations and whether an Obligation is a Contingent Obligation or not, or whether any action has been taken under any Security Document, the Third Lien Agent will be entitled to rely on information from (i) any Secured Party for information as to its Obligations and actions taken by it, to the extent that

the Third Lien Agent has not obtained such information from its own records, and (ii) the Obligor, to the extent that the Third Lien Agent has not obtained information from the foregoing sources.

(e) *Refusal to Act.* The Third Lien Agent may refuse to act on any notice, consent, direction or instruction from any Secured Parties or any agent, trustee or similar representative thereof that, in the Third Lien Agent's opinion, (i) is contrary to law or the provisions of any Security Document or the Third Lien Intercreditor Agreement, (ii) may expose the Third Lien Agent to personal liability or (iii) is unduly prejudicial to Secured Parties not joining in such notice, consent, direction or instruction (it being understood that the Third Lien Agent shall have no duty to determine whether or not any action or inaction is unduly prejudicial). The Third Lien Agent shall have no obligation to expend its own funds in the administration of its duties under the Security Documents or the Third Lien Intercreditor Agreement. The Third Lien Agent shall have only those duties and responsibilities which are expressly specified in the Security Documents and the Third Lien Intercreditor Agreement, and permissive rights granted to the Third Lien Agent shall not be construed as duties.

(f) The Third Lien Agent shall not be required to act in accordance with Directing Creditor instructions until it shall have received such indemnity or security from the Directing Creditors as it may reasonably require in its sole discretion (whether by payment in advance or otherwise) for all costs, claims, losses, expenses (including reasonable legal fees and expenses) and liabilities which it will or may expend or incur in complying or continuing to comply with such instructions and no holder of Extended Prepetition Debt shall have any right of action whatsoever against the Third Lien Agent as a result of the Third Lien Agent acting or refraining from acting under any Security Document or the Third Lien Intercreditor Agreement in accordance with the instructions of the Directing Creditors. The Third Lien Agent shall be entitled to conclusively rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons.

(g) Notwithstanding any other provision of the Security Documents, the Third Lien Agent shall not be liable for any indirect, incidental, consequential, punitive or special losses or damages, regardless of the form of action and whether or not any such losses or damages were foreseeable or contemplated.

(h) Notwithstanding anything else to the contrary herein, whenever reference is made in this Agreement to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Third Lien Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction, or other exercise of discretion, rights or remedies to be made (or not to be made) by the Third Lien Agent, it is understood that in all cases the Third Lien Agent shall be fully justified in failing or refusing to take any such action under this Agreement or the other Security Documents if it shall not have received such written instruction, advice or concurrence of the Directing Creditors, as it deems appropriate. This provision is intended solely for the benefit of the Third Lien Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto.

(i) For the avoidance of doubt, nothing herein shall require the Third Lien Agent to file financing statements, termination statements or continuation statements, or be responsible for maintaining the security interests purported to be created as described herein (except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder or under any other Security Document or the Third Lien Intercreditor Agreement) and such responsibility shall be solely that of the Obligor and Grantors; provided, that upon the written direction of the Directing Creditors, the Third Lien Agent shall file financing statements, termination statements or continuation statements. The Third Lien Agent shall not be responsible for and makes no representation as to the existence, genuineness, value or protection of any Collateral, for the legality, effectiveness or sufficiency of any Finance Document, or for the creation, perfection, priority, sufficiency or protection of any liens securing the Secured Obligations.

(j) In no event shall the Third Lien Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Third Lien Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 13. *Termination of Transaction Liens; Release of Collateral.* The Transaction Liens granted by each Grantor shall terminate when all the Release Conditions are satisfied.

(b) Upon any termination of a Transaction Lien or release of Collateral, the Third Lien Agent will, at the expense of the relevant Grantor, execute and deliver to such Grantor such documents as such Grantor shall reasonably request and have given to the Third Lien Agent for its signature to evidence the termination of such Transaction Lien or the release of such Collateral, as the case may be, and will duly assign and transfer to such Grantor any such Collateral that may be in the possession of the Third Lien Agent and has not theretofore been sold or otherwise applied or released pursuant to this Agreement.

SECTION 14. *Notices.* Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served or sent by telefacsimile or United States mail or courier service or electronic mail and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile or electronic mail, or 3 Business Days after depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto shall be addressed as follows or as may be designated by such party in a written notice to all of the other parties. Notices to the Third Lien Agent shall be addressed to:

U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
St. Paul, MN 55107

Attn: Global Corporate Trust
Reference: Specialty School, Inc.
Fax: 651-466-7430

With a copy to:

Dorsey & Whitney LLP
51 West 52nd Street, 9th Floor
New York, NY 10019

Attn: Erin Trigg
Reference: School Specialty Inc.
Email: trigg.erin@dorsey.com

SECTION 15. *No Implied Waivers; Remedies Not Exclusive.* No failure to exercise and no delay in exercising, on the part of any party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 16. *Successors and Assigns.* This Agreement is for the benefit of the Third Lien Agent and the Secured Parties. If all or any part of any Secured Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Grantors and their respective successors and assigns.

SECTION 17. *Amendments and Waivers.* Neither this Agreement nor any provision hereof may be waived, amended, modified or terminated except pursuant to an agreement or agreements in writing entered into by the Third Lien Agent and the Obligor and Grantors.

SECTION 18. *Choice of Law.* This Agreement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the Transactions shall be construed in accordance with and governed by the law of the State of New York, without giving effect to any conflict of law principles that result in the application of laws of another jurisdiction.

SECTION 19. *Waiver of Jury Trial.* EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY SECURITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER

AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 20. *Severability.* Any provision of any Security Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 21. *Third Lien Intercreditor Agreement.* Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Third Lien Agent pursuant to this Agreement and the exercise of any right or remedy by the Third Lien Agent hereunder, in each case, with respect to the Collateral are subject to the limitations and provisions of the Third Lien Intercreditor Agreement. In the event of any conflict between the terms of the Third Lien Intercreditor Agreement and the terms of this Agreement with respect to the Collateral, the terms of the Third Lien Intercreditor Agreement shall govern and control; *provided* that the Third Lien Intercreditor Agreement shall not be construed, by its terms, to modify any security interest granted pursuant to Section 2 hereof.

SECTION 22. *Resignation of the Third Lien Agent.* The Third Lien Agent may resign at any time, which resignation shall be effective upon 10 Business Days' notice to the Obligor and the Grantors of such resignation. The Third Lien Agent shall have no duty or obligation to take any action other than to hold any Collateral in its possession. The Third Lien Agent shall have the right to implead all such Collateral to a court of competent jurisdiction, and shall have no further duty with respect thereto. Upon receipt of notice of the Third Lien Agent's resignation, the Obligor shall have the right to appoint a successor. After Third Lien Agent's resignation hereunder, the provisions of Section 9 and Section 12 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Third Lien Agent.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

OBLIGOR:

SCHOOL SPECIALTY, INC.

By: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Executive Vice President and Chief Financial Officer

SUBSIDIARY GRANTORS:

CLASSROOMDIRECT.COM, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Assistant Secretary

SPORTIME, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Assistant Secretary

DELTA EDUCATION, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Assistant Secretary

PREMIER AGENDAS, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Assistant Secretary

[Signature Page to Third Lien Security Agreement]

CHILDCRAFT EDUCATION, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

BIRD-IN-HAND WOODWORKS, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

CALIFONE INTERNATIONAL, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

SSI GUARDIAN, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

FREY SCIENTIFIC, LLC, a Delaware limited liability Company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Third Lien Security Agreement]

SAX ARTS & CRAFTS, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Third Lien Security Agreement]

THIRD LIEN AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Joshua A. Hahn

Name: Joshua A. Hahn

Title: Vice President

[Signature Page to Third Lien Security Agreement]

MATERIAL COMMERCIAL TORT CLAIMS

Describe each existing Material Commercial Tort Claim with the specificity required to satisfy Official Comment 5 to UCC Section 9-108.

None.

**EXHIBIT A
to Security Agreement**

The liens and security interests securing the obligations as evidenced hereby are subject to the provisions of the Third Lien Intercreditor Agreement dated as of January 6, 2020 (as amended or modified from time to time), by and among TCW Asset Management Company LLC, as Term Loan Agent, Bank of America, N.A., as Revolving Loan Agent, and U.S. Bank National Association, as Third Lien Agent, and acknowledged by the Obligor and other Grantors. In the event of any conflict between the terms of the Third Lien Intercreditor Agreement and the terms of this agreement, the terms of the Third Lien Intercreditor Agreement shall govern and control.

COPYRIGHT SECURITY AGREEMENT

This COPYRIGHT SECURITY AGREEMENT (this “Copyright Security Agreement”) is made this __ day of January, 2020, by and among the grantors listed on the signature pages hereof (collectively, jointly and severally, “Grantors” and each individually “Grantor”), and U.S. Bank National Association, in its capacity as agent for certain holders of the Extended Prepetition Debt (in such capacity, together with its successors and assigns in such capacity, “Third Lien Agent”).

WITNESSETH:

WHEREAS, Grantors have certain obligations (collectively, the “Extended Prepetition Debt”) and such Extended Prepetition Debt is permitted to be secured by certain liens on the Collateral consisting of personal property (other than the ABL Priority Collateral) as set forth in this Agreement;

WHEREAS, the Obligor and the Subsidiary Grantors are willing to secure their obligations by granting Liens on their assets to the Third Lien Agent as provided in that certain Third Lien Security Agreement dated as of January 6, 2020 (the “Security Agreement”); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to the Third Lien Agent, for the benefit of the Secured Parties, this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantors hereby agree as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement.

2. GRANT OF SECURITY INTEREST IN COPYRIGHT COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to the Third Lien Agent, for the benefit each Lender, to secure the Obligations, a continuing security interest (referred to in this Copyright Security Agreement as the “Security Interest”) in all of such Grantor’s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (excluding any Excluded Assets, collectively, the “Copyright Collateral”):

(a) all of such Grantor's Copyrights and Copyright Intellectual Property Licenses to which it is a party including those referred to on Schedule I;

(b) all renewals or extensions of the foregoing; and

(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Copyright or any Copyright exclusively licensed under any Intellectual Property License, including the right to receive damages, or the right to receive license fees, royalties, and other compensation under any Copyright Intellectual Property License, to the extent provided for in the license.

3. SECURITY FOR OBLIGATIONS. This Copyright Security Agreement and the Security Interest created hereby secures the payment and performance of the Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Copyright Security Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by Grantors, or any of them, to the Third Lien Agent or the Secured Parties, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The Security Interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interests granted to The Third Lien Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights, protections, immunities, indemnities and remedies of The Third Lien Agent with respect to the Security Interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Copyright Security Agreement and the Security Agreement, the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. Grantors shall give the Third Lien Agent notice in writing of any additional copyright registrations granted after the date hereof pursuant to Section 5 of the Security Agreement. Without limiting Grantors' obligations under this Section, Grantors hereby authorize the Third Lien Agent unilaterally to modify this Copyright Security Agreement by amending Schedule I to include any future United States registered copyrights or applications therefor of each Grantor. Notwithstanding the foregoing, no failure to so modify this Copyright Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from the Third Lien Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Copyright Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Copyright Security Agreement. Delivery of an executed counterpart of this Copyright Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Copyright Security Agreement. Any party delivering an executed counterpart of this Copyright

Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Copyright Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Copyright Security Agreement.

7. CHOICE OF LAW AND VENUE AND JURY TRIAL WAIVER. THIS COPYRIGHT SECURITY AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE AND JURY TRIAL WAIVER SET FORTH IN SECTIONS 18 and 19 OF THE SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Copyright Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

SCHOOL SPECIALTY, INC.

By: _____
Name: Kevin Baehler
Title: Executive Vice President and Chief Financial Officer

CLASSROOMDIRECT.COM, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

SPORTIME, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

DELTA EDUCATION, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

PREMIER AGENDAS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Copyright Security Agreement]

CHILDCRAFT EDUCATION, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

BIRD-IN-HAND WOODWORKS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

CALIFONE INTERNATIONAL, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

SSI GUARDIAN, LLC, a Delaware limited liability Company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

FREY SCIENTIFIC, LLC, a Delaware limited liability Company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Copyright Security Agreement]

SAX ARTS & CRAFTS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Copyright Security Agreement]

THIRD LIEN AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

[Signature Page to Copyright Security Agreement]

EXHIBIT 10.1
SCHEDULE I
to
COPYRIGHT SECURITY AGREEMENT

**EXHIBIT B
to Security Agreement**

The liens and security interests securing the obligations as evidenced hereby are subject to the provisions of the Third Lien Intercreditor Agreement dated as of January 6, 2020 (as amended or modified from time to time), by and among TCW Asset Management Company LLC, as Term Loan Agent, Bank of America, N.A., as Revolving Loan Agent, and U.S. Bank National Association, as Third Lien Agent, and acknowledged by the Obligor and other Grantors. In the event of any conflict between the terms of the Third Lien Intercreditor Agreement and the terms of this agreement, the terms of the Third Lien Intercreditor Agreement shall govern and control.

PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this “Patent Security Agreement”) is made this []th day of January 2020, by and among the grantors listed on the signature pages hereof (collectively, jointly and severally, “Grantors” and each individually “Grantor”), and U.S. Bank National Association, in its capacity as agent for certain holders of the Extended Prepetition Debt (in such capacity, together with its successors and assigns in such capacity, “Third Lien Agent”).

WITNESSETH:

WHEREAS, Grantors have certain obligations (collectively, the “Extended Prepetition Debt”) and such Extended Prepetition Debt is permitted to be secured by certain liens on the Collateral consisting of personal property (other than the ABL Priority Collateral) as set forth in this Agreement;

WHEREAS, the Obligor and the Subsidiary Grantors are willing to secure their obligations by granting Liens on their assets to the Third Lien Agent as provided in that certain Third Lien Security Agreement dated as of January 6, 2020 (the “Security Agreement”); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to the Third Lien Agent, for the benefit of the Secured Parties, this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement.

2. GRANT OF SECURITY INTEREST IN PATENT COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to the Third Lien Agent, for the benefit each Lender, to secure the Obligations, a continuing security interest (referred to in this Patent Security Agreement as the “Security Interest”) in all of such Grantor’s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (excluding any Excluded Assets, collectively, the “Patent Collateral”):

(a) all of its Patents and Patent Intellectual Property Licenses to which it is a party including those referred to on Schedule I;

(b) all divisionals, continuations, continuations-in-part, reissues, reexaminations, or extensions of the foregoing; and

(c) all products and proceeds of the foregoing, including any claim by such Grantor against third parties for past, present or future infringement of any Patent or any Patent exclusively licensed under any Intellectual Property License, including the right to receive damages, or right to receive license fees, royalties, and other compensation under any Patent Intellectual Property License, to the extent permitted in the license.

3. SECURITY FOR OBLIGATIONS. This Patent Security Agreement and the Security Interest created hereby secures the payment and performance of the Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Patent Security Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by Grantors, or any of them, to the Third Lien Agent or the Secured Parties, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The Security Interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interests granted to the Third Lien Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights, protections, immunities, indemnities and remedies of the Third Lien Agent with respect to the Security Interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Patent Security Agreement and the Security Agreement, the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. If any Grantor shall obtain rights to any new patent application or issued patent or become entitled to the benefit of any patent application or patent for any divisional, continuation, continuation-in-part, reissue, or reexamination of any existing patent or patent application, the provisions of this Patent Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to the Third Lien Agent with respect to any such new patent rights. Without limiting Grantors' obligations under this Section, Grantors hereby authorize the Third Lien Agent unilaterally to modify this Patent Security Agreement by amending Schedule I to include any such new patent rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Patent Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from the Third Lien Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Patent Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Patent Security Agreement. Delivery of an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of

transmission shall be equally as effective as delivery of an original executed counterpart of this Patent Security Agreement. Any party delivering an executed counterpart of this Patent Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Patent Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Patent Security Agreement.

7. CHOICE OF LAW AND VENUE AND JURY TRIAL WAIVER. THIS PATENT SECURITY AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE AND JURY TRIAL WAIVER SET FORTH IN SECTIONS 18 and 19 OF THE SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Patent Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

SCHOOL SPECIALTY, INC.

By: _____
Name: Kevin Baehler
Title: Executive Vice President and Chief Financial Officer

CLASSROOMDIRECT.COM, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

SPORTIME, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

DELTA EDUCATION, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

PREMIER AGENDAS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Patent Security Agreement]

CHILDCRAFT EDUCATION, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

BIRD-IN-HAND WOODWORKS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

CALIFONE INTERNATIONAL, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

SSI GUARDIAN, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

FREY SCIENTIFIC, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

SAX ARTS & CRAFTS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Patent Security Agreement]

THIRD LIEN AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

[Signature Page to Patent Security Agreement]

EXHIBIT 10.1
SCHEDULE I
to
PATENT SECURITY AGREEMENT

**EXHIBIT C
to Security Agreement**

The liens and security interests securing the obligations as evidenced hereby are subject to the provisions of the Third Lien Intercreditor Agreement dated as of January 6, 2020 (as amended or modified from time to time), by and among TCW Asset Management Company LLC, as Term Loan Agent, Bank of America, N.A., as Revolving Loan Agent, and U.S. Bank National Association, as Third Lien Agent, and acknowledged by the Obligor and other Grantors. In the event of any conflict between the terms of the Third Lien Intercreditor Agreement and the terms of this agreement, the terms of the Third Lien Intercreditor Agreement shall govern and control.

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this “Trademark Security Agreement”) is made this []th day of January 2020, by and among the grantors listed on the signature pages hereof (collectively, jointly and severally, “Grantors” and each individually “Grantor”), and U.S. Bank National Association, in its capacity as agent for certain holders of the Extended Prepetition Debt (in such capacity, together with its successors and assigns in such capacity, “Third Lien Agent”).

WITNESSETH:

WHEREAS, Grantors have certain obligations (collectively, the “Extended Prepetition Debt”) and such Extended Prepetition Debt is permitted to be secured by certain liens on the Collateral consisting of personal property (other than the ABL Priority Collateral) as set forth in this Agreement;

WHEREAS, the Obligor and the Subsidiary Grantors are willing to secure their obligations by granting Liens on their assets to the Third Lien Agent as provided in that certain Third Lien Security Agreement dated as of January 6, 2020 (the “Security Agreement”); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to the Third Lien Agent, for the benefit of the Secured Parties, this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement.

2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to the Third Lien Agent, for the benefit each Lender, to secure the Obligations, a continuing security interest (referred to in this Trademark Security Agreement as the “Security Interest”) in all of such Grantor’s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (excluding any Excluded Assets, collectively, the “Trademark Collateral”):

(a) all of its Trademarks and Trademark Intellectual Property Licenses to which it is a party including those referred to on Schedule I;

(b) all goodwill of the business not inuring to the licensor, connected with the use of, and symbolized by, each Trademark and each Trademark Intellectual Property License; and

(c) all products and proceeds (as that term is defined in the Code) of the foregoing, including any claim by such Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or any Trademarks exclusively licensed under any Intellectual Property License, including right to receive any damages, to the extent permitted by such license, (ii) injury to the goodwill associated with any Trademark, or (iii) right to receive license fees, royalties, and other compensation under any Trademark Intellectual Property License, to the extent permitted by such license.

3. SECURITY FOR OBLIGATIONS. This Trademark Security Agreement and the Security Interest created hereby secures the payment and performance of the Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Trademark Security Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by Grantors, or any of them, to the Third Lien Agent or the Secured Parties, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

4. SECURITY AGREEMENT. The Security Interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interests granted to the Third Lien Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights, protections, immunities, indemnities and remedies of the Third Lien Agent with respect to the Security Interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Trademark Security Agreement and the Security Agreement, the Security Agreement shall control.

5. AUTHORIZATION TO SUPPLEMENT. If any Grantor shall obtain rights to any new trademarks, the provisions of this Trademark Security Agreement shall automatically apply thereto. Grantors shall give prompt notice in writing to the Third Lien Agent with respect to any such new trademarks or renewal or extension of any trademark registration. Without limiting Grantors' obligations under this Section, Grantors hereby authorize the Third Lien Agent unilaterally to modify this Trademark Security Agreement by amending Schedule I to include any such new trademark rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Trademark Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from the Third Lien Agent's continuing security interest in all Collateral, whether or not listed on Schedule I.

6. COUNTERPARTS. This Trademark Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together,

shall constitute but one and the same Trademark Security Agreement. Delivery of an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Trademark Security Agreement. Any party delivering an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Trademark Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Trademark Security Agreement.

7. CHOICE OF LAW AND VENUE AND JURY TRIAL WAIVER. THIS TRADEMARK SECURITY AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE AND JURY TRIAL WAIVER SET FORTH IN SECTIONS 18 and 19 OF THE SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

SCHOOL SPECIALTY, INC.

By: _____
Name: Kevin Baehler
Title: Executive Vice President and Chief Financial Officer

CLASSROOMDIRECT.COM, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

SPORTIME, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

DELTA EDUCATION, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

PREMIER AGENDAS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Trademark Security Agreement]

CHILDCRAFT EDUCATION, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

BIRD-IN-HAND WOODWORKS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

CALIFONE INTERNATIONAL, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

SSI GUARDIAN, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

FREY SCIENTIFIC, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Trademark Security Agreement]

SAX ARTS & CRAFTS, LLC, a Delaware limited liability company

By: _____
Name: Kevin Baehler
Title: Assistant Secretary

[Signature Page to Trademark Security Agreement]

THIRD LIEN AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

[Signature Page to Trademark Security Agreement]

EXHIBIT 10.1
SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT

AGREEMENT TO EXTEND DUE DATE OF CLAIM

Date: _____

_____ (“Claimant”) and School Specialty, Inc. (the “Company”) hereby agree to the following terms (the “Agreement”):

- (1) The Company owes Claimant the amount set forth in the attached Exhibit A (the “Claim”). The Claim was scheduled to be due and payable on December 12, 2019 (the “Original Due Date”). Claimant hereby agrees to extend the payment date of the Claim to December 12, 2020 (the “New Due Date”).
- (2) Following the parties’ execution of this Agreement, the Company shall pay to Claimant no earlier than December 15, 2019, an amount equal to ten percent (10%) of the amount of the Claim (the “Initial Payment”), which shall be applied to the outstanding amount of the Claim, *provided, however*, that the Initial payment is conditioned on the Company’s satisfaction of the criteria set forth in any forbearance agreement or other loan document with any Agent (as defined below), including, inter alia, the Company’s receipt of an acceptable term sheet for a payoff transaction satisfactory to the Term Agent and ABL Agent (each as defined below) prior to December 15, 2019 (the “Satisfactory Term Sheet”) and the existence of at least \$15,000,000 in availability under the Company’s Loan Agreement, dated as of June 11, 2013, among the Company, the subsidiary borrowers party thereto, the ABL Agent, and the lenders party thereto (as such agreement may be further amended, restated, modified, renewed, or replaced, in whole or in part, from time to time), after giving pro forma effect to the Initial Payment.
- (3) After applying the Initial Payment, any outstanding amount of the Claim (the “Claim Balance”) shall accrue interest at a rate that is 200 basis points per annum in excess of the rate in effect prior to the execution of this Agreement, commencing on the Original Due Date to but excluding the New Due Date, which such interest shall be paid in full, along with the remaining Claim Balance, on the New Due Date.
- (4) The Company shall have the right, but not the obligation, to prepay the amount of the Claim Balance, together with accrued and unpaid interest thereon, in whole or in part at any time prior to the New Due Date, *provided, however*, that in order to induce the Agents (as defined below) to consent to the liens described below, the Claim Balance may not be paid prior to the New Due Date without the prior written consent of the Agents.
- (5) Notwithstanding the preceding paragraph, so long as the Term Loan Obligations (as defined in the Intercreditor Agreement (as defined below)) have been paid in full in cash, then by the later of (i) May 31, 2020, or (ii) twenty (20) business days

following the date on which the foregoing payment in full has been made, the Company shall pay to Claimant an amount equal to fifteen percent (15%) of the amount of the Claim after giving effect to the Initial Payment (the "Second Payment"), which shall be applied to the outstanding amount of the Claim, and shall be deducted from the Claim Balance; *provided, however*, that the Company's ability to make such Second Payment is conditioned on the existence of a capital structure and the fulfillment of payment conditions satisfactory to the Term Agent (if the Term Loan Obligations are not paid in full in cash) and ABL Agent, in each case acting at the direction of the requisite lenders under the credit documents.

- (6) Provided that holders of at least 65% in amount of all Allowed Class 5 and Class 6 Claims under the Company's Second Amended Joint Plan of Reorganization confirmed on May 23, 2013, have agreed to extend the payment date of their respective claims to December 12, 2020, and the Company timely received the Satisfactory Term Sheet, the Company will grant to a third party collateral agent (the "Collateral Agent") for the benefit of Claimant and the other allowed Class 5 and Class 6 Claimants as a group and to secure the payment of the Claim Balance pro rata with claims of the other claimants, including accrued and unpaid interest thereon, a security interest in, and third lien on, substantially all of the same personal property collateral subject to a first priority security interest in favor of the Term Agent (as defined below) including certain general intangibles (including intellectual property), machinery, equipment, computer and other data processing hardware, and software programs, but excluding any collateral subject to a first priority security interest in favor of the ABL Agent (as defined below) (collectively, the "Collateral"). The grant of a security interest in the Collateral will be documented in a security agreement in form and substance satisfactory to the Agents and the Collateral Agent. Claimant acknowledges and agrees that the security interest and third lien granted to the Collateral Agent, shall be and shall remain fully subordinate and junior to any and all security interests in, or liens on, the Collateral, previously, now or hereafter granted by the Company pursuant to the (a) Amended and Restated Guarantee and Collateral Agreement, dated April 7, 2017, amending and restating the Guarantee and Collateral Agreement, dated as of June 11, 2013, among School Specialty, Inc., the guarantors party thereto, and Bank of America, N.A., as agent, (together with any successor agent, the "ABL Agent") and (b) Guarantee and Collateral Agreement, dated as of April 7, 2017, among School Specialty, Inc., the guarantors party thereto, and TCW Asset Management Company, LLC, as agent (together with any successor agent, the "Term Agent"; and Term Agent and ABL Agent referred to together as the "Agents"), as such agreements may be further amended, restated, modified, renewed, or replaced, in whole or in part, from time to time, including pursuant to any financing whatsoever to be documented under a "silent third" Intercreditor and Subordination Agreement in the form of the attached Exhibit B, with such modifications as may be acceptable to the Agents and Collateral Agent (the "Intercreditor Agreement"). In exchange for such third priority lien, each Claimant authorizes the Collateral Agent to enter into such Intercreditor Agreement on its

behalf and each Claimant agrees to be bound by the terms and waivers therein as if a signatory thereto.

- (7) Claimant authorizes the Company to appoint the Collateral Agent for the Claimant and the other allowed Class 5 and Class 6 Claimants as a group.
- (8) Claimant and the Company agree that, until at least the New Due Date, the same or better trade terms will apply to Claimant and the Company's relationship as those in effect during the twelve months preceding the date of this Agreement.
- (9) If the Claim Balance exceeds \$500,000, then upon ten (10) business days' notice, Claimant may request monthly financial statements of the Company, which will be supplied to Claimant by the Company and which Claimant agrees (i) shall be kept confidential and not disclosed to any person or entity other than a director, officer, or advisor of Claimant that is actively involved in evaluating such information, and (ii) shall not be used by Claimant, or permitted by Claimant to be used by any third party, in contravention of any restrictions imposed by applicable securities laws, including restrictions on the purchase or sale of securities by any person who has received material, non-public information from the issuer of such securities and on the communication of such information to any other person when it is reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance upon such information.
- (10) Claimant and the Company agree that the terms of this Agreement may be modified upon mutual agreement, but no such modification favorable to Claimant, and/or adverse to either of the Agents, may be made without the written consent of Agents, and any such modification will be null and void *ab initio*.
- (11) This Agreement is governed by New York law and is enforceable in any New York court.
- (12) Each Agent is an express third party beneficiary of this Agreement.

Signature Page Follows

SCHOOL SPECIALTY, INC.
("Company")

("Claimant")

By: _____

By: _____

Title: _____

Title: _____

[Signature Page to Agreement to Extend Due Date of Claim]

Exhibit A

Amount due to Claimant: \$

Intercreditor Agreement

EX-10.2 3 exhibit102.htm THIRD LIEN INTERCREDITOR AGREEMENT, DATED JANUARY 6, 2020, BY AND AMONG SCHOOL SPECIALTY, INC., TCW ASSET MANAGEMENT COMPANY LLC, BANK OF AMERICA, N.A., AND U.S. BANK NATIONAL ASSOCIATION

EXHIBIT 10.2

EXECUTION VERSION

THIRD LIEN INTERCREDITOR AGREEMENT

This **THIRD LIEN INTERCREDITOR AGREEMENT** (this "**Agreement**") is dated as of January 6, 2020, and entered into by and between (i) **TCW ASSET MANAGEMENT COMPANY LLC**, as collateral agent for the Term Loan Claimholders (as defined below) (including its successors and assigns in such capacity from time to time, the "**Term Loan Agent**"), (ii) **BANK OF AMERICA, N.A.**, in its capacity as administrative agent for the Revolving Loan Claimholders (as defined below) (including its successors and assigns in such capacity from time to time, including any person designated as such pursuant to a Refinancing of the initial Revolving Loan Agreement, the "**Revolving Agent**") and (iii) **U.S. Bank National Association**, in its capacity as collateral agent for the Third Lien Claimholders (as defined below) (including its successors and assigns in such capacity from time to time, "**Third Lien Agent**").

RECITALS

School Specialty, Inc., a Delaware corporation (the "**Borrower**"), the lenders party thereto, and the Revolving Agent, have entered into that certain Loan Agreement dated as of June 11, 2013 (the "**Revolving Loan Agreement**") providing for a Revolving Loan facility pursuant to which such lenders have or may, from time to time, make loans and provide other financial accommodations to Borrower (the "**Revolving Lenders**"). The obligations of Borrower to repay such loans and other obligations under the Revolving Loan Agreement are guaranteed by each "Guarantor" (as defined in the Revolving Loan Agreement) (the "**Guarantors**");

Borrower, the lenders party thereto, and Term Loan Agent, have entered into that certain Loan Agreement dated as of April 7, 2017 (the "**Term Loan Agreement**") pursuant to which such lenders have agreed to make term loans to Borrower (the "**Term Lenders**"). The obligations of Borrower to repay such term loans and other obligations under the Term Loan Agreement is guaranteed by the Guarantors;

Borrower has obligations in respect of the "Extended Prepetition Debt" (as defined in the Third Lien Security Agreement) as in effect on the date hereof and such Extended Prepetition Debt is permitted to be secured by certain liens on the Collateral consisting of personal property (other than the ABL Priority Collateral) as set forth in the Third Lien Security Agreement;

The obligations of Borrower and the Guarantors under the Senior Lien Documents (as defined below) are secured on a first and second priority basis by Liens on substantially all of the assets of Borrower and the Guarantors, subject to the terms of the Intercreditor Agreement (as defined below);

The obligations of Borrower and the Guarantors under the Third Lien Documents (as defined below) are to be secured on a third priority basis by Liens on substantially all of the personal property assets of Borrower and the Guarantors (other than the ABL Priority Collateral); and

The Revolving Agent, for itself and on behalf of the Revolving Loan Claimholders, the Term Loan Agent, for itself and on behalf of the Term Loan Claimholders, and the Third Lien Agent, for itself and on behalf of the Third Lien Claimholders, desire to enter into this Agreement to (a) confirm the relative priority of their respective security interests in the assets of Borrower and the Guarantors, (b) provide for the application, in accordance with such priorities, of proceeds of such assets and properties, and (c) address certain other matters.

AGREEMENT

In consideration of the foregoing, the mutual covenants and obligations herein set forth, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. Definitions; Rules of Construction.

1.1 **Defined Terms.** Any terms (whether capitalized or lower case) used in this Agreement that are defined in the UCC shall be construed and defined as set forth in the UCC unless otherwise defined herein; provided, that to the extent that the UCC is used to define any term used herein and if such term is defined differently in different Articles of the UCC, the definition of such term contained in Article 9 of the UCC shall govern. As used in the Agreement, the following terms shall have the following meanings:

"**ABL Priority Collateral**" has the meaning ascribed to such term in the Third Lien Security Agreement.

"**Agreement**" has the meaning set forth in the preamble hereto.

"**Bank Product Obligations**" has the meaning set forth in the Revolving Loan Agreement.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor statute.

"**Bankruptcy Law**" means the Bankruptcy Code and any other federal, state, or foreign law for the relief of debtors or affecting creditors' rights generally.

"**Borrower**" has the meaning set forth in the recitals to this Agreement.

"**Business Day**" means any day other than a Saturday, Sunday, or day on which banks in New York City, Chicago, Illinois and St. Paul, Minnesota are authorized or required by law to close.

"**Cash Collateral**" has the meaning set forth in Section 6.2.

"**Claimholders**" means the Senior Lien Claimholders and the Third Lien Claimholders, or any one of them.

"**Collateral**" means all of the assets of each and every Grantor, whether real, personal or mixed, constituting Senior Lien Collateral or Third Lien Collateral.

"**Conforming Amendment**" means any amendment to any Third Lien Document that is substantively identical to a corresponding amendment to a comparable provision of a Senior Lien Document (but maintaining an equivalent proportionate difference between the dollar amounts or ratios, as the case may be, in the relevant provision in the Third Lien Document and those in the corresponding provision of the Senior Lien Document, to the extent such a difference exists on the date hereof).

"**Debt**" means Senior Lien Obligations or Third Lien Debt, as the context requires.

"**Deemed Third Lien Amendment**" means any amendment, modification, waiver, or consent with respect to any of the Senior Lien Collateral Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Senior Lien Collateral Documents or changing in any manner the rights of any parties thereunder, provided that no such

amendment, waiver or consent (other than amendments, modifications and waivers that secure additional extensions of credit and add additional secured creditors and do not violate the express provisions of the Third Lien Documents), (a) shall have the effect of removing Collateral subject to the Lien of the Third Lien Documents, except to the extent that a release of such Lien is permitted or required by this Agreement, (b) that materially and adversely affects the rights of the Third Lien Agent shall apply to the Third Lien Documents without the consent of Third Lien Agent and (c) notice of such amendment, modification, waiver or consent and the substance thereof shall be given to Third Lien Agent no later than 30 days after its effectiveness (provided that the failure to give such notice shall not affect the effectiveness or validity thereof).

"Default Disposition" has the meaning set forth in Section 5.1(d).

"DIP Financing" has the meaning set forth in Section 6.2.

"DIP Financing Conditions" means that: Third Lien Agent retains its Liens with respect to the Third Lien Collateral that existed as of the date of the commencement of the applicable Insolvency Proceeding (including proceeds thereof arising after the commencement of such Insolvency Proceeding), junior to the Liens securing DIP Financing and the Liens securing the Senior Lien Obligations.

"Discharge of Revolving Loan Obligations" shall mean, except to the extent otherwise expressly provided in Section 6.8 or Section 5.3:

(a) payment in full in cash or immediately available funds of all of the Revolving Loan Obligations (other than LC Obligations and Bank Product Obligations (as defined in the Intercreditor Agreement) and other than unasserted contingent indemnification obligations);

(b) termination or expiration of all commitments, if any, of the Revolving Lenders to extend credit to the Borrower;

(c) termination of, or providing cash collateral (in an amount, to the extent, and in the manner required by the Revolving Loan Agreement) in respect of, all LC Obligations; and

(d) termination of, or providing cash collateral (in an amount, to the extent, and in the manner required by the Revolving Loan Agreement) in respect of, all Bank Product Obligations, and

(e) providing cash collateral to Revolving Agent in such amount as Revolving Agent determines is reasonably necessary to secure the Revolving Loan Claimholders in respect of any asserted, threatened (in writing), or reasonably expected claims, demands, actions, suits, proceedings, investigations, liabilities, fines, costs, penalties, or damages for which any of the Revolving Loan Claimholders may be entitled to indemnification by any Grantor pursuant to the indemnification provisions in the Revolving Loan Documents;

provided that the Discharge of Revolving Loan Obligations shall not be deemed to have occurred if such payments are made with the proceeds of other Revolving Loan Obligations that constitute an exchange or replacement for or a Refinancing of such Revolving Loan Obligations.

"Discharge of Senior Lien Obligations" means the Discharge of Revolving Loan Obligations and the Discharge of Term Loan Obligations.

"Discharge of Term Loan Obligations" means, except to the extent otherwise expressly provided in Section 6.8 or Section 5.3:

(a) payment in full in cash or immediately available funds of all of the Term Loan Obligations (other than unasserted contingent indemnification obligations);

(b) termination or expiration of all commitments, if any, of the Term Lenders to extend credit to the Borrower; and

(c) providing cash collateral to Term Loan Agent in such amount as Term Loan Agent determines is reasonably necessary to secure the Term Loan Claimholders in respect of any asserted, threatened (in writing), or reasonably expected claims, demands, actions, suits, proceedings, investigations, liabilities, fines, costs, penalties, or damages for which any of the Term Loan Claimholders may be entitled to indemnification by any Grantor pursuant to the indemnification provisions in the Term Loan Documents;

provided that the Discharge of Term Loan Obligations shall not be deemed to have occurred if such payments are made with the proceeds of other Term Loan Obligations that constitute an exchange or replacement for or a Refinancing of such Term Loan Obligations.

"Disposition" or **"Dispose"** means the sale, assignment, transfer, license, lease (as lessor), exchange, or other disposition (including any sale and leaseback transaction) of any property by any person (or the granting of any option or other right to do any of the foregoing).

"Enforcement Action" means

(a) the taking of any action to enforce any Lien in respect of the Collateral, including the institution of any foreclosure proceedings or, the noticing of any public or private sale or other disposition pursuant to Article 9 of the UCC or other applicable law, or the taking of any action in an attempt to vacate or obtain relief from a stay or other injunction restricting any other action described in this definition,

(b) the exercise of any right or remedy provided to a secured creditor under the Senior Lien Documents or the Third Lien Documents (including, in either case, any delivery of any notice to seek to obtain payment directly from any account debtor of any Grantor or any depository bank, securities intermediary, or other person obligated on any Collateral of any Grantor, the taking of any action or the exercise of any right or remedy in respect of the Collateral, or the exercise of any right of setoff or recoupment with respect to obligations owed to any Grantor), under applicable law, at equity, in an Insolvency Proceeding or otherwise, including the acceptance of Collateral in full or partial satisfaction of an obligation,

(c) the Disposition of all or any portion of the Collateral, by private or public sale or any other means, including by acceptance of Collateral pursuant to Section 9-620 of the UCC,

(d) the solicitation of bids from third parties to conduct the Disposition of all or a material portion of the Collateral to the extent undertaken and being diligently pursued in good faith to consummate the Disposition of such Collateral within a commercially reasonable time,

(e) the engagement or retention of sales brokers, marketing agents, investment bankers, accountants, appraisers, auctioneers, or other third parties for the purpose of valuing, marketing, or Disposing of all or a material portion of the Collateral to the extent undertaken and being diligently pursued in good faith to consummate the Disposition of such Collateral within a commercially reasonable time,

(f) the exercise of any other enforcement right relating to the Collateral (including the exercise of any voting rights relating to any Equity Interests composing a portion of the Collateral) whether under the Senior Lien Documents, the Third Lien Documents, under applicable law of any jurisdiction, in

equity, in an Insolvency Proceeding, or otherwise (including the commencement of applicable legal proceedings or other actions with respect to all or a material portion of the Collateral to facilitate the actions described in the preceding clauses), and

(g) the pursuit of Default Dispositions relative to all or a material portion of the Collateral to the extent undertaken and being diligently pursued in good faith to consummate the Disposition of such Collateral within a commercially reasonable time.

"Equity Interests" means the "Equity Interests" as that term is defined in the Term Loan Agreement.

"Final Order" means an order of a court of competent jurisdiction as to which the time to appeal, petition for *certiorari*, or move for re-argument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for re-argument or rehearing shall then be pending or, in the event that an appeal, writ of *certiorari*, or re-argument or rehearing thereof has been filed or sought, such order shall have been affirmed or confirmed by the highest court to which such order was appealed, or from which *certiorari*, re-argument or rehearing was sought and the time to take any further appeal, petition for *certiorari* or move for re-argument or rehearing shall have expired; provided, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Federal Rules of Bankruptcy Procedure or applicable state court rules of civil procedure, may be filed with respect to such order shall not cause such order not to be a Final Order.

"Governmental Authority" means the government of the United States of America or any other nation, any political subdivision thereof, whether state, provincial, or local, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of or pertaining to government.

"Grantors" means Borrower and the Guarantors, and each other person that may, from time to time, execute and deliver a Senior Lien Collateral Document or a Third Lien Collateral Document as a "debtor," "grantor," "obligor," or "pledgor" (or the equivalent thereof) or that may, from time to time, be (or whose assets may be) subject to a judgment lien in favor of any of the Senior Lien Claimholders or any of the Third Lien Claimholders in respect of the Senior Lien Obligations or the Third Lien Debt, as applicable, and **"Grantor"** means any one of them.

"Guarantors" has the meaning set forth in the recitals to this Agreement and **"Guarantor"** means any one of them.

"Inalienable Interests" has the meaning set forth in Section 4.4.

"Insolvency Proceeding" means:

(a) any voluntary or involuntary case or proceeding under any Bankruptcy Law with respect to any Grantor;

(b) any other voluntary or involuntary insolvency or bankruptcy case or proceeding, or any receivership, liquidation or other similar case or proceeding with respect to any Grantor or with respect to a material portion of its assets;

(c) any liquidation, dissolution, or winding up of any Grantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy; or

(d) any assignment for the benefit of creditors or any other marshaling of assets or liabilities of any Grantor.

"Intercreditor Agreement" the Intercreditor Agreement, dated as of April 7, 2017, among Obligors, the Revolving Loan Agent and Term Loan Agent, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, relating to the Revolving Loan Agreement and the Term Loan Agreement, and any other intercreditor agreement entered into in connection with a refinancing of the Revolving Loan Agreement and to the extent such refinancing is permitted under the Intercreditor Agreement.

"LC Obligations" has the meaning set forth in the Revolving Loan Agreement.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a capital lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

"person" means any natural person, corporation, trust, business trust, joint venture, joint stock company, association, company, limited liability company, partnership, Governmental Authority, or other entity.

"Plan of Reorganization" means any plan of reorganization, plan of liquidation, agreement for composition, or other type of plan of arrangement proposed in or in connection with any Insolvency Proceeding.

"Pledged Collateral" has the meaning set forth in Section 5.4(a).

"Refinance" means, in respect of any indebtedness, to refinance, extend, renew, supplement, restructure, replace, refund, or repay, or to issue other indebtedness in exchange or replacement for such indebtedness, in whole or in part, whether with the same or different lenders, arrangers, or agents. **"Refinanced"** and **"Refinancing"** shall have correlative meanings.

"Revolving Agent" has the meaning set forth in the preamble to this Agreement.

"Revolving Loan Agreement" has the meaning set forth in the recitals to this Agreement.

"Revolving Loan Claimholders" means, collectively, the Revolving Lenders, the Revolving Agent in its capacity as provider of Swingline Loans (as that term is defined in the Revolving Loan Agreement), the Issuing Bank (as that term is defined in the Revolving Loan Agreement), the Secured Bank Product Providers (as that term is defined in the Revolving Loan Agreement) and the Revolving Agent.

"Revolving Loan Collateral Documents" means the Revolving Loan Security Agreement and any other agreement, document, or instrument pursuant to which a Lien is granted (or purported to be granted) securing any Revolving Loan Obligations or under which rights or remedies with respect to such Liens are governed.

"Revolving Loan Documents" means the Revolving Loan Agreement, the Revolving Loan Collateral Documents and any other Loan Documents (as defined in the Revolving Loan Agreement).

"Revolving Loan Obligations" means all Obligations (as that term is defined in the Revolving Loan Agreement) and all other amounts owing, due, or secured under the terms of the Revolving Loan Agreement or any other Revolving Loan Documents (including pursuant to any DIP Financing that Refinances any Revolving Loan Obligations), whether now existing or arising hereafter, including all principal, premium, interest, fees, attorneys fees, costs, charges, expenses, reimbursement obligations, obligations with respect to loans, LC Obligations, Bank Product Obligations, obligations to provide cash collateral in respect of LC Obligations or Bank Product Obligations or indemnities in respect thereof, any other indemnities or guarantees, and all other amounts payable under or secured by any Revolving Loan Document (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Grantor, or that would have accrued or become due under the terms of the Revolving Loan Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such insolvency), in each case whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, including all Enforcement Expenses and Indemnity Amounts (each as defined in the Intercreditor Agreement).

"Revolving Loan Security Agreement" the "Guarantee and Collateral Agreement" as that term is defined in the Revolving Loan Agreement.

"Revolving Lenders" means the "Lenders" as that term is defined in the Revolving Loan Agreement (including the Issuing Bank (as that term is defined in the Revolving Loan Agreement), including the Revolving Agent (in its capacity as provider of Swingline Loans)).

"Senior Lien Agent" means the Term Loan Agent until the Discharge of Term Loan Obligations and then Revolving Agent.

"Senior Lien Claimholders" means, as of any date of determination, the Revolving Loan Claimholders and the Term Loan Claimholders.

"Senior Lien Collateral" means the assets of each and every Grantor, whether real, personal or mixed, with respect to which a Lien is granted (or purported to be granted) as security for any Senior Lien Obligations, including all proceeds and products thereof.

"Senior Lien Collateral Documents" means the Revolving Loan Collateral Documents and the Term Loan Collateral Documents.

"Senior Lien Default" means any "Event of Default", as such term is defined in any Senior Lien Document.

"Senior Lien Documents" means the Revolving Loan Documents and the Term Loan Documents. Notwithstanding the foregoing, any documents or agreements entered into by any Grantor in connection with any DIP Financing shall not be subject to the restrictions set forth in Section 5.3 or otherwise constitute "Senior Lien Documents" unless the Senior Lien Agent designates in writing such documents as "Senior Lien Documents".

"Senior Lien Lenders" means the Revolving Lenders and the Term Lenders.

"Senior Lien Obligations" means (a) the Revolving Loan Obligations, (b) the Term Loan Obligations, and (c) all other obligations of the Grantors in respect of, or arising under, the Senior Lien Documents, plus interest and all fees, costs, charges and expenses, including legal fees and expenses to the extent authorized under the Senior Lien Documents, in each case whether accrued or incurred before or

after the commencement of an Insolvency Proceeding, and whether or not allowed or allowable in an Insolvency Proceeding.

"Term Lenders" means the "Lenders" as that term is defined in the Term Loan Agreement.

"Term Loan Agent" has the meaning set forth in the preamble to this Agreement.

"Term Loan Agreement" has the meaning set forth in the recitals to this Agreement.

"Term Loan Claimholders" means, collectively, the Term Lenders and the Term Loan Agent.

"Term Loan Collateral Documents" means the Term Loan Security Documents (as defined in the Term Loan Agreement).

"Term Loan Documents" means the Term Loan Agreement, the Term Loan Collateral Documents and any other Loan Documents (as defined in the Term Loan Agreement).

"Term Loan Obligations" means the Obligations (as defined in the Term Loan Agreement) of the Grantors under the Term Loan Agreement, the Term Loan Collateral Documents and any other Loan Documents (as defined in the Term Loan Agreement), whether now existing or arising hereafter, including all principal, premium, interest, fees, attorneys fees, costs, charges, expenses, obligations with respect to loans, or indemnities in respect thereof, any other indemnities or guarantees, and all other amounts payable under or secured by any Term Loan Document (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Grantor, or that would have accrued or become due under the terms of the Term Loan Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding), in each case whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

"Term Loan Security Agreement" means the "Guaranty and Collateral Agreement" as that term is defined in the Term Loan Agreement.

"Third Lien Agent" has the meaning set forth in the preamble to this Agreement.

"Third Lien Claimholders" means, as of any date of determination, the holders of Extended Prepetition Debt in their capacity as such and the Third Lien Agent.

"Third Lien Collateral" means all of the Collateral consisting of personal property and securing the Term Loan Obligations other than the ABL Priority Collateral.

"Third Lien Collateral Documents" means the Third Lien Security Agreement.

"Third Lien Debt" means the Extended Prepetition Debt (as defined in the Third Lien Security Agreement as in effect on the date hereof) and all other obligations of the Grantors in respect of, or arising under, the Third Lien Security Agreement (as in effect on the date hereof), including the fees, expenses and indemnities of the Third Lien Agent.

"Third Lien Deficiency Claim" means any portion of the Third Lien Debt consisting of an allowed unsecured claim under Section 506(a) of the Bankruptcy Code (or any similar provision under any other law governing an Insolvency Proceeding).

"Third Lien Documents" means the Third Lien Collateral Documents, and the letter agreements evidencing the Extended Prepetition Debt entered into by the Borrower and the holder of such Extended Prepetition Debt.

"Third Lien Secured Claim" means any portion of (i) the Third Lien Debt held by the holders of the Extended Prepetition Debt not constituting a Third Lien Deficiency Claim or (ii) all other obligations of the Grantors in respect of, or arising under, the Third Lien Security Agreement to the extent not constituting an allowed unsecured claim under Section 506(a) of the Bankruptcy Code (or any similar provision under any other law governing an Insolvency Proceeding).

"Third Lien Security Agreement" means the "Third Lien Security Agreement" dated as of the date hereof by and among Third Lien Agent, on behalf of the holders of the Extended Prepetition Debt and the Grantors party thereto.

"Subsidiary" of a person means a corporation, partnership, limited liability company, or other entity as to which that person directly or indirectly owns or controls the Equity Interests having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company, or other entity.

"UCC" means the Uniform Commercial Code (or any similar or comparable legislation) as in effect in any applicable jurisdiction.

1.2 Construction. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." The term "or" shall be construed to have, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." Any term used in this Agreement and not defined in this Agreement shall have the meaning set forth in the Revolving Loan Agreement, Term Loan Agreement and/or Third Lien Indenture, as the context requires. Unless the context requires otherwise:

(a) except as otherwise provided herein, any definition of or reference to any agreement, instrument, or other document herein shall be construed as referring to such agreement, instrument, or other document as from time to time amended, restated, supplemented, modified, renewed, extended, Refinanced, refunded, or replaced;

(b) any reference to a definition in a Senior Lien Document shall be construed to also refer to any comparable term in any agreement, instrument, or other document the debt under which Refinances the Senior Lien Obligations;

(c) any reference to a definition in a Third Lien Document shall be construed to also refer to any comparable term in any agreement, instrument, or other document the debt under which Refinances the Third Lien Secured Claims;

(d) any reference to any agreement, instrument, or other document herein "as in effect on the date hereof" shall be construed as referring to such agreement, instrument, or other document without

giving effect to any amendment, restatement, supplement, modification, or Refinancing thereto or thereof occurring after the date hereof;

(e) any definition of, or reference to, Senior Lien Obligations or the Third Lien Secured Claims herein shall be construed as referring to the Senior Lien Obligations or the Third Lien Secured Claims (as applicable) as from time to time amended, restated, supplemented, modified, renewed, extended, Refinanced, refunded, or replaced;

(f) any reference herein to any person shall be construed to include such person's successors and assigns and as to any Grantor shall be deemed to include a receiver, trustee, or debtor-in-possession on behalf of any of such person or on behalf of any such successor or assignee of such person;

(g) except as otherwise expressly provided herein, any reference to Senior Lien Agent agreeing to or having the right to do, or refraining from or having the right to refrain from doing, an act shall be construed as binding on each of the Senior Lien Claimholders, any reference to Senior Lien Agent shall be construed as referring to Senior Lien Agent, for itself and on behalf of the other Senior Lien Claimholders, any reference to Third Lien Agent agreeing to or having the right to do, or refraining from or having the right to refrain from doing, an act shall be construed as binding upon each of the Third Lien Claimholders, any reference to Third Lien Agent shall be construed as referring to Third Lien Agent, for itself and on behalf of the other Third Lien Claimholders, any reference to the Senior Lien Claimholders shall be construed as including Senior Lien Agent, and any reference to the Third Lien Claimholders shall be construed as referring to Third Lien Agent;

(h) the words "herein," "hereof," and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(i) all references herein to Sections shall be construed to refer to Sections of this Agreement unless otherwise specified; and

(j) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights.

SECTION 2. Lien Priorities.

2.1 Relative Priorities.

(a) Notwithstanding the date, time, method, manner, or order of grant, attachment, or perfection of any Liens in the Collateral securing the Third Lien Secured Claims or of any Liens in the Collateral securing the Senior Lien Obligations (including, in each case, notwithstanding whether any such Lien is granted (or secures Debt relating to the period) before or after the commencement of any Insolvency Proceeding) and notwithstanding any contrary provision of the UCC or any other applicable law or the Third Lien Documents or any defect or deficiencies in, or failure to attach or perfect, the Liens securing the Senior Lien Obligations, or any other circumstance whatsoever, Senior Lien Agent and Third Lien Agent hereby agree that:

(i) any Lien with respect to the Collateral securing any Senior Lien Obligations, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, Senior Lien Agent or any other Senior Lien Claimholder or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law,

subrogation, or otherwise, shall be senior in all respects and prior to any Lien with respect to the Collateral securing any Third Lien Secured Claim; and

(ii) any Lien with respect to the Collateral securing any Third Lien Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, Third Lien Agent or any other Third Lien Claimholder or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation, or otherwise, shall be junior and subordinate in all respects to all Liens with respect to the Collateral securing any Senior Lien Obligations;

(b) All Liens with respect to the Collateral securing any Senior Lien Obligations shall be and remain senior in all respects and prior to all Liens with respect to the Collateral securing any Third Lien Secured Claim, in each case, for all purposes, whether or not such Liens securing any such Senior Lien Obligations are subordinated to any Lien securing any other obligation of any Grantor or any other person.

2.2 Prohibition on Contesting Liens or Claims. Third Lien Agent agrees that it will not (and hereby waives any right to), directly or indirectly, contest, or support any other person in contesting, in any proceeding (including any Insolvency Proceeding), the extent, validity, attachment, perfection, priority, or enforceability of a Lien held by or on behalf of any of the Senior Lien Claimholders in the Senior Lien Collateral (or the extent, validity, allowability, or enforceability of any Senior Lien Obligations secured thereby or purported to be secured thereby), or the provisions of this Agreement; provided, that nothing in this Agreement shall be construed to prevent or impair the rights of Third Lien Agent to enforce the terms of this Agreement.

2.3 New Liens.

(a) So long as the Discharge of Senior Lien Obligations has not occurred, and except as set forth in Section 6.5(a)(ii), the parties hereto agree that no Grantor shall grant or permit any additional Liens on any asset to secure any Third Lien Debt. In no circumstance whatsoever may Third Lien Agent or any Third Lien Claimholder hold any Lien on the ABL Priority Collateral.

(b) To the extent that the foregoing provisions are not complied with for any reason, without limiting any other rights and remedies available, Third Lien Agent agrees that any amounts received by or distributed to it pursuant to or as a result of Liens granted or purportedly granted in contravention of this Section 2.3 shall be subject to Section 4.2. Third Lien Agent and the Third Lien Claimholders hereby irrevocably authorize the Senior Lien Agent (and, prior to the Discharge of Term Loan Obligations, Revolving Agent) to file such statements, releases and other documents as are necessary or appropriate to release any Lien on the ABL Priority Collateral purporting to secure any Third Lien Debt, and any Lien on ABL Priority Collateral purporting to secure any Third Lien Debt shall be automatically and unconditionally released by Third Lien Agent and the Third Lien Claimholders without further consent or action by any person.

2.4 Reserved.

SECTION 3. Exercise of Remedies.

3.1 Standstill. Subject to Section 3.2 and Section 3.3 below, until the Discharge of Senior Lien Obligations has occurred, whether or not any Insolvency Proceeding has been commenced by or against any Grantor, the Third Lien Agent and the other Third Lien Claimholders will not:

(a) exercise or seek to exercise any rights or remedies with respect to any Collateral (including taking any Enforcement Action with respect to any Collateral);

(b) commence or join with any person (other than Senior Lien Agent) in commencing, or filing a petition for, any Insolvency Proceeding against any Grantor;

(c) contest, protest, or object to any Enforcement Action by Senior Lien Agent or any other Senior Lien Claimholder; and

(d) object to (and waive any and all claims with respect to) the forbearance by Senior Lien Agent or the Senior Lien Claimholders from taking any Enforcement Action.

3.2 Exclusive Enforcement Rights. Until the Discharge of Senior Lien Obligations has occurred, whether or not any Insolvency Proceeding has been commenced by or against any Grantor, the Senior Lien Claimholders (subject to the terms of the Intercreditor Agreement) shall have the exclusive right to take Enforcement Actions with respect to the Collateral without any consultation with or the consent of any Third Lien Claimholder. In connection with any Enforcement Action, the Senior Lien Claimholders may enforce the provisions of the Senior Lien Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion and in each case subject to the terms of the Intercreditor Agreement. Such exercise and enforcement shall include the rights of an agent appointed by them to Dispose of Collateral, to incur expenses in connection with such Disposition, and to exercise all the rights and remedies of a secured creditor under applicable law.

3.3 Third Lien Permitted Actions. Anything to the contrary in this Section 3 notwithstanding, any Third Lien Claimholders may:

(a) if an Insolvency Proceeding has been commenced by or against any Grantor, file a claim or statement of interest with respect to the Third Lien Secured Claim;

(b) take any action (not adverse to the priority status of the Liens on the Collateral securing the Senior Lien Obligations, or the rights of Senior Lien Agent or any other Senior Lien Claimholder to undertake Enforcement Actions) in order to create or perfect its Lien in and to the Third Lien Collateral;

(c) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding, or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Third Lien Claimholders, including any claims secured by the Third Lien Collateral, if any;

(d) vote on any Plan of Reorganization and make any filings and motions that are, in each case, not in contravention of the provisions of this Agreement, with respect to the Third Lien Secured Claim and the Third Lien Collateral;

(e) join (but not exercise any control with respect to) any judicial foreclosure proceeding or other judicial lien enforcement proceeding with respect to the Third Lien Collateral initiated by Senior Lien Agent to the extent that any such action could not reasonably be expected, in any material respect, to restrain, hinder, limit, delay for any material period or otherwise interfere with an Enforcement Action by Senior Lien Agent (it being understood that neither Third Lien Agent nor any Third Lien Claimholder shall be entitled to receive any proceeds thereof unless otherwise expressly permitted herein); and

(f) bid for or purchase Third Lien Collateral at any public, private, or judicial foreclosure upon such Collateral initiated by any Senior Lien Claimholder, or any sale of Third Lien Collateral during an Insolvency Proceeding; provided, that such bid may not include a "credit bid" in respect of any Third Lien Debt unless the proceeds of such bid are otherwise sufficient to cause the Discharge of Senior Lien Obligations in full, in cash immediately upon closing.

3.4 Retention of Proceeds. Neither Third Lien Agent nor any other Third Lien Claimholder shall be permitted to retain any proceeds of Collateral in connection with any Enforcement Action unless and until the Discharge of Senior Lien Obligations has occurred, and any such proceeds received or retained in any other circumstance will be subject to Section 4.2.

3.5 Non-Interference. Subject to any specific provision of this Agreement to the contrary, Third Lien Agent hereby:

(a) agrees that Third Lien Agent and the other Third Lien Claimholders will not take any action that would restrain, hinder, limit, delay, or otherwise interfere with any Enforcement Action by Senior Lien Agent or any other Senior Lien Claimholder, or that is otherwise not prohibited hereunder, including any Disposition of the Collateral, whether by foreclosure or otherwise;

(b) subject to Section 3.6, waives any and all rights it or the Third Lien Claimholders may have as a junior lien creditor or otherwise to object to the manner in which Senior Lien Agent or the Senior Lien Claimholders seek to enforce or collect the Senior Lien Obligations or the Liens securing the Senior Lien Obligations granted in any of the Senior Lien Collateral, regardless of whether any action or failure to act by or on behalf of Senior Lien Agent or the Senior Lien Claimholders is adverse to the interest of the Third Lien Claimholders;

(c) waives any and all rights it or any other Third Lien Claimholders may have to oppose, object to, or seek to restrict the Senior Lien Agent or the other Senior Lien Claimholders from exercising their rights to set off or credit bid their debt; and

(d) acknowledges and agrees that no covenant, agreement or restriction contained in the Third Lien Collateral Documents or any other Third Lien Document (other than this Agreement) shall be deemed to restrict in any way the rights and remedies of Senior Lien Agent or the Senior Lien Claimholders with respect to the Collateral as set forth in this Agreement and the Senior Lien Credit Documents.

3.6 Unsecured Creditor Remedies. Except as set forth in Sections 2.2, 3.1, 3.5, and 6, Third Lien Agent and the other Third Lien Claimholders may exercise rights and remedies as unsecured creditors generally against any Grantor in accordance with the terms of the Third Lien Documents and applicable law so long as doing so is not, directly or indirectly, inconsistent with the terms of this Agreement; provided, that in the event that any Third Lien Claimholder becomes a judgment Lien creditor in respect of Third Lien Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to the Third Lien Secured Claim, such judgment Lien shall be subject to the terms of this Agreement for all purposes as the other Liens securing the Third Lien Secured Claim; provided, further, that neither Third Lien Agent nor any Third Lien Claimholder shall seek or obtain a judgment Lien on any assets that constitute ABL Priority Collateral.

SECTION 4. Proceeds.

4.1 Application of Proceeds.

(a) Regardless of whether an Insolvency Proceeding has been commenced by or against any Grantor, any Collateral, or proceeds thereof, received in connection with any Enforcement Action and, except as otherwise provided in Sections 6.5 and 6.9(c), any Collateral or proceeds thereof (or amounts distributed on account of a Lien in the Collateral or the proceeds thereof) received in connection with any Insolvency Proceeding involving a Grantor shall (at such time as such Collateral or proceeds or other amounts have been monetized) be applied:

(i) first, to the payment in full in cash of costs and expenses of (x) Senior Lien Agent in connection with such Enforcement Action or Insolvency Proceeding and (y) Revolving Agent to the extent such Enforcement Action is against ABL Priority Collateral,

(ii) second, to the payment in full in cash or cash collateralization of the Senior Lien Obligations in accordance with the Intercreditor Agreement and the Senior Lien Documents, and in the case of payment of any revolving loans, without any requirement for the concurrent permanent reduction of any revolving loan commitment thereunder or the establishment of a reserve by Revolving Agent (or, following the Discharge of Term Loan Obligations, Senior Lien Agent),

(iii) third, to the payment in full in cash of costs and expenses of Third Lien Agent in connection with such Enforcement Action or Insolvency Proceeding (to the extent Third Lien Agent's Enforcement Action or action in the Insolvency Proceeding was permitted hereunder), and

(iv) fourth, to the payment in full in cash of the Third Lien Secured Claims in accordance with the Third Lien Documents.

(b) Notwithstanding the foregoing, if any Enforcement Action with respect to the Collateral produces non-cash proceeds, then such non-cash proceeds shall be held by the Senior Lien Agent (or, if such non-cash proceeds are proceeds of ABL Priority Collateral, the Revolving Agent, prior to the Discharge of Term Loan Obligations) as additional Collateral and, at such time as such non-cash proceeds are monetized, shall be applied in the order of application set forth above (subject, however, to the terms of the Intercreditor Agreement). Senior Lien Agent (and, prior to the Discharge of Term Loan Obligations, Revolving Agent) shall have no duty or obligation to Dispose of such non-cash proceeds and may Dispose of such non-cash proceeds or continue to hold such non-cash proceeds, in each case, in its discretion; provided, that any non-cash proceeds received by Senior Lien Agent may be distributed by Senior Lien Agent, subject to the terms of the Intercreditor Agreement, to the Senior Lien Claimholders in full or partial satisfaction of Senior Lien Obligations in an amount determined by Senior Lien Agent acting at the direction of the requisite Senior Lien Claimholders or as a court of competent jurisdiction may direct pursuant to a Final Order, including an order confirming a Plan of Reorganization in an Insolvency Proceeding. All Collateral and proceeds thereof received by Senior Lien Agent may be applied, reversed, reapplied, credited, or reborrowed, in whole or in part, pursuant to the Senior Lien Documents.

4.2 Turnover.

(a) Unless and until the Discharge of Senior Lien Obligations has occurred (irrespective of whether any Insolvency Proceeding has been commenced by or against any Grantor), any Collateral, or proceeds thereof (including assets or proceeds subject to Liens referred to in the final sentence of Section 2.3 or the proviso in Section 3.6), received by Third Lien Agent or any Third Lien Claimholder (i) in connection with an Enforcement Action with respect to the Collateral by Third Lien Agent or any Third Lien Claimholder, or (ii) as a result of the collusion by Third Lien Agent or any Third Lien Claimholder with any Grantor in violating the rights of Senior Lien Agent or any other Senior Lien

Claimholder (within the meaning of section 9-332 of the UCC), shall be segregated and held in trust and forthwith paid over to Senior Lien Agent (or, to the extent relating to ABL Priority Collateral, the Revolving Agent) subject to the terms hereof and the Intercreditor Agreement, for the benefit of the Senior Lien Claimholders (in accordance with their respective rights under the Intercreditor Agreement) in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Senior Lien Agent (and, with respect to proceeds of ABL Priority Collateral, the Revolving Agent) is hereby authorized to make any such endorsements as agent for the Third Lien Claimholders and this authorization is coupled with an interest and is irrevocable until the Discharge of Senior Lien Obligations.

(b) Unless and until the Discharge of Senior Lien Obligations has occurred and except as otherwise expressly provided in Section 2.1, Section 6.5 or Section 6.9, if a Grantor (or any of its assets) is the subject of an Insolvency Proceeding and if any distribution is received by Third Lien Agent or any Third Lien Claimholder on account of their Third Lien Secured Claims in connection with such Insolvency Proceeding (unless such distribution is made under a confirmed Plan of Reorganization of such Grantor that (x) provides for Discharge of Revolving Loan Obligations on the effective date thereof and (y) is accepted by the requisite affirmative vote of all classes composed of the secured claims of the Term Loan Claimholders or otherwise provides for the Discharge of Term Loan Obligations), then such distribution shall be segregated and held in trust and forthwith paid over to Senior Lien Agent (or, to the extent relating to ABL Priority Collateral, the Revolving Agent) for the benefit of the Senior Lien Claimholders (in accordance with their respective rights under the Intercreditor Agreement) in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct, subject to the terms of the Intercreditor Agreement. For the avoidance of doubt, unless and until the Discharge of Senior Lien Obligations has occurred, the Third Lien Agent shall be required to turnover to the Senior Lien Agent (or, to the extent relating to ABL Priority Collateral, the Revolving Agent) and the Senior Lien Agent (or Revolving Agent, as applicable) shall be entitled to apply (or, in the case of non-cash proceeds, hold) in accordance with Section 4.1 any cash or non-cash distribution received by the Third Lien Claimholders on account of their Third Lien Secured Claims pursuant to a confirmed Plan of Reorganization of a Grantor (unless such distribution is made under a confirmed Plan of Reorganization of such Grantor that (x) provides for Discharge of Revolving Loan Obligations on the effective date thereof and (y) is accepted by the requisite affirmative vote of all classes composed of the secured claims of the Term Loan Claimholders or otherwise provides for the Discharge of Term Loan Obligations) irrespective of whether such Plan of Reorganization (or any Final Order in respect thereof) purports to find that the distribution to the Senior Lien Claimholders pays the Senior Lien Obligations in full. Senior Lien Agent (and, with respect to proceeds of ABL Priority Collateral, the Revolving Agent) is hereby authorized to make any such endorsements as agent for the Third Lien Claimholders and this authorization is coupled with an interest and is irrevocable until the Discharge of Senior Lien Obligations.

4.3 Reserved.

4.4 Non-Lienable Assets. Notwithstanding anything to the contrary contained herein, if any assets, licenses, rights, or privileges of any Grantor are incapable of being the subject of a Lien in favor of a secured party (including because of restrictions under applicable law, the nature of the rights or interests of such Grantor, or the absence of a consent to such Lien by a third party and irrespective of whether the applicable collateral documents attempt (or purport) to encumber such assets, licenses, rights, or privileges) (the "**Inalienable Interests**"), then the Senior Lien Agent and the Third Lien Agent agree that any distribution or recovery Senior Lien Agent, or the other Senior Lien Claimholders, or Third Lien Agent, or the other Third Lien Claimholders, may receive with respect to, or that is allocable to, the value of any such Inalienable Interests, or any proceeds thereof, whether received in their capacity as unsecured creditors or otherwise, shall be turned over and applied in accordance with Sections 4.1 and 4.2 (including any turnover of ABL Priority Collateral or application of proceeds of ABL Priority Collateral to the Revolving Agent) as if such distribution or recovery were, or were on account of, Collateral or the proceeds of Collateral.

Until the Discharge of Senior Lien Obligations occurs, the Third Lien Agent hereby appoints the Senior Lien Agent (or Revolving Agent, as applicable), and any officer or agent of the Senior Lien Agent (or Revolving Agent, as applicable), with full power of substitution, the attorney-in-fact of each Third Lien Claimholder for the limited purpose of carrying out the provisions of this Section 4.4 and taking any action and executing any instrument that the Senior Lien Agent (or Revolving Agent, as applicable) may reasonably deem necessary or advisable to accomplish the purposes of this Section 4.4, which appointment is irrevocable and coupled with an interest.

4.5 Prepayments. Except as permitted in accordance with the payment conditions set forth in the Third Lien Documents on the date hereof (without regard to any waiver thereof), without the prior written consent of the Senior Lien Agent and Revolving Agent, no Third Lien Claimholder will take, demand, or receive from any Grantor any prepayment of principal (whether optional, voluntary, mandatory, or otherwise or by set-off, redemption, defeasance, or other payment or distribution) with respect to any Third Lien Secured Claim. If any such prepayments are received, at any time before the Discharge of Senior Lien Obligations by one or more of the Third Lien Claimholders, they shall be held in trust for the benefit of the Senior Lien Claimholders and forthwith paid over to Senior Lien Agent for the benefit of the Senior Lien Claimholders subject to the terms of the Intercreditor Agreement.

SECTION 5. Releases; Dispositions; Other Agreements.

5.1 Releases.

(a) Senior Lien Agent shall have the exclusive right to make determinations regarding the release or Disposition of any Collateral (other than ABL Priority Collateral) pursuant to the terms of the Senior Lien Documents (including the Intercreditor Agreement) or in accordance with the provisions of this Agreement, in each case without any consultation with, consent of, or notice to Third Lien Agent or any Third Lien Claimholder. Revolving Agent shall have the exclusive right to make determinations regarding the release or Disposition of any ABL Priority Collateral pursuant to the terms of the Senior Lien Documents (including the Intercreditor Agreement) or in accordance with the provisions of this Agreement, in each case without any consultation with, consent of, or notice to Third Lien Agent or any Third Lien Claimholder.

(b) If, in connection with an Enforcement Action, the Senior Lien Agent releases any of its Liens on any part of the Collateral (or such Liens are released by operation of law) or releases any Grantor from its obligations in respect of the Senior Lien Obligations, then the Liens of Third Lien Agent on such Collateral, and the obligations of such Grantor in respect of the Third Lien Secured Claims, shall be automatically, unconditionally, and simultaneously released.

(c) If, in connection with any Disposition of any Collateral permitted under the terms of the Senior Lien Documents as in effect as of the date hereof, Senior Lien Agent releases any of its Liens on the portion of the Collateral that is the subject of such Disposition, or releases any Grantor from its obligations in respect of the Senior Lien Obligations (if such Grantor is the subject of such Disposition), then the Liens of Third Lien Agent on such Collateral, and the obligations of such Grantor in respect of the Third Lien Secured Claim, shall be automatically, unconditionally, and simultaneously released.

(d) In the event of any private or public Disposition of all or a material portion of the Collateral by one or more Grantors with the consent of Senior Lien Agent (or, to the extent relating to ABL Priority Collateral, the Revolving Agent), after the occurrence and during the continuance of a Senior Lien Default (and prior to the Discharge of Senior Lien Obligations), which Disposition is conducted by such Grantors with the consent of Senior Lien Agent (or Revolving Agent, as applicable) in connection with good faith efforts by Senior Lien Agent (or Revolving Agent, as applicable) to collect the Senior Lien

Obligations through the Disposition of Collateral (any such Disposition, a "**Default Disposition**"), then the Liens of Third Lien Agent on such Collateral shall be automatically, unconditionally, and simultaneously released (and, if the Default Disposition includes Equity Interests in any Grantor, Third Lien Agent further agrees to release those persons whose Equity Interests are Disposed of from all of their obligations under the Third Lien Documents) so long as (i) Senior Lien Agent also releases its Liens on such Collateral (and, if the Default Disposition includes Equity Interests in any Grantor, Senior Lien Agent is also releasing those persons whose Equity Interests are Disposed of from all of their obligations under the Senior Lien Documents), and (ii) the net cash proceeds of any such Default Disposition are applied in accordance with Section 4.1 (as if they were proceeds received in connection with an Enforcement Action).

(e) To the extent that the Liens of Third Lien Agent in and to any Collateral are to be released as provided in this Section 5.1,

(i) Third Lien Agent shall promptly, upon the written request of Senior Lien Agent, execute and deliver such release documents and confirmations of the authorization to file UCC amendments, in each case, as Senior Lien Agent may reasonably require in connection with such Disposition to evidence and effectuate such release; provided, that any such release or UCC amendment by Third Lien Agent shall not extend to or otherwise affect any of the rights, if any, of Third Lien Agent to the proceeds from any such Disposition of any Collateral,

(ii) from and after the time that the Liens of Third Lien Agent in and to the Collateral are released, Third Lien Agent shall be automatically and irrevocably deemed to have authorized Senior Lien Agent to file UCC amendments releasing the Collateral subject to such Disposition as to UCC financing statements between any Grantor and Third Lien Agent or any other Third Lien Claimholder to evidence such release,

(iii) Third Lien Agent shall be deemed to have consented under the Third Lien Documents to such Disposition to the same extent as the consent of Senior Lien Agent and the other Senior Lien Claimholders, and

(iv) in accordance with the provisions of applicable law, the Liens of Third Lien Agent shall automatically attach to any proceeds of any Third Lien Collateral subject to any such Disposition to the extent not used to repay Senior Lien Obligations.

(f) Until the Discharge of Senior Lien Obligations occurs, Third Lien Agent hereby irrevocably constitutes and appoints Senior Lien Agent and any officer or agent of Senior Lien Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Third Lien Agent or such holder or in Senior Lien Agent's own name, from time to time in Senior Lien Agent's discretion, for the purpose of carrying out the terms of this Section 5.1, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary to accomplish the purposes of this Section 5.1, including any financing statement amendments (form UCC3) or any other endorsements or other instruments of transfer or release.

(g) Until the Discharge of Senior Lien Obligations occurs, to the extent that Senior Lien Agent or the Senior Lien Claimholders (i) have released any Lien on Collateral or any Grantor with respect to the Senior Lien Obligations, and any such Liens or obligations are later reinstated, or (ii) obtain any new Liens from any Grantor or obtain a guaranty from any Subsidiary of the Borrower of the Senior Lien Obligations, then Third Lien Agent, for itself and for the Third Lien Claimholders, shall be entitled to obtain a Lien on any such Third Lien Collateral (but not, for the avoidance of doubt, assets that constitute ABL Priority Collateral), subject to the terms (including the lien subordination provisions) of this Agreement, and a guaranty from such Grantor, as the case may be.

5.2 Insurance. Unless and until the Discharge of Senior Lien Obligations has occurred:

(a) (i) Senior Lien Agent and the Senior Lien Claimholders shall have the sole and exclusive right, subject to the rights of Grantors under the Senior Lien Documents and the terms of the Intercreditor Agreement, to adjust and settle any claim under any insurance policy covering the Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the Collateral; and (ii) all proceeds of any such insurance policy and any such award (or any payments with respect to a deed in lieu of condemnation) shall be paid, subject to the rights of Grantors under the Senior Lien Documents and the Third Lien Documents, first to the Senior Lien Claimholders and the Third Lien Claimholders in accordance with the priorities set forth in Section 4.1, until paid in full in cash, and second, to the owner of the subject property, such other person as may be entitled thereto, or as a court of competent jurisdiction may otherwise direct; and

(b) if Third Lien Agent or any other Third Lien Claimholder shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of this Section 5.2, it shall pay such proceeds over to Senior Lien Agent in accordance with the terms of Section 4.2.

5.3 Amendments; Refinancings; Legend.

(a) The Senior Lien Documents may be amended, supplemented or otherwise modified in accordance with their terms and the Senior Lien Obligations may be Refinanced, in each case without notice to, or the consent of, Third Lien Agent or any other Third Lien Claimholder, all without affecting the lien subordination or other provisions of this Agreement; provided, that, in the case of a Refinancing, the holders of such Refinancing debt bind themselves (in a writing addressed to Third Lien Agent) to the terms of this Agreement and that any such amendment, supplement, or modification shall not, without the prior written consent of Third Lien Agent (which it shall be authorized to consent to based upon an affirmative vote of the requisite Third Lien Claimholders under the Third Lien Indenture) contravene the provisions of this Agreement.

(b) Pursuant to the restrictions set forth in the Senior Lien Documents as in effect on the date hereof and the terms of the Third Lien Documents, the Third Lien Documents may not be amended, supplemented or otherwise modified in accordance with their terms, in each case without notice to and the consent of Term Loan Agent and Revolving Agent.

(c) [Reserved]

(d) In the event Senior Lien Agent or the Senior Lien Claimholders and the relevant Grantor enter into any amendment, waiver, or consent which constitutes a Deemed Third Lien Amendment, then such Deemed Third Lien Amendment shall apply automatically to any comparable provision of the Third Lien Collateral Documents without the requirement of consent of Third Lien Agent or the Third Lien Claimholders and without any action by Third Lien Agent, or any Grantor. Third Lien Agent promptly shall execute and deliver to Senior Lien Agent such amendment, waiver, or consent as Senior Lien Agent may request to effectively confirm such amendment.

5.4 Bailee for Perfection.

(a) Each of the Revolving Agent, the Term Loan Agent and the Third Lien Agent agree to hold that part of the Collateral that is in its possession (or in the possession of its agents or bailees) to the extent that possession thereof is taken to perfect a Lien thereon under the UCC or other applicable law (such Collateral being referred to as the "**Pledged Collateral**"), as bailee and as a non-fiduciary representative for the Third Lien Agent, the Revolving Agent, or the Term Loan Agent, as applicable, solely

for the purpose of perfecting the security interest granted under the Third Lien Documents or the Senior Lien Documents, as applicable, subject to the terms and conditions of this Section 5.4. Unless and until the Discharge of Senior Lien Obligations, Third Lien Agent agrees to promptly notify each of the Revolving Agent and the Term Loan Agent of any Pledged Collateral held by it or by any other Third Lien Claimholder, and, immediately upon the request of Senior Lien Agent at any time prior to the Discharge of Senior Lien Obligations, Third Lien Agent agrees to deliver to Senior Lien Agent any such Pledged Collateral held by it or by any other Third Lien Claimholder, together with any necessary endorsements (or otherwise allow Senior Lien Agent to obtain control of such Pledged Collateral).

(b) Neither Revolving Agent nor the Term Loan Agent shall have any obligation whatsoever to Third Lien Agent or any other Third Lien Claimholder to ensure that the Pledged Collateral is genuine or owned by any of Grantors or to preserve rights or benefits of any person except as expressly set forth in this Section 5.4. Third Lien Agent shall have no obligation whatsoever to the Revolving Agent, the Term Loan Agent or any other Senior Lien Claimholder to ensure that the Pledged Collateral is genuine or owned by any of Grantors or to preserve rights or benefits of any person except as expressly set forth in this Section 5.4. The duties or responsibilities of the Revolving Agent and the Term Loan Agent under this Section 5.4 shall be limited solely to holding the Pledged Collateral as bailee and non-fiduciary representative in accordance with this Section 5.4 and delivering the Pledged Collateral upon a Discharge of Senior Lien Obligations as provided in Section 5.8. The duties or responsibilities of Third Lien Agent under this Section 5.4 shall be limited solely to holding the Pledged Collateral as bailee and non-fiduciary representative in accordance with this Section 5.4.

(c) Neither the Revolving Agent nor the Term Loan Agent acting pursuant to this Section 5.4 shall have by reason of the Senior Lien Collateral Documents, the Third Lien Collateral Documents, or this Agreement a fiduciary relationship in respect of Third Lien Agent or any other Third Lien Claimholder. Third Lien Agent acting pursuant to this Section 5.4 shall not have by reason of the Senior Lien Collateral Documents, the Third Lien Collateral Documents, or this Agreement a fiduciary relationship in respect of Revolving Agent, Term Loan Agent or any other Senior Lien Claimholder.

(d) Upon the Discharge of Senior Lien Obligations, Senior Lien Agent shall, to the extent permitted by applicable law, deliver the remaining tangible Pledged Collateral (if any) together with any necessary endorsements, first, to Third Lien Agent to the extent Third Lien Secured Claims remain outstanding as confirmed in writing by Third Lien Agent, and, to the extent that Third Lien Agent confirms no Third Lien Secured Claims are outstanding, second, to Borrower to the extent no Senior Lien Obligations or Third Lien Secured Claims remain outstanding (in each case, so as to allow such person to obtain possession or control of such Pledged Collateral). At such time, Senior Lien Agent further agrees to take all other action reasonably requested by Third Lien Agent at the expense of Borrower (including amending any outstanding control agreements) to enable Third Lien Agent to obtain a first priority security interest in the Pledged Collateral.

5.5 When Discharge of Senior Lien Obligations Deemed to Not Have Occurred. If Borrower enters into any Refinancing of the Senior Lien Obligations, then a Discharge of Senior Lien Obligations shall not be deemed to have occurred for all purposes of this Agreement, and the obligations under such Refinancing of such Senior Lien Obligations shall be treated as Senior Lien Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, and Senior Lien Agent under the Senior Lien Documents effecting such Refinancing shall be Senior Lien Agent for all purposes of this Agreement. Senior Lien Agent (or in the case of a Refinancing of the Revolving Loan Agreement, the Revolving Agent) under such Senior Lien Documents shall agree (in a writing addressed to Third Lien Agent) to be bound by the terms of this Agreement and Third Lien Agent agrees to acknowledge and accept such writing.

5.6 Reserved.

5.7 Injunctive Relief. Should any Third Lien Claimholder in any way take, attempt to, or threaten to take any action contrary to terms of this Agreement with respect to the Collateral, or fail to take any action required by this Agreement, Senior Lien Agent or any other Senior Lien Claimholder may obtain relief against such Third Lien Claimholder by injunction, specific performance, or other appropriate equitable relief, it being understood and agreed by Third Lien Agent that (a) the Senior Lien Claimholders' damages from such actions may at that time be difficult to ascertain and may be irreparable, and (b) each Third Lien Claimholder waives any defense that the Senior Lien Claimholders cannot demonstrate damage or be made whole by the awarding of damages. Third Lien Agent hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by Senior Lien Agent, the Revolving Agent or the other Senior Lien Claimholders.

5.8 [Reserved].

SECTION 6. Insolvency Proceedings.

6.1 Enforceability and Continuing Priority. This Agreement shall be applicable both before and after the commencement of any Insolvency Proceeding and all converted or succeeding cases in respect thereof. The relative rights of Claimholders in or to any distributions from or in respect of any Collateral or proceeds of Collateral, shall continue after the commencement of any Insolvency Proceeding. Accordingly, the provisions of this Agreement are intended to be and shall be enforceable as a subordination agreement within the meaning of section 510 of the Bankruptcy Code.

6.2 Financing. If any Grantor shall be subject to any Insolvency Proceeding and if Senior Lien Agent consents to the use of cash collateral (as such term is defined in section 363(a) of the Bankruptcy Code; herein, "**Cash Collateral**"), on which Senior Lien Agent has a Lien or consents to such Grantor obtaining financing provided under section 364 of the Bankruptcy Code or any similar provision of any other Bankruptcy Law (such financing, a "**DIP Financing**"), and if such Cash Collateral use or DIP Financing, as applicable, meets the applicable DIP Financing Conditions, then Third Lien Agent unconditionally agrees that it will consent to such Cash Collateral use or raise no objection to such DIP Financing, as applicable. In addition, if Senior Lien Agent objects to any use of Cash Collateral or DIP Financing, then Third Lien Agent, for itself and on behalf of the Third Lien Claimholders in their capacity as holders of secured claims, shall join such objection by Senior Lien Agent, provided such objection is not in contravention of the express terms of this Agreement and except in the event the DIP Financing has been proposed by the Third Lien Agent or any of the Third Lien Claimholders consistent with this Agreement. If any Grantor obtains DIP Financing, Third Lien Agent will subordinate its Liens in the Collateral (and in any other assets of the Grantors that may serve as collateral (including avoidance actions, or the proceeds thereof) for such DIP Financing) to the Liens securing such DIP Financing. Third Lien Agent agrees that it shall not, and nor shall any of the Third Lien Claimholders, absent the prior written consent of Senior Lien Agent, directly or indirectly, provide, offer to provide, or support any DIP Financing unless the Discharge of Senior Lien Obligations occurs upon the closing of such DIP Financing. In addition, Third Lien Agent agrees that it shall not, and nor shall any of the Third Lien Claimholders, absent the prior written consent of the Revolving Agent, directly or indirectly, provide, offer to provide, or support any DIP Financing secured by Liens on any assets constituting ABL Priority Collateral, unless Discharge of Revolving Loan Obligations occurs upon the closing of such DIP Financing. If, in connection with any Cash Collateral use or DIP Financing, any Liens on the Collateral held by the Senior Lien Claimholders to secure the Senior Lien Obligations are subject to a surcharge or are subordinated to an administrative priority claim, a professional fee "carve-out," or fees owed to the United States Trustee, then the Liens on the Collateral of the Third Lien Claimholders securing the Third Lien Debt shall also be subordinated to

such interest or claim and shall remain subordinated to the Liens on the Collateral of the Senior Lien Claimholders consistent with this Agreement.

6.3 Sales. Third Lien Agent and each Third Lien Claimholder agrees that it will consent to, and will not object or oppose a motion (including any sale or bid procedures motion) to Dispose of any Collateral free and clear of the Liens of Third Lien Agent under section 363 or section 1129 of the Bankruptcy Code if the Senior Lien Agent (or, in the case of ABL Priority Collateral, the Revolving Agent) has consented to such motion and the Disposition of Collateral free and clear of the Liens of the Senior Lien Agent. In addition, if Senior Lien Agent (or, in the case of ABL Priority Collateral, the Revolving Agent) objects to any Disposition of Collateral, then Third Lien Agent, for itself and on behalf of the Third Lien Claimholders in their capacity as holders of secured claims, shall join such objection by Senior Lien Agent (or, in the case of ABL Priority Collateral, the Revolving Agent), provided such objection is not in contravention of the express terms of this Agreement.

6.4 Relief from the Automatic Stay. Until the Discharge of Senior Lien Obligations has occurred, Third Lien Agent agrees not to (a) seek (or support any other person seeking) relief from the automatic stay or any other stay in any Insolvency Proceeding in respect of the Collateral, without the prior written consent of Senior Lien Agent (or, in the case of a stay in respect of ABL Priority Collateral, the Revolving Agent), or (b) oppose any request by the Senior Lien Agent or any other Senior Lien Claimholder to seek relief from the automatic stay or any other stay in any Insolvency Proceeding in respect of the Collateral.

6.5 Adequate Protection.

(a) In any Insolvency Proceeding involving a Grantor,

(i) Third Lien Claimholder agrees that it shall not object to or contest, or support any other person objecting or contesting (and instead shall be deemed to have hereby irrevocably, absolutely, and unconditionally waived any right to do so):

(A) any request by any Senior Lien Claimholder prior to the Discharge of Senior Lien Obligations for adequate protection of their interest in the Collateral, including replacement or additional Liens on post-petition assets; or

(B) any (x) objection by any Senior Lien Claimholder to any motion, relief, action, or proceeding based on any such Senior Lien Claimholders claiming a lack of adequate protection, or (y) request by any Senior Lien Claimholder for relief from the automatic stay;

(ii) if any one or more Senior Lien Claimholders are granted adequate protection in the form of an additional or replacement Lien (on existing or future assets of Grantors (other than assets constituting ABL Priority Collateral)) in connection with any DIP Financing or use of Cash Collateral, then Senior Lien Agent agrees that Third Lien Agent shall also be entitled to seek, without objection from Senior Lien Claimholders, adequate protection in the form of an additional or replacement Lien (on the same existing or future assets of Grantors), which additional or replacement Lien, if obtained, shall be subordinate to the Liens securing the Senior Lien Obligations (including those under a DIP Financing) on the same basis as the other Liens securing the Third Lien Debt are subordinate to the Senior Lien Obligations under this Agreement; *provided that* such additional or replacement Lien may not attach to any ABL Priority Collateral;

(iii) no Third Lien Claimholder may seek adequate protection except for adequate protection permitted pursuant to Section 6.5(a)(ii) or (iv), and Third Lien Agent further agrees that Senior Lien Agent shall also be entitled to seek (subject to the Intercreditor Agreement), without objection from the Third Lien Claimholders, a senior adequate protection Lien in and to such existing or future assets of Grantors as security for the Senior Lien Obligations and that any adequate protection Lien securing the Third Lien Debt (it being understood and agreed no such lien shall attach to any ABL Priority Collateral) shall be subordinated to such senior adequate protection Lien securing the Senior Lien Obligations on the same basis as the other Liens securing the Third Lien Debt are subordinated to the Liens securing the Senior Lien Obligations under this Agreement;

(iv) if any one or more Senior Lien Claimholders are granted adequate protection in the form of a superpriority or other administrative expense claim in connection with any DIP Financing or use of Cash Collateral, then Senior Lien Agent agrees that Third Lien Agent shall also be entitled to seek, without objection from Senior Lien Claimholders, adequate protection in the form of a superpriority or other administrative expense claim (as applicable), which superpriority or other administrative expense claim, if obtained, (A) shall be treated as proceeds of Collateral for all purposes under this Agreement and shall be subordinate to the superpriority or other administrative expense claim of the Senior Lien Claimholders (such subordination to include an express provision that the Third Lien Claimholders will not object to or otherwise oppose a Plan of Reorganization that is accepted by the requisite affirmative vote of all classes composed of the secured claims of Senior Lien Claimholders based upon the failure of such Plan of Reorganization to pay the Third Lien Claimholders' superpriority or other administrative expense claims in full in accordance with section 1129(a)(9)(A) of the Bankruptcy Code) and (B) shall not be payable from any ABL Priority Collateral or any proceeds thereof; and

(v) if any one or more Third Lien Claimholders are granted adequate protection in the form of a superpriority or other administrative expense claim in connection with any DIP Financing or use of Cash Collateral, then Third Lien Agent agrees that Senior Lien Agent and the Revolving Agent shall also be entitled to seek, without objection from Third Lien Claimholders, adequate protection in the form of a superpriority or other administrative expense claim (as applicable), which superpriority or other administrative expense claim, if obtained, shall be senior to the superpriority or other administrative expense claim of the Third Lien Claimholders.

(b) Neither Third Lien Agent nor any other Third Lien Claimholder shall object to, oppose, or challenge the determination of the extent of any Liens held by any of the Term Agent, the Revolving Agent or the Senior Lien Claimholders or the value of any claims of Senior Lien Claimholders under section 506(a) of the Bankruptcy Code or any claim by any Senior Lien Claimholder for allowance in any Insolvency Proceeding of Senior Lien Obligations consisting of post-petition interest, fees, or expenses.

(c) [Reserved]

6.6 Specific Sections of the Bankruptcy Code. Third Lien Agent shall not object to, oppose, support any objection, or take any other action to impede, the right of any Senior Lien Claimholder to make an election under section 1111(b)(2) of the Bankruptcy Code. The Third Lien Claimholders waive any claim they may hereafter have against any Senior Lien Claimholder arising out of the election by any Senior Lien Claimholder of the application of section 1111(b)(2) of the Bankruptcy Code. The Third Lien Claimholders agree that they will not, directly or indirectly, assert or support the assertion of, and hereby waive any right that they may have to assert or support the assertion of any claim or relief under section 506(c) or section 552 of the Bankruptcy Code as against any Senior Lien Claimholder or any of the Collateral to the extent securing the Senior Lien Obligations.

6.7 No Waiver. Subject to Section 3.1(a) and the other provisions of this Section 6, nothing contained herein shall prohibit or in any way limit any Senior Lien Claimholder from objecting in any Insolvency Proceeding involving a Grantor to any action taken by any Third Lien Claimholder, including the seeking by any Third Lien Claimholder of adequate protection or the assertion by any Third Lien Claimholder of any of its rights and remedies under the Third Lien Documents.

6.8 Avoidance Issues.

(a) If any Senior Lien Claimholder is required in any Insolvency Proceeding or otherwise to turn over, disgorge, or otherwise pay to the estate of any Grantor any amount paid in respect of Senior Lien Obligations (or if any Senior Lien Claimholder elects to do so upon the advice of counsel), then such Senior Lien Claimholder shall be entitled to a reinstatement of the Senior Lien Obligations with respect to all such amounts, and all rights, interests, priorities, and privileges recognized in this Agreement shall apply with respect to any such recovery.

(b) Subject to the preceding clause (a), if any Third Lien Claimholder is required in any Insolvency Proceeding or otherwise to turn over, disgorge, or otherwise pay to the estate of any Grantor any amount paid in respect of Third Lien Debt (or if any Third Lien Claimholder elects to do so upon the advice of counsel), then such Third Lien Claimholder shall be entitled to a reinstatement of the Third Lien Debt with respect to all such amounts, and all rights, interests, priorities, and privileges recognized in this Agreement shall apply with respect to any such recovery.

(c) If this Agreement shall have been terminated prior to such recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair, or otherwise affect the obligations of the parties hereto.

6.9 Plan of Reorganization.

(a) If, in any Insolvency Proceeding involving a Grantor, debt obligations of the reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed pursuant to a confirmed Plan of Reorganization or similar dispositive restructuring plan, both on account of Senior Lien Obligations and on account of Third Lien Debt, then, to the extent the debt obligations distributed on account of the Senior Lien Obligations and on account of the Third Lien Debt are secured by Liens upon the same property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

(b) The provisions of Section 1129(b)(1) of the Bankruptcy Code notwithstanding, the Third Lien Claimholders agree that they will not propose, support, or vote in favor of any Plan of Reorganization of a Grantor that (i) does not provide for Discharge of Senior Lien Obligations on the effective date thereof or (ii) is otherwise inconsistent with the priorities or other provisions of this Agreement.

(c) Unless and until the Discharge of Senior Lien Obligations has occurred and except as otherwise expressly provided in Section 2.1 and this Section 6.9(c), if a Grantor (or any of its assets) is the subject of an Insolvency Proceeding and if any distribution is received by Third Lien Agent or any other Third Lien Claimholder on account of their Third Lien Secured Claims in connection with such Insolvency Proceeding, then such distribution shall be segregated and held in trust and forthwith paid over to Senior Lien Agent (or, if the distribution is in respect of ABL Priority Collateral, to the Revolving Agent), subject to the terms of the Intercreditor Agreement, for the benefit of the Senior Lien Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Except as otherwise provided in Section 6.5 and Section 6.9(a) hereof, unless and until the Discharge

of Senior Lien Obligations has occurred, the Third Lien Agent and each other Third Lien Claimholder shall be required to turnover to the Senior Lien Agent (or, if the distribution is in respect of ABL Priority Collateral, to the Revolving Agent) and the Senior Lien Agent (or, if applicable, the Revolving Agent) shall be entitled to apply (or, in the case of non-cash proceeds, hold) in accordance with Section 4.1 any cash or non-cash distribution received by the Third Lien Claimholders on account of their Third Lien Secured Claims pursuant to a confirmed Plan of Reorganization of a Grantor irrespective of whether such Plan of Reorganization (or any Final Order in respect thereof) purports to find that the distribution to the Senior Lien Claimholders pays the Senior Lien Obligations in full, unless such distribution is made under a confirmed Plan of Reorganization of such Grantor that (x) provides for Discharge of Revolving Loan Obligations on the effective date thereof and (y) is accepted by the requisite affirmative vote of all classes composed of the secured claims of the Term Loan Claimholders or otherwise provides for the Discharge of Term Loan Obligations. Third Lien Agent irrevocably authorizes and empowers Senior Lien Agent (or, if applicable, the Revolving Agent), in the name of each Third Lien Claimholder, to demand, sue for, collect, and receive any and all such distributions in respect of any Third Lien Secured Claim to which the Senior Lien Claimholders are entitled hereunder. In furtherance of the foregoing, Senior Lien Agent (or, if applicable, the Revolving Agent) is hereby authorized to make any such endorsements as agent for Third Lien Agent or any such Third Lien Claimholders. This authorization is coupled with an interest and is irrevocable until the Discharge of Senior Lien Obligations. To the extent that the confirmed Plan of Reorganization does not specify whether the Third Lien Claimholders are receiving any particular distribution, in whole or in part, on account of their Third Lien Deficiency Claims, such distribution shall be conclusively presumed to be on account of their Third Lien Secured Claims.

SECTION 7. Reliance; Waivers; Etc.

7.1 Reliance. Other than any reliance on the terms of this Agreement, Senior Lien Agent acknowledges that it and such Senior Lien Claimholders have, independently and without reliance on Third Lien Agent or any other Third Lien Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into such Senior Lien Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Senior Lien Credit Agreement or this Agreement. Third Lien Agent acknowledges that it and the Third Lien Claimholders have, independently and without reliance on Senior Lien Agent or any other Senior Lien Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Third Lien Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Third Lien Documents or this Agreement.

7.2 No Warranties or Liability. Senior Lien Agent acknowledges and agrees that each of Third Lien Agent and the other Third Lien Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability, or enforceability of any of the Third Lien Documents, the ownership of any Collateral, or the perfection or priority of any Liens thereon. Except as otherwise expressly provided herein, the Third Lien Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under the Third Lien Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. Third Lien Agent acknowledges and agrees that Senior Lien Agent and the other Senior Lien Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability, or enforceability of any of the Senior Lien Documents, the ownership of any Collateral, or the perfection or priority of any Liens thereon. Except as otherwise expressly provided herein, the Senior Lien Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under their respective Senior Lien Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. Third Lien Agent and the other Third Lien Claimholders shall have no duty to Senior Lien Agent or any other Senior Lien Claimholder,

and Senior Lien Agent and the other Senior Lien Claimholders shall have no duty to Third Lien Agent or any other Third Lien Claimholder, to act or refrain from acting in a manner that allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Grantor (including the Senior Lien Documents and the Third Lien Documents), regardless of any knowledge thereof which they may have or be charged with.

7.3 No Waiver of Lien Priorities.

(a) No right of Senior Lien Agent or any other Senior Lien Claimholder to enforce any provision of this Agreement or any Senior Lien Document shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Grantor or by any act or failure to act by Senior Lien Agent or any other Senior Lien Claimholder, or by any noncompliance by any person with the terms, provisions, and covenants of this Agreement, any of the Senior Lien Documents or any of the Third Lien Documents, regardless of any knowledge thereof which Senior Lien Agent or any other Senior Lien Claimholder may have (or be otherwise charged with).

(b) Without in any way limiting the generality of the foregoing paragraph (but subject to any rights of Grantors under the Senior Lien Documents and subject to the provisions of Section 5.3(a)), Senior Lien Agent and the other Senior Lien Claimholders may, at any time and from time to time in accordance with the Senior Lien Documents or applicable law, without the consent of, or notice to, Third Lien Agent or any other Third Lien Claimholder, without incurring any liabilities to Third Lien Agent or any other Third Lien Claimholder and without impairing or releasing the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of Third Lien Agent or any other Third Lien Claimholder is affected, impaired, or extinguished thereby) do any one or more of the following without the prior written consent of Third Lien Agent:

(i) change the manner, place, or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase, or alter, the terms of any of the Senior Lien Obligations or any Lien on any Senior Lien Collateral or guarantee thereof or any liability of any Grantor, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the Senior Lien Obligations, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify, or supplement in any manner any Liens held by Senior Lien Agent or any other Senior Lien Claimholder, the Senior Lien Obligations, or any of the Senior Lien Documents;

(ii) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the Senior Lien Collateral or any liability of any Grantor to Senior Lien Agent or any other Senior Lien Claimholders, or any liability incurred directly or indirectly in respect thereof;

(iii) settle or compromise any Senior Lien Obligations or any other liability of any Grantor or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the Senior Lien Obligations) in any manner or order; and

(iv) exercise or delay in or refrain from exercising any right or remedy against any Grantor or any other person, elect any remedy and otherwise deal freely with any Grantor or any Senior Lien Collateral and any security and any guarantor or any liability of any Grantor to Senior Lien Agent or any other Senior Lien Claimholder or any liability incurred directly or indirectly in respect thereof.

(c) Except as otherwise provided herein, Third Lien Agent also agrees that Senior Lien Agent and the other Senior Lien Claimholders shall have no liability to Third Lien Agent or any other Third Lien Claimholder, and Third Lien Agent hereby waives any claim against Senior Lien Agent or any other Senior Lien Claimholder arising out of any and all actions which Senior Lien Agent or any other Senior Lien Claimholder may, pursuant to the terms hereof, take, permit or omit to take with respect to:

- (i) the Senior Lien Documents;
- (ii) the collection of the Senior Lien Obligations; or
- (iii) the foreclosure upon, or sale, liquidation, or other disposition of, or the failure to foreclose upon, or sell, liquidate, or otherwise dispose of, any Senior Lien Collateral. Third Lien Agent agrees that Senior Lien Agent and the other Senior Lien Claimholders have no duty to them in respect of the maintenance or preservation of the Senior Lien Collateral, the Senior Lien Obligations, or otherwise.

(d) Until the Discharge of Senior Lien Obligations, Third Lien Agent agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead, or otherwise assert, or otherwise claim the benefit of, any marshaling, appraisal, valuation, or other similar right that may otherwise be available under applicable law with respect to the Collateral or any other similar rights a junior secured creditor may have under applicable law.

7.4 Obligations Unconditional. For so long as this Agreement is in full force and effect, all rights, interests, agreements, and obligations of Senior Lien Agent and the other Senior Lien Claimholders and Third Lien Agent and the other Third Lien Claimholders, respectively, hereunder shall remain in full force and effect irrespective of:

- (a) any lack of validity or enforceability of any Senior Lien Documents or any Third Lien Documents;
- (b) except as otherwise expressly restricted in this Agreement, any change in the time, manner, or place of payment of, or in any other terms of, all or any of the Senior Lien Obligations or Third Lien Debt, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any Senior Lien Document or any Third Lien Document;
- (c) except as otherwise expressly restricted in this Agreement, any exchange of any security interest in any Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the Senior Lien Obligations or Third Lien Debt or any guarantee thereof;
- (d) the commencement of any Insolvency Proceeding in respect of any Grantor; or
- (e) any other circumstances which otherwise might constitute a defense available to any Grantor in respect of the Senior Lien Obligations, the Senior Lien Agent, any other Senior Lien Claimholder, the Third Lien Debt, the Third Lien Agent, or any other Third Lien Claimholder.

SECTION 8. Representations and Warranties.

8.1 Representations and Warranties of Each Party. Each party hereto represents and warrants to the other parties hereto as follows:

(a) Such party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable in accordance with its terms.

(c) The execution, delivery, and performance by such party of this Agreement (i) do not require any consent or approval of, registration or filing with or any other action by any governmental authority and (ii) will not violate any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of such party or any order of any governmental authority.

8.2 Representations and Warranties of Each Agent. Each of the Revolving Agent, the Term Loan Agent and the Third Lien Agent represents and warrants to the other that it has been authorized by the Senior Lien Claimholders or the Third Lien Claimholders, as applicable, under the Revolving Loan Agreement, the Term Loan Agreement or the Third Lien Security Agreement, as applicable, to enter into this Agreement and that each of the agreements, covenants, waivers, and other provisions hereof is valid, binding, and enforceable against the Senior Lien Lenders or holders of Extended Prepetition Debt, as applicable, as fully as if they were parties hereto.

8.3 Survival. All representations and warranties made by one party hereto in this Agreement shall be considered to have been relied upon by the other party hereto and shall survive the execution and delivery of this Agreement, regardless of any investigation made by any such other party.

SECTION 9. Miscellaneous.

9.1 Conflicts. In the event of any conflict between the provisions of this Agreement and the provisions of any of the Senior Lien Documents or any of the Third Lien Documents, the provisions of this Agreement shall govern and control; provided, however, that in the event of any conflict between the Senior Lien Documents and the Third Lien Documents (including, without limitation, any conflicts between the Intercreditor Agreement and this Agreement) concerning the relative rights and priorities of the Revolving Agent and the Revolving Loan Claimholders, on the one hand, and the Term Loan Agent and the Term Loan Claimholders, on the other hand, the provisions of the Senior Loan Documents (including the Intercreditor Agreement) shall govern and control.

9.2 Effectiveness; Continuing Nature of this Agreement; Severability. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of lien subordination and the Senior Lien Claimholders may continue, at any time and without notice to Third Lien Agent or any other Third Lien Claimholder, to extend credit and other financial accommodations to or for the benefit of any Grantor constituting Senior Lien Obligations in reliance hereof. Third Lien Agent hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency Proceeding. Any provision of this Agreement that is prohibited or unenforceable shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. All references to any Grantor shall include such Grantor as debtor and debtor-in-possession and any receiver or trustee for such Grantor in any Insolvency Proceeding. This Agreement shall terminate and be of no further force and effect:

(a) with respect to Senior Lien Agent, the other Senior Lien Claimholders, and the Senior Lien Obligations, upon the Discharge of Senior Lien Obligations; and

(b) with respect to Third Lien Agent, the other Third Lien Claimholders, and the Third Lien Debt, on the date that the Third Lien Debt is paid in U.S. Dollars in full in cash or immediately available funds and all commitments, if any, to extend credit to Borrower are terminated or have expired.

9.3 Amendments; Waivers. No amendment, modification, or waiver of any of the provisions of this Agreement shall be effective unless the same shall be in writing signed on behalf of each party hereto or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. The Borrower or any other Grantor shall have the right to consent to or approve any amendment, modification or waiver of any provision of this Agreement that (a) imposes additional covenants or contractual obligations on any Borrower or Grantor, or (b) amends or modifies the obligations of any Borrower or any other Grantor in a manner adverse to such Borrower or Grantor or imposes additional covenants or contractual obligations on any Borrower or any other Grantor.

9.4 Information Concerning Financial Condition of the Borrower and its Subsidiaries. Senior Lien Agent and the other Senior Lien Claimholders, on the one hand, and Third Lien Agent and the other Third Lien Claimholders, on the other hand, shall each be responsible for keeping themselves informed of (a) the financial condition of the Borrower and its Subsidiaries and all endorsers or guarantors of the Senior Lien Obligations or the Third Lien Debt and (b) all other circumstances bearing upon the risk of nonpayment of the Senior Lien Obligations or the Third Lien Debt. Senior Lien Agent and the other Senior Lien Claimholders shall have no duty to advise Third Lien Agent or any other Third Lien Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. Third Lien Agent and the other Third Lien Claimholders shall have no duty to advise Senior Lien Agent or any other Senior Lien Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event Senior Lien Agent or any other Senior Lien Claimholder, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to Third Lien Agent or any other Third Lien Claimholder, it or they shall be under no obligation:

(a) to make, and Senior Lien Agent and the other Senior Lien Claimholders shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness, or validity of any such information so provided;

(b) to provide any additional information or to provide any such information on any subsequent occasion;

(c) to undertake any investigation; or

(d) to disclose any information, which pursuant to accepted or reasonable commercial practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

9.5 Subrogation. With respect to any payments or distributions in cash, property, or other assets that Third Lien Agent or any other Third Lien Claimholder pays over to Senior Lien Agent or any other Senior Lien Claimholder under the terms of this Agreement, Third Lien Agent and the other Third Lien Claimholders shall be subrogated to the rights of Senior Lien Agent and the other Senior Lien Claimholders; provided, that Third Lien Agent hereby agrees not to assert or enforce any such rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of all Senior Lien Obligations has occurred.

9.6 SUBMISSION TO JURISDICTION; WAIVERS.

(a) ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY ARISING OUT OF OR RELATING HERETO SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY, AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY:

(i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE JURISDICTION AND VENUE OF SUCH COURTS;

(ii) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS;

(iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 9.7; AND

(iv) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (iii) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT.

(b) EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER HEREOF, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE; MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 9.6(b) AND EXECUTED BY SENIOR LIEN AGENT AND THIRD LIEN AGENT), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS, OR MODIFICATIONS HERETO. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

9.7 Notices. All notices to the Third Lien Claimholders and the Senior Lien Claimholders permitted or required under this Agreement shall also be sent to Third Lien Agent and Senior Lien Agent, respectively. Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served or sent by telefacsimile or United States mail or courier service or electronic mail and shall be deemed to have been given when delivered in person or by courier service and signed for

against receipt thereof, upon receipt of telefacsimile or electronic mail, or 3 Business Days after depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto shall be addressed as follows or as may be designated by such party in a written notice to all of the other parties:

If to Senior Lien Agent or Senior Lien Lenders (prior to the Discharge of Term Loan Obligations):	With a copy to (or following the Discharge of the Term Loan Obligations, if to Senior Lien Agent or Senior Lien Lenders):
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Cortland Capital Market Services LLC 225 W. Washington, 21st Floor Chicago, Illinois 60606 Attn: Valerie Opperman and Legal Department Fax: (312) 376-0751	Bank of America, N.A. 135 South LaSalle, 9th Floor Chicago, Illinois 60603 Attn: Brad H. Breidenbach Fax: (312) 453-3849
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With a copy to:

Goldberg Kohn Ltd.
55 East Monroe Street, Suite 3300
Chicago, Illinois 60603
Attn: Randall Klein, Esq.
Fax: (312) 332-2196

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
155 N. Wacker Drive, Suite 2700
Chicago, Illinois 60606-1720
Attn: Seth E. Jacobson
Fax: (312) 407-8511

If to Third Lien Agent:
U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
ST. Paul, MN 55107

Attn: Global Corporate Trust
Reference: Specialty School, Inc.
Fax: (651) 466-7430

With a copy to:
Dorsey & Whitney LLP
51 West 52nd Street, 9th Floor
New York, NY 10019

Attn: Erin Trigg
Reference: School Specialty Inc.
Email: trigg.erin@dorsey.com

9.8 Further Assurances. Each of the Revolving Agent, the Term Loan Agent and the Third Lien Agent agrees to take such further action and shall execute and deliver such additional documents and instruments (in recordable form, if requested) as Revolving Agent, Term Loan Agent or Third Lien Agent may reasonably request to effectuate the terms of and the Lien priorities contemplated by this Agreement, all at the expense of Borrower. In furtherance of the foregoing,

(a) each of the Revolving Agent and Term Loan Agent agrees that, if there is a Refinancing of the Third Lien Debt permitted under the Revolving Loan Agreement and if the agent or other representative of the holders of the indebtedness that Refinances the Third Lien Debt so requests, it will execute and deliver either an acknowledgement of the joinder of such agent or representative to this Agreement or an agreement with such agent or representative identical to this Agreement (subject to changing names of parties, documents and addresses, as appropriate) in favor of any such agent or representative, and (b) the Third Lien Agent agrees that, if there is a Refinancing of the Senior Lien Obligations and if the agent or other representative of the holders of the indebtedness that Refinances the Senior Lien Obligations so requests, it will execute and deliver either an acknowledgement of the joinder of such agent or representative to this Agreement or an agreement with such agent or representative identical to this Agreement (subject to changing names of parties, documents and addresses, as appropriate) in favor of any such agent or representative.

9.9 APPLICABLE LAW. THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO AGREES THAT THIS AGREEMENT RELATES TO A TRANSACTION COVERING IN THE AGGREGATE NOT LESS THAN \$250,000.

9.10 Binding on Successors and Assigns. This Agreement shall be binding upon Senior Lien Agent, the Senior Lien Claimholders, Third Lien Agent, the Third Lien Claimholders, and their respective successors and assigns.

9.11 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

9.12 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement or any document or instrument delivered in connection herewith by telecopy or other electronic transmission (including e-mail and PDF) shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable.

9.13 No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of and bind each of the Senior Lien Claimholders and the Third Lien Claimholders, provided that, the Borrower and any Grantor shall be entitled to assert rights as a third party beneficiary and enforce Sections 9.3, 9.10 and 9.13 of this Agreement. Except as provided in the immediately preceding sentence, no Grantor shall be a third party beneficiary of this Agreement.

9.14 Provisions Solely to Define Relative Rights. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of Senior Lien Agent and the other Senior Lien Claimholders, on the one hand, and Third Lien Agent and the other Third Lien Claimholders on the other hand. Other than as provided in Sections 9.3 and 9.13, no Grantor or any other creditor thereof shall have any rights hereunder and no Grantor may rely on the terms hereof. Nothing in this Agreement shall impair, as between Grantors and Senior Lien Agent and the other Senior Lien Claimholders, or as between

Grantors and Third Lien Agent and the other Third Lien Claimholders, the obligations of Grantors to pay principal, interest, fees and other amounts as provided in the Senior Lien Documents and the Third Lien Documents, respectively.

9.15 Integration. This Agreement reflects the entire understanding of the parties with respect to the subject matter hereof and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

9.16 Third Lien Agent. All rights, protections, immunities and indemnities set forth in the Third Lien Security Agreement shall apply hereto as if set forth herein, solely as between the Borrower and Grantors on the one hand, and the Third Lien Agent on the other hand. No Term Loan Claimholders will have any liability or obligations to Third Lien Agent arising from or related to the foregoing rights, protections, immunities and indemnities.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

BANK OF AMERICA, N.A.
as Revolving Agent

By: /s/ Brad Breidenbach
Name: Brad Breidenbach
Title: Senior Vice President

TCW ASSET MANAGEMENT COMPANY LLC
as Term Loan Agent and Senior Agent

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

U.S. BANK NATIONAL ASSOCIATION
as Third Lien Agent

By: /s/ Joshua A. Hahn
Name: Joshua A. Hahn
Title: Vice President

Signature Page to Third Lien Intercreditor Agreement

ACKNOWLEDGMENT

Each Borrower and each Borrower's undersigned Subsidiaries each hereby acknowledge that they have received a copy of the foregoing Third Lien Intercreditor Agreement (as in effect on the date hereof, the "Initial Third Lien Intercreditor Agreement") and agree to recognize all rights granted by the Initial Third Lien Intercreditor Agreement to Senior Lien Agent, the other Senior Lien Claimholders, Third Lien Agent, and the other Third Lien Claimholders, waive the provisions of section 9-615(a) of the UCC in connection with the application of proceeds of Collateral in accordance with the provisions of the Initial Intercreditor Agreement, agree that they will not do any act or perform any obligation which is not in accordance with the agreements set forth in the Initial Intercreditor Agreement and, without limiting the generality of the foregoing, agree to abide by Sections 9.6 and 9.9 of the Agreement as if such sections fully applied to them. Each Borrower and each Borrower's undersigned Subsidiaries each further acknowledge and agree that, other than as provided in Section 9.13 of the Initial Intercreditor Agreement, they are not an intended beneficiary or third party beneficiary under the Initial Intercreditor Agreement, as amended, restated, supplemented or otherwise modified hereafter in accordance with Section 9.3 thereof.

ACKNOWLEDGED AS OF THE DATE FIRST WRITTEN ABOVE:**GRANTORS:****SCHOOL SPECIALTY, INC.**By: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Executive Vice President and Chief Financial Officer

CLASSROOMDIRECT.COM, LLC, a Delaware limited liability companyBy: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Assistant Secretary

SPORTIME, LLC, a Delaware limited liability companyBy: /s/ Kevin Baehler

Name: Kevin Baehler

Title: Assistant Secretary

Signature Page to Third Lien Intercreditor Agreement Acknowledgement

DELTA EDUCATION, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

PREMIER AGENDAS, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

CHILDCRAFT EDUCATION, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

BIRD-IN-HAND WOODWORKS, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

CALIFONE INTERNATIONAL, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

SSI GUARDIAN, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

Signature Page to Third Lien Intercreditor Agreement Acknowledgement

FREY SCIENTIFIC, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

SAX ARTS & CRAFTS, LLC, a Delaware limited liability company

By: /s/ Kevin Baehler
Name: Kevin Baehler
Title: Assistant Secretary

Signature Page to Third Lien Intercreditor Agreement Acknowledgement